

Project Administration Manual

Project Number: 48189-002

Loan Number: TBD

November 2016

Socialist Republic of Viet Nam:
Support to Border Areas Development Project

ABBREVIATIONS

AADT	–	Average Annual Daily Traffic
ADB	–	Asian Development Bank
AEC	–	Asian Economic Community
ASEAN	–	Association of South East Asian Nations
ASEC	–	ASEAN Development and Management Consulting Ltd
BMT	–	Buon Ma Thuot
BP	–	Binh Phuoc
CLV-DTA	–	Cambodia-Laos-Viet Nam Development Triangle Area
COBP	–	Country Operations Business Plan
CPS	–	Country Partnership Strategy
CSR	–	Co-operative Social Responsibility
DARD	–	Department of Agriculture and Rural Development
DL	–	Dak Lak
DN	–	Dak Nong
DPI	–	Department of Planning and Investment
DTA	–	Development Triangle Area
DTL	–	Deputy Team Leader
EA	–	Executing Agency
EM	–	Ethnic Minority
EU	–	European Union
EWEC	–	East West Economic Corridor
FDI	–	Foreign Direct Investment
FS	–	Feasibility Study
FMA	–	Financial Management Assessment
GAP	–	Gender Action Plan
GAPs	–	Good Agricultural Practices
GIS	–	Geographical Information System
GDP	–	Gross Domestic Product
GL	–	Gia Lai
GMS	–	Greater Mekong Sub-region
GoV	–	Government of Viet Nam
GSO	–	General Statistics Office
Ha	–	Hectare
HIV/AIDS	–	Human immunodeficiency virus/acquired immunodeficiency syndrome
HCMC	–	Ho Chi Minh City
IFAD	–	International Fund for Agricultural Development
IR	–	Involuntary Resettlement
ISO	–	International Standards Organization
ITC	–	International Trade Commission
JICA	–	Japan International Cooperation Agency
Km	–	Kilometer
KT	–	Kon Tum
Lao PDR	–	Lao People's Democratic Republic
LCB	–	Local Capacity Building
M	–	Meter
MARD	–	Ministry of Agriculture and Rural Development
MCDA	–	Multi-Criteria Decision Analysis
MCST	–	Ministry of Culture, Sports and Tourism
MoNRE	–	Ministry of Natural Resources and Environment

MPI	–	Ministry of Planning and Investment
MOT	–	The Ministry of Transport
MOF	–	The Ministry of Finance
NH	–	National Highway
NR	–	National Road
PIC	-	Project Implementation Consultants
PMU	–	Project Management Unit
PPC	–	Provincial People’s Committee
PPMS	–	Project Performance Monitoring System
PPMU	–	Project Preparation Management Unit (to later become Provincial PMU)
PPTA	–	Project Preparation Technical Assistance
PR	–	Provincial Road
REA	–	Rapid Environmental Assessment
REMDP	–	Resettlement Ethnic Minority Development Plan
SDR	–	Special Drawing Right
SEDP	–	Social and Economic Development Plan
S/G/EM	–	Social/Gender/Ethnic Minority
SME	–	Small and Medium Enterprises
SPAP	–	Social Development Action Plan
SPS	–	Safeguard Policy Statement
TA	–	Technical Assistance
TL	–	Team Leader
TOR	–	Terms of Reference
TTF	–	Trade and Transport Facilitation
USD	–	United State Dollar
VND	–	Viet Nam Dong
VDTA	–	Viet Nam Development Triangle Area
WB	–	World Bank

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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 Provincial Peoples' Committees of Dak Lak, Dak Nong, Gia Lai, Kon Tum and Binh Phuoc are fully 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 for supporting implementation including compliance by above Provincial Peoples' Committees 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 agreement and project agreement. 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 Agreement, the provisions of the loan agreement and project agreement 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.

I. PROJECT DESCRIPTION

A. Project Rationale, Location and Beneficiaries

1. The proposed project¹ supports the Cambodia–Laos–Viet Nam (CLV) Development Triangle Area (DTA) objectives of facilitating the flow of goods, people, and investment capital and exploring agriculture, forestry, and tourism potential by accelerating economic growth within Viet Nam’s Development Triangle Area (VDTA) consisting of Kon Tum, Gia Lai, Dak Lak, Dak Nong, and Binh Phuoc provinces. The CLV-DTA is characterized by a high concentration of ethnic minority population, low gross domestic product (GDP), and persisting poverty pockets. The key impediments to more inclusive growth are insufficient transport and other basic infrastructure, including irrigation, water supply and wastewater treatment, and rural roads as well as limited institutional capacity.

2. To improve the efficiency in public investment and benefit from economies of scale and synergies with ongoing or planned projects, the Government is increasingly advocating for the integrated area approach under which neighboring localities work toward common development goals and jointly enhance their competitiveness. The integrated area development approach was also recommended by the Viet Nam Country Partnership Strategy (CPS) Final Review Validation, 2012–2015, conducted by ADB’s Independent Evaluation Department, as a means to ensure synergies among and maximize inclusion and other development impacts of projects. The proposed project supports this area development scheme in the VDTA.

3. Despite the steady increase in agricultural production and export as well as overall poverty reduction over the recent years, VDTA provinces are still faced with development challenges, particularly slow growth, persisting income and non-income inequality of vulnerable and disadvantaged groups, and low competitiveness primarily due to inadequate physical infrastructure, untapped business and livelihood development opportunities, and weak institutional capacity for investment planning and resource management.

4. The VDTA has a population of 5,114,780, of whom 33% belong to ethnic minorities, spread over 51,552 km². Approximately 77% of the population is rural and agriculture is the main livelihood. The GDP per capita in the VDTA stood at \$1,683 in 2014, about 80% of the national average. In 2014, the project provinces’ average poverty rate—at 9% based on the national poverty line—was higher than the national average of 6%, but for ethnic minorities the average was 19%. In all VDTA provinces, the share of the ethnic minority poor among the total provincial poor is disproportionately high compared to the ethnic minority population share of the total provincial population, representing 47% in Binh Phuoc, 63% in Dak Lak, 62% in Dak Nong, 85% in Gia Lai, and 93% in Kon Tum, which suggest that the ethnic minorities are not benefiting as much from the development process.² VDTA’s ethnic minorities also have limited access to economic assets and opportunities as well as social services.

5. The VDTA is the largest agricultural producer in the CLV-DTA, with the five main industrial crops being coffee, rubber, pepper, cassava and cashew kernels, which are traded on international commodity markets, but the low quality has prevented farmers and local traders from fully capturing existing and potential demand. The majority of exports are transported through Ho Chi Minh City (HCMC) port via arterial National Highway 14, to which some production areas in the VDTA are not connected and agricultural producers thereby miss a critical income opportunity. The VDTA has three major international border gates with facilities only adequate to handle the current level of trade.³ Although the VDTA has many interesting

¹ The Asian Development Bank provided Project Preparatory Technical Assistance VIE 48189-001: Support for the Border Areas Development Project (TA8849-VIE).

² Summary Poverty Reduction and Social Strategy (accessible from the list of linked documents in Appendix 2).

³ The international border gates are Bo Y in Kon Tum, Le Thanh in Gia Lai and Hoa Lu in Binh Phuoc. There are also a number of minor bilateral border gates.

tourism features, visitor numbers are modest with limited growth due to underdeveloped basic infrastructure and tourism value chains.

6. The project will help VDTA overcome these constraints and contribute to CLV-DTA objectives by (i) building greater and safer transport connectivity by upgrading critical roads linking producers to markets, and rural communes to commercial and administrative centres; (ii) improving access to schools and healthcare services; (iii) supporting transport and trade facilitation; (iv) promoting inclusive community based tourism to improve the livelihoods of rural people, especially ethnic minorities marginalized by recent economic development⁴; and (v) strengthening provincial capacity for more strategic investment planning and efficient project management. This integrated area approach will help rural communes to diversify economic and employment opportunities by connecting them to increasing trade and passenger flows.

7. **Related policies and strategies.** The project is aligned with Viet Nam's Socio-Economic Development Plan 2016–2020⁵, which includes the objective of expanding the domestic market, promoting export, and sustaining a trading surplus. More specifically, the SEDP proposes to strengthen domestic markets and promote exports through a closer linkage between production, processing and distribution; improving the quality and competitiveness of local products, especially those which can be considered as Viet Nam's "trademark"; and more fully utilizing existing and potential incentives under various trade agreements.

8. The project is consistent with ADB's Strategy 2020 and its Midterm Review.⁶ The focus on improving physical connectivity; expanding the quality and coverage of basic infrastructure to help create jobs for poor and ethnic minorities living in underdeveloped areas; and building capacity for decentralized public sector management also converges with the three pillars of ADB's proposed country partnership strategy 2016–2020 for Viet Nam:⁷ promoting job creation and competitiveness; enhanced and more inclusive infrastructure and service delivery; and improved environmental sustainability and climate change response. The project is included in the Viet Nam Country Operations Business Plan 2016–2018.⁸

9. The project will add momentum to ADB's long term commitment to the Greater Mekong Subregion (GMS) economic cooperation program through closer integration and cooperation among cross-border areas within the CLV.⁹ It is consistent with the GMS Transport and Trade Facilitation (TTF)-Action Plan (AP), the CLV-DTA Master Plan¹⁰, and the government's transport development strategy.¹¹ The project fits well with the Association of Southeast Asian Nations (ASEAN) *Tourism Strategic Plan 2016–2025*, the GMS Tourism Sector Strategy and the government's *Strategy for Tourism Development in Viet Nam until 2020, Vision to 2030*.¹² Overall it will contribute to expanding market opportunities as envisaged by the ASEAN Economic Community.

10. ADB has been the most active development partner in supporting provinces within and near the VDTA as part of its operational priority for the country's Central Highlands with wide sector coverage, including transport and other physical infrastructure. However, ADB's previous

⁴ Summary Poverty Reduction and Social Strategy (accessible from the list of linked documents in Appendix 2).

⁵ Ministry of Planning and Investment of Viet Nam. 2016. *The Socio-Economic Development Plan, 2016–2020*. Ha Noi

⁶ ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and the Pacific*. Manila.

⁷ ADB, 2016. *Country Partnership Strategy: Viet Nam 2016–2020*. Manila.

⁸ ADB, 2016. *Country Operations Business Plan: Viet Nam 2017–2019*. Manila.

⁹ ADB. 2011. Greater Mekong Subregion Economic Cooperation Program Strategic Framework, 2012–2022. Manila.

¹⁰ CLV-DTA Secretariat. November 2010. *Report on Reviewing, Adjusting and Supplementing the Master Plan for Socio-Economic Development in Cambodia-Laos-Viet Nam Development Triangle Area up to 2020*.

¹¹ Government of Viet Nam. 2009. *Decision No. 35/QĐ-TTg. 3 March. Approval of Adjustments to Viet Nam Transport Development Strategy up to 2020 with a Vision toward 2030*. Ha Noi.

¹² ADB. 2005. *Greater Mekong Subregion Tourism Sector Strategy, 2005–2015*. Manila.

assistance in the VDTA did not systematically follow the area-wide, multi-sector approach. The proposed project is ADB's first intervention to respond to the government's recent focus on the integrated area development model, and is designed to support the VDTA as a regional cluster with a shared development objective by seeking greater synergies with other ongoing and planned support by ADB and other development partners such as the Productive Rural Infrastructure Sector Project in the Central Highlands (approved in 2013) and the Water Efficiency Improvement for Drought Affected Provinces (proposed for 2018).

B. Impact, Outcome, and Outputs

a. Impact

11. The project impact will be an engine and gateway within the five VDTA provinces to wider regional and international markets established.

b. Outcome

12. The outcome will be movement of goods, vehicles, and people among the five VDTA provinces increased.

c. Outputs

There are 3 outputs are described below:

13. **Output 1: Road infrastructure in five VDTA provinces rehabilitated.** The project will include five road civil works subprojects, one in each of the participating provinces. The poor condition of critical roads constrains economic activities, including employment and income opportunities in all VDTA provinces. The project will improve physical connectivity within and among the five provinces by upgrading national and provincial roads, as well as strategic roads that link the VDTA road network to border posts with Cambodia and Lao People's Democratic Republic. To ensure the greatest impact is achieved, the roads were selected through a multi-criteria prioritization filter. Traffic is expected to increase as the road conditions improve, and measures to mitigate the higher risk of accidents will be provided through appropriate civil works design and road safety awareness programs. The project will provide targeted traffic and road safety training to the most vulnerable road users, such as school children and other non-motorized road users.

14. **Output 2: VDTA plans and facilities for transport and trade facilitation (TTF) with a focus on inclusive growth developed.** This output will stimulate inclusive economic activity by preparing an action plan to implement the CLV-DTA Master Plan and TTF agreements, taking into account ongoing and proposed TTF under other regional frameworks such as the GMS. The action plan will help project executing and implementing agencies to incorporate gender, ethnic minority, climate change and environmental aspects into integrated area development planning and execution. This soft infrastructure support supplements the rehabilitated physical connectivity by facilitating easier movement of goods and people across borders, which in turn will strengthen backward and forward linkages between agro-processing and other industries.

15. The benefits of improved transport connectivity will also be further harnessed by promoting pro-poor, ethnic inclusive tourism to boost trade in goods and services. Provincial tourism plans identify community based pro-poor tourism as a priority and seven subprojects have been selected for Project investment in four provinces. The inclusive community tourism component including small infrastructure improvements, such as water supply, solid waste and wastewater management facilities, rural access road improvements, pathways, trails and drainage, and related training to be provided, will strengthen the business enabling environment and provide new livelihood opportunities for poor rural and ethnic minority households.

16. The project will provide synergies with an ongoing regional technical assistance (RETA)¹³ to support the VDTA to integrate aspects related to protection and use of natural resources¹⁴ into strategic planning and the development of the VDTA Master Plan as well as their responses to climate change.

17. Output 3: Institutional capacity for VDTA investment planning, project design and implementation, and resource management strengthened. This output will help improve the efficiency of broad investment planning, project management, and small business development within the VDTA provinces in accordance with the VDTA's long term development objective towards becoming a more cohesive and stronger economic area. Activities include institutional strengthening and training for officials appointed by the VDTA provinces to implement the action plans, and capacity development and business support programs for local entrepreneurs, especially women and ethnic minorities, to develop and operate small and micro enterprises such as accommodation, agro- and food-processing, food and beverage services, tourism transport services, handicraft production and other cultural industries.

¹³ RETA 8564, Promoting Ecosystem Services and Forest Carbon Financing in Asia and the Pacific

¹⁴ Rapid Ecosystem Assessment (accessible from the list of linked documents in Appendix 2)

II. IMPLEMENTATION PLANS

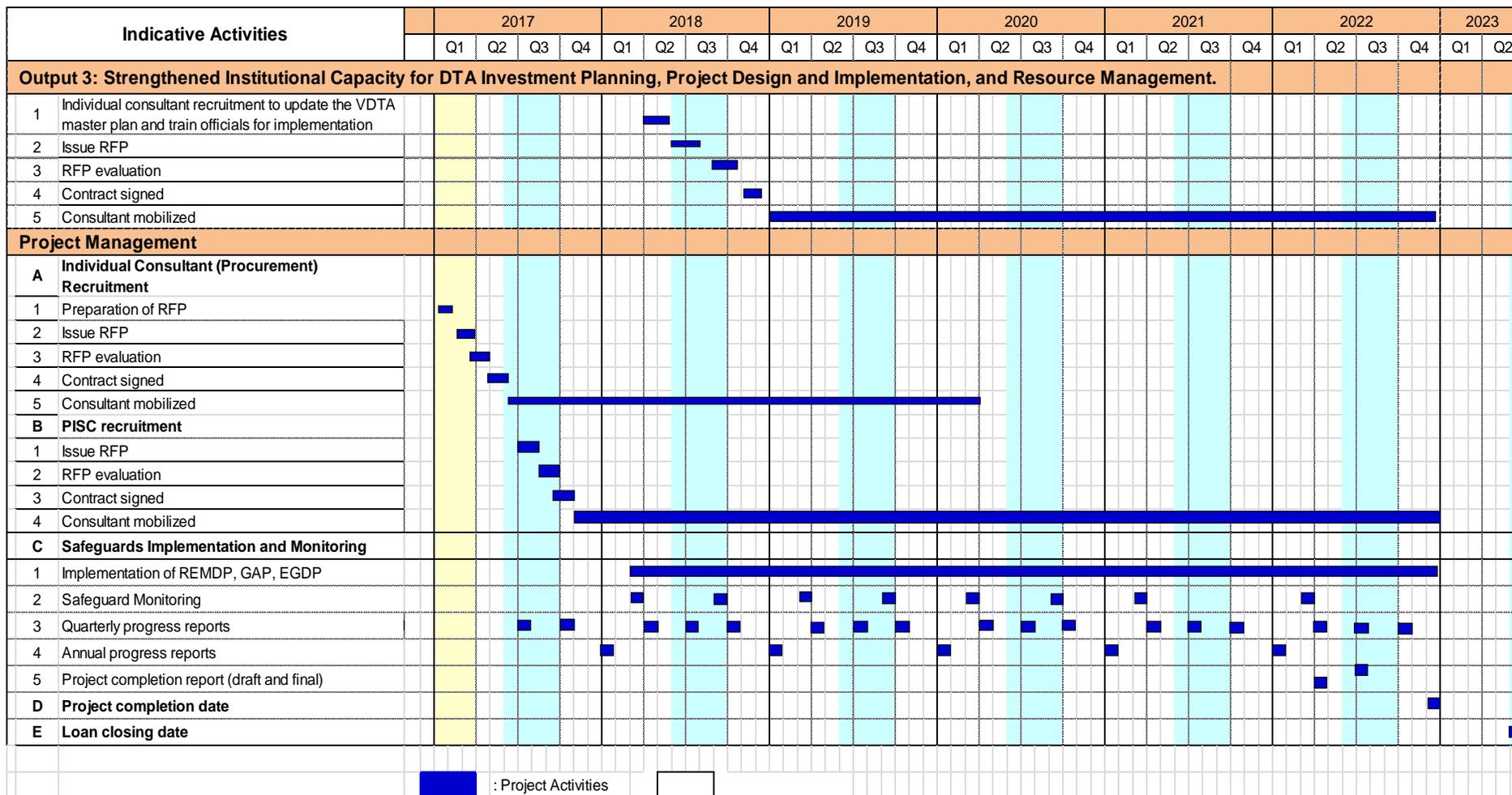
A. Project Readiness Activities

Filters	Stage 2 By Fact Finding	Stage 3 Before SRM/MRM	Stage 4 Loan Negs	Status at Loan Negs
CORE ADVANCE ACTIONS				
Advance actions reflected in the ADB project documents	Included in MOU, PAM and procurement plan	AA plan highlighted in the issues paper		Yes
National consultant hired to help the EA drafting the PO	PO includes advance actions			PO is approved.
Final draft PO and F/S agreed between ADB and Government	Draft PO ready to be sent to PM without further modifications	F/S includes advance actions		Yes
Preparation of EOI, RFP and 1 st year bidding documents by the EA	Immediately once PO is approved	Draft final master bidding documents and RFP available.		Draft final master bidding documents and RFP available.
Line Ministry/PPC officially approves PMU establishment	Immediately once PO is approved	Agreed		Agreed.
Procurement plan, bidding documents, ToRs and RFPs are ready in a final draft	Immediately once PO is approved	Done		Done.
Resettlement Policy Framework is approved		Done		Done
Line Ministry/PPC approves the procurement plan. PMU issues bidding documents and EOIs	FF MoU (PAM) signed on 18 June 2016.		PP approved 2 weeks after LN. BDs/EOIs issued	FF MoU (PAM) signed on 18 June 2016. ?
PROCUREMENT/CONSULTING				
PPTA procurement consultant ToR includes preparation of procurement assessment, procurement plan, potential SOE issues and advance actions				Done
Procurement assessment ready	Shared with VRM procurement staff for comments			Done
NCB Annex is explained to the PMU	NCB Annex is reproduced as an annex to the MOU	Reflected in the procurement plan		Done
Small consulting packages to be funded by counterpart funding	Reflected in the procurement plan	Reflected in the procurement plan	This filter is non-negotiable	?
Consulting services and procurement are packaged into few and large packages	Reflected in the procurement plan	Reflected in the procurement plan	This filter is non-negotiable	?
Single-stage single-envelope bidding procedure applied for small works contracts	Reflected in PAM.	Reflected in PAM.		Yes
PROJECT MANAGEMENT				
Project start-up consultant ToR (2 individuals) funded by PPTA to help advertising loan implementation consulting firm and 1 st year bidding documents	PPTA consultants mobilized	PPTA funds are restricted. VRM budget support would be needed		PPTA funds are restricted. VRM budget support would be needed
PPTA period must cover the period until at least loan effectiveness	PPTA consultant contract extended			PPTA consultant contract

Filters	Stage 2 By Fact Finding	Stage 3 Before SRM/MRM	Stage 4 Loan Negs	Status at Loan Negs
	until end 2016. Further extension required.			extended until end 2016. Further extension required.
Maximum 5 participating provinces in the project	Mentioned in PO and MOU	Reflected in RRP and PAM	This filter is non-negotiable	?
Competitive mechanisms are developed to allow IAs to compete for unallocated funds and loan savings.	Mechanism developed in MOU and PPTA consultants final report.	Multicriteria analysis and ranking will be used.	This filter is non-negotiable	?
ADB will approve CVs of key EA and/or IA staff before effectiveness or as a loan condition. This includes as a minimum: (i) An English-speaking CPMU procurement officer (ii) English-speaking CPMU technical deputy project director (iii) Chief accountant in CPMU	EA/IAs are made aware of this requirement	Reflected in the RRP	This filter is non-negotiable	?
Selection of permanent CPMUs/PPMUs with staff who have prior exposure to ADB	PMU assessments are made in MoU			Yes
Project director must be young enough to complete the project before his/her retirement (F: 55y, M: 60y)	EA/IAs are made aware of this requirement			Yes
Evidence of provision of 1 st year counterpart funding is shown to ADB			Evidence received	?
Prepare memo to VP for early approval of advance actions	Memo prepared when back in HQ. No need to wait for SRM/MRM			Requirement to be confirmed.
ENGINEERING				
PPTA ToRs include preparation of detailed engineering design (technical design)	Preliminary engineering design (technical design) for civil work contracts agreed with ADB	TORs prepared. Counterpart funds to finance.		?
Determine if detailed engineering design (technical design) will be completed before loan approval. If yes, identify the source (counterpart, PPTA, PPSSF etc)	Preliminary designs for civil works have been completed by the PPTA consultant.			?
Designs and cost estimates are agreed with EAs	Included in MOU	Reflected in RRP and PAM.		Yes
FINANCIAL MANAGEMENT				
Financial management assessment ready	Shared with VRM disbursement unit staff for comments	Reflected in RRP and PAM and attached as linked document.		Yes
Project specific financial management manual developed		The FMA includes a proposed time bound action plan, suggested financial management covenants and TORs for financial and accounting specialist		FMA

Filters	Stage 2 By Fact Finding	Stage 3 Before SRM/MRM	Stage 4 Loan Negs	Status at Loan Negs
		and independent auditor		
Standard audit TOR for ADB-funded projects in Viet Nam is used. Only eligible audit firms can be awarded contracts	Included in PAM and FMA	Reflected in PAM and FMA		Yes
RESETTLEMENT AND ETHNIC MINORITY				
PPCs/District PCs are aware of the project	Differences between ADB and Government regulations are recorded in the MOU			Yes
Land acquisition and resettlement and ethnic minority issues identified	Assessed and discussed with PPCs			Yes
Preparation of combined resettlement and ethnic minority development plans by the PPTA	Included in PPTA report and REMDPs disclosed to affected people	PPCs endorse REMDPs and upload on ADB website		Yes

ADB = Asian Development Bank, DMF = design and monitoring framework, TOR = terms of reference.



III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations – Roles and Responsibilities

1. Ministry of Finance (MOF)

18. The Ministry of Finance (MOF) is the borrower's representative to control disbursement received for the implementation of the overall project.

2. Project Management

19. The following paragraphs outline the key management levels.

a. Central Level Project Steering Committee

20. The project steering committee shall represent the provinces in addressing project related interprovincial coordination, negotiations and discussions. The committee will consist of the Chairman from each of the VDTA, along with the directors of the Project Management Units (PPMU). Central Government Agencies, including MPI, MOF, MOT, MCST, SBV and ADB and others will participate in an observer capacity. The committee is expected to meet once a year. The VDTA Secretariat will provide administrative support to the committee.

b. Executing Agencies (EA)

21. Each VDTA PPC will be a Project EA. The PPCs shall nominate one of PPC Vice Chairperson to assume overall responsibility for implementation coordination within each province.

c. Implementing Agencies (IA) – Project Owner

22. The VDTA PPCs have nominated the Department of Planning and Investment (DPI) of each of the provinces as the Project Implementing Agencies (IA).

d. Provincial Project Steering Committee (PPSC)

23. The PPC will form a provincial level steering committee under the leadership of a PPC Vice Chairman and comprising of Directors from each of the associated provincial Departments: DPI, DOT, DCST, Department of Natural Resources and Environment (DONRE), Department of Labor, Invalids, and Social Affairs (DOLISA), Women's Union (for EM) and Department of Agriculture and Rural Development (DARD). The PPMU management will be ex-officio participants. The PPSC shall meet biannually as part of the project planning and review process and on request of the Project Director through the PPC.

e. Project Coordination Unit (PCU)

24. To coordinate all project activities across the five PPMUs, provide logistical supports and report to PPCs, ministries, and the Project Donor with a view to ensuring effective, efficient and timely implementation of the Project. Dak Lak will be authorized to carry out such tasks. The PCU will be established in Dak Lak PPMU and comprise of 5 permanent staff.

f. PPMU

25. The PPMU will be directly responsible to the PPC with managerial personal seconded from DOT and DCST. However, the PPMUs, supported by MPI, will be based in the DPI to ensure the necessary coordination. The Project EAs (the PPCs) will provide ADB with the terms of reference and proposed curriculum vitae (CV) of all of PPMU's key and professional staff, including the Management, heads of divisions and senior experts of transport, procurement, finance, safeguards and tourist for ADB's review and concurrence prior to assigning and staffing. In accordance with Decree 38, within 30 working days after the Project is approved by the competent agency, the project owner shall issue a decision on establishment of the project management unit.

When establishing the project management unit, the project owner must consider the possibility of using the professional project management unit or their existing project management unit for reducing management expenses and making use of capacity and experiences of the project managing team.

26. The Director of the PPMU will be a director general or vice director general appointed by the PPC. S/he will have experience in the management and implementation of ADB financed projects and will be familiar with ADB requirements and procedures. Each unit will be assigned qualified support staff. The PPC will provide office support to the unit.

27. The PPMUs will provide day to day project implementation management. The Government should ensure that the PPMUs have a capacity to work in the English language. The importance of counterpart staff with substantial relevant experience in key positions was also highlighted.

3. Provincial Project Consultants

28. Each PPMU will be supported by consultants, which are detailed in the procurement plan.

4. VDTA Secretariat

29. A secretariat to the project will be established in Dak Lak PPMU. The secretariat will be responsible for compiling progress reports, support for project bi-annual and coordination meetings. The secretariat will provide administrative support to the Project Steering Committee and will support PPMUs to complete the planning outputs under output 2.a, 2.b and output 3.a, 3.b (see the DMF).

5. Commune Level

30. PPMU collaboration with Commune Level stakeholders: At the commune level the PPMUs will coordinate closely with the existing local administrations, utilizing the Commune People's Committee (CPC) as the project point of liaison and Community Supervision Board (CSB) to be established or strengthened.¹⁵ The PPMUs will work in close cooperation with these two stakeholders at commune level to engage active participation of community people in implementation of GAP and community and participation plan. This collaboration will include organizing public consultations, design and implementation of sub-projects, mobilizing community people participate in project activities and benefit from during civil work and post civil work, monitoring, and grievance redress mechanism. A regular government budgetary allocation already exists to assist in meeting facilitation and coordination and operation of the Community Supervision Boards costs in each of the participating districts where subprojects are to be implemented.

Table 1: Management Roles and Responsibilities

Project Implementation Organizations	Management Roles and Responsibilities
Borrower Ministry of Finance (MOF)	The MOF controls the disbursement and sign on WA to allow disbursement.
Executing Agencies Provincial People's Committee (PPC)	The PPCs of each VDTA province will be responsible for overseeing the project activities within their province. They will coordinate with each other through the project steering committee. Each VDTA PPC will appoint one Vice Chairman to

¹⁵ The CSBs will include at least 35% of women representative among their members (see GAP targets under Chapter 8. Gender and Social Dimensions of this PAM)

Project Implementation Organizations	Management Roles and Responsibilities
	be responsible for the project.
Implementing Agencies Department of Planning and Investment (DPI)	<p>The DPIs as the IAs of each VDTA province will be responsible for the implementation of the project activities within their province. They will coordinate with each other with lead from the Dak Lak PPC/DPI. The DPIs as the IAs will ensure that its staff structure has sufficient expertise in all sectors involved in the project, especially transport. The DPIs will coordinate and consult with the DOTs and DCST and other departments under their respective PPCs on technical matters, especially procurement, recruitment of consultants and implementation of road works, related to subproject implementation. The DPIs as the IAs of each province will be the approving authority for procurement of subproject works, consultant recruitment, and subproject detailed designs. The EAs will :</p> <ul style="list-style-type: none"> ➤ Be fully responsible for the execution and review of progress of the project; ➤ Ensure compliance with loan covenants; ➤ Submit disbursement projections and ensure counterpart fund allocation; ➤ Be responsible for overall financial management ; ➤ Approve procurement plans; ➤ Ensure that project implementation complies with ADB's safeguard policy and provisions in the EMPs and RPs; ➤ Review and approve design of overall project and sub-projects, as well as any proposed changes to project design, scope or implementation arrangements; ➤ Approve procurement outcomes and sign contracts; and ➤ Approve and submit progress reports and project work plans
Provincial Project Management Units (PPMU)	<p>Each VDTA's PPMU will be responsible for the day to day implementation of project activities. Among others, the PPMU will be responsible for:</p> <ul style="list-style-type: none"> ➤ overseeing coordination and management of the project implementation; ➤ management of a imprest account for the loan; an imprest account will be assigned by State Bank of Viet Nam for disbursement of eligible expenditures under the Loan. PPMU will be responsible for managing, replenishing, and liquidating the account; and be fully accountable and responsible for the proper use of advances to the imprest account; ➤ recruitment of consultants for preparation of detailed designs, bid documents, and contract administration and construction supervision; ➤ recruitment of project implementation support consultants; ➤ preparation of subproject detailed designs; ➤ Organizing verification and appraisal of design, cost estimate and bidding document; ➤ Preparing bidding arrangements/documents and

Project Implementation Organizations	Management Roles and Responsibilities
	<p>evaluating bids for the procurement of subproject civil works contracts</p> <ul style="list-style-type: none"> ➤ Supervising civil works contractors; ➤ Updating social and environment safeguard documents and submit to ADB for clearance prior to implementation; ➤ Monitoring implementation of resettlement and ethnic minority development plans and submit monitoring reports to the EAs and ADB; ➤ Ensuring environmental protection and mitigation measures (in the EMPs) are incorporated in detailed designs and contract awards; ➤ Ensuring implementation of the EMPs and submit regular monitoring reports through the IAs to the EAs and ADB; ➤ Assisting in obtaining necessary environmental approvals from the respective departments of natural resources and environment prior to awarding civil works contracts; ➤ Submitting regular (quarterly and annual) project reports to SBADP Secretariat and ADB; ➤ Implementing GAP, Poverty Reduction and Social Strategy, Stakeholder Participation Plan and report results to ADB regularly as required by ADB; ➤ Setting up and maintain project financial system and be responsible for project payments; ➤ Signing WAs; ➤ Coordinating and liaising with line agencies and other agencies as appropriate on common policy, regulatory context, implementation procedures and financial issues; ➤ Selecting project implementation and support consultants; ➤ Day to day coordination and liaison between the three PMUs and communications to the Project Steering Committee and other relevant agencies; ➤ Overseeing and supporting project activities of the PMUs; ➤ Undertaking quality control inspections of the project facilities and completion; ➤ Managing project facilities handover O/M related agencies; ➤ Approving (i) bidding documents, (ii) detailed design (after appraisal from relevant departments and agencies) and (iii) contract award; ➤ organization of training programs; ➤ procurement of office equipment and vehicles; and ➤ procurement of office refurbishment as needed
Project Steering Committee (PSC)	<p>The PSC will have rotating chair persons in an order to be agreed by loan negotiations. The chairs will be the PPC Vice Chairperson assigned to be responsible for the project. PSC will meet annually to review implementation progress</p>
Commune Supervision Board (CSB) with guidance of the Commune People	<p>The CSB with support and guidance of PPMUs, will be responsible for implementation of:</p> <ul style="list-style-type: none"> ➤ all community development activities under GAP and

Project Implementation Organizations	Management Roles and Responsibilities
committee	REMDPs; <ul style="list-style-type: none"> ➤ organizing public consultations; ➤ design and implementation monitoring as guided by the supervision Engineer; and ➤ grievance redress mechanism
Financiers Asian Development Bank (ADB)	ADB is the principal financier and will: <ul style="list-style-type: none"> ➤ provide financing for the project cost through an ADF Loan; ➤ monitor overall project implementation, disbursement, procurement, consultant selection, and reporting; ➤ monitor schedules of activities, including funds flow; ➤ review compliance with agreed procurement procedures; ➤ review compliance with loan covenants; ➤ monitor effectiveness of safeguard procedures; ➤ monitor conformity with ADB anti-corruption policies; and ➤ undertake periodic review missions, including midterm review, jointly with the EA

ADB = Asian Development Bank; ADF= Asian Development Fund, CSB = Commune Supervision Board, DCST = Department of Culture, Sports and Tourism, DOT = Department of Transport, DPI = Department of Planning and Investment, EA = Executing Agency, EMP = Environment Management Plan, GAP = Gender Action Plan, IA = Implementing Agency, MOF = Ministry of Finance, PPC = Provincial People's Committee, PPMU = provincial project management unit, PSC = Project Steering Committee, REMDP = Resettlement- Ethnic Minority Development Plan, SBADP = Support to Border Areas Development Project, VDTA = Viet Nam Development Triangle Area, WA = Withdrawal Application

31. An overview of job descriptions for the PPMU government staff is provided in Table 2.

Table 2: Key PPMU Staff Job Descriptions

Position	Job Description	Requirements
Director	The Director reports to the DPI on the overall implementation of the project, and provides oversight and guidance to the Deputy Director (part-time) The Director signs the WAs	A senior government official at the level of at least department deputy director. At least 5 years' experience working in association with multi-lateral development organizations in transport, agriculture and tourism sectors
Deputy Director	The Deputy Director reports to the Director, ensuring effective coordination among project stakeholders on administrative and finance aspects. The main duties involve assisting the PPMU to prepare and implement detailed annual work plans and budgets, coordinating all admin/finance/procurement, managing Overall project accounts to ensure timely disbursement for project activities, managing consultant recruitment and procurement, managing project fixed assets, and	A senior government official at the level of division director or higher. At least 5 years' experience working in association with multi-lateral development organizations in transport, agriculture

Position	Job Description	Requirements
	oversee implementation of the Project Performance Management System (PPMS). S/he reviews and endorses budget requests of the PPMU for onward submission for approval of through the Director.	and tourism sectors. Demonstrated experience in at least 1 Project as Project Manager
Administrative Manager (AM)	The AM reports to the Director on the overall implementation of the project.	A senior government official with at least 5 years' experience working in association with multi-lateral development organizations in transport, agriculture and tourism sectors. Demonstrated experience in working as a technical expert in at least 1 similar provincial and /or national roads improvement project
Financial and Accounting Officer (FAO)	The FAO will report to the AM overseeing the day-to-day financial management of the project. The FAO, supported by the consultants, will (i) facilitate the establishment of the accounts as required by ADB, (ii) establish the required accounting, withdrawal approval and audit systems and procedures, (iii) set up accounting software in line with project requirements, (iv) establish a system for safekeeping of tender documents, minutes of committee meetings, contracts and financial and audit reports; (v) prepare financial projections against the work plans, and (vi) supervise the preparation of regular financial reports for transmission to the EA and the ADB.	A senior government official with formal accounting qualifications and at least 5 years previous experience in financial management of internationally financed projects, preferably projects financed by ADB, World Bank, JICA or other Multilateral/Bilateral International Development Bank/Agency. Tertiary qualified and competence in spoken and written English
Accountant	The Accountant will report to the FAO and will (i) assist with the establishment of the required accounting, withdrawal approval and audit systems and procedures; (ii) undertake day-to-day project financial accounting activities; (iii) monitor the flow of funds; (iv) monitor cash flow; (v) ensure that accurate, up-to-date information regarding the project's finances is available to the FAO and AM upon demand; (vi) prepare regular financial reports for transmission to the EA and the ADB; and (vii) assist external auditors carry out the annual audit.	Formal accounting qualifications and at least 5 years previous experience as accountant on ADB or internationally financed projects. Ability to use accounting and word processing software. Tertiary qualified and good command of

Position	Job Description	Requirements
Disbursement Clerk	<p>The Disbursement Clerk reports to the FAO and will take care of the day to day administration of all withdrawal applications, associated reporting and monitoring of all disbursements, including any follow up with the Ministry of Finance.</p> <p>Act as a part-time Cashier to take care of reconciliation among cash book, bank balance and accounting books</p>	<p>spoken and written English</p> <p>At least 5 years' experience working with multi-lateral projects on the administration of withdrawals and disbursements. Good command of spoken and written English</p>
Procurement Officer (PO)	<p>The PO reports to the AM ensuring all procurement activities are undertaken in accordance with ADB's Procurement Guidelines. Main duties include assisting the AM in the planning for all activities under the project, as well as provide an overall contract management function. Provides progress and monitoring reports to the DPI.</p>	<p>At least 5 years previous experience as procurement officer on ADB or internationally financed projects and good command of spoken and written English</p>
Administration Assistant	<p>Three Administrative Assistants (AA) will provide logistical and secretarial support to the senior staff as needed. Frequently interacting with senior government officials, PPMU staff and the consultants.</p>	<p>At least 3 years previous experience working on ADB or internationally financed projects. Ability to use word processing software and some English language skills</p>
Monitoring and Evaluation (M&E) Officer	<p>The PPMU-based M&E Officer reports to the DPI on all matters relating to the Overall project's M&E system.</p>	<p>At least 3 years previous experience working as M&E officer on ADB or internationally financed projects. Ability to use word processing software and good English language skills</p>
Environmental Safeguards Officer (1) Resettlement, Social Safeguards and Indigenous Peoples Officer (1) Gender and Communications Officer (1)	<p>The PPMU-based Safeguards and Gender Communications Officers (3) report to the DPI, PPC and ADB on all matters relating to the Project safeguards, gender and communication aspects and is in charge of coordinating with stakeholders, implementation of GAP, monitoring and reporting to ADB on GAP, REMDP, and EMP</p>	<p>Background in social, development, environment or land management field; at least 3 year experience with ADB or international financed projects, some English skills</p>

ADB = Asian Development Bank; PPMO = provincial project management office; PPSC = Provincial Project Steering Committee; PPO = Provincial Project Office.

B. Project Activity Approval Process

1. Consultant approval process

32. The government procedure for approval (after ADB's no-objection)¹⁶ of consultant recruitment packages is presented in Table 3:

Table 3: Government Consultant Approval Process

Approval Required	Prepared	Approval
Terms of Reference / Short list /RFP	PPMU	PMU Project Director
Evaluation and ranking of proposals	PPMU	PMU Project Director
Contract negotiations	PPMU	PMU Project Director
Contract signing	PPMU	PMU Project Director

2. FS approval process

33. The procedure for government approval of the FS will be the responsibility of the PPC Chairman. The PPMU Director will be responsible for ensuring that the FS is completed and reviewed by the relevant technical departments (DOT for roads and DCST for tourism) before submission to ADB for review and no-objection. Thereafter the PPMU will submit the FS to the PPC.

3. Detailed design approval process

34. The government procedure for approval of the detailed design process is presented in Table 4.

Table 4: Government Detailed Design Approval Process

Approval Required	Prepared	Approval
Detailed design documentation	Provincial technical department (DOT or DCST) (This responsibility belongs to PMU with consultation of DOT)	
Detailed Design Approval	PPMU	PPC

4. Works approval process

35. The government procedure for approval (after ADB's no-objection) of procurement works contracts is presented in Table 5.

¹⁶ The overall procedures for the procurement of goods and civil works and the recruitment of consultants is described the Procurement Plan section of the PAM.

Table 5: Government Works Procurement Approval Process

Approval Required	Prepared	Approval
Bidding Documents	PPMU / Implementation consultants	PMU Project Director
Evaluation and Ranking of Bids	PPMU	PMU Project Director
Draft Negotiated Contract	PPMU	PMU Project Director
Contract signing	PPMU	PMU Project Director

5. Disbursement approval process

36. The Government disbursement approval procedures are outlined in Tables 6,7,8 below:

Table 6: Direct Payment method of all expense (except for Resettlement) applying Pre-review procedure by Provincial Treasury

No.	Document required	Prepared	Approval	Note
1	Invoicing/IPC/Payment requests /delivery note/other supporting documents	Contractor	Supervising consultant reviews and certifies the validity of the invoices/ claims	
			PPMU person-in-charge	This could be technical staff, or PPMU Director and it's indicated in signed contract
2	Payment Acceptance by PPMU	PPMU – Disbursement Clerk	PPMU Project Director	
3	Endorsement by Provincial Treasury (PT)	PPMU – Disbursement Clerk	Officer in Provincial Treasury	
4	Withdrawal Applications (WA)	PPMU – Disbursement Clerk	Authorized signature in PPMU	Authorized signature will be approved by SBV. Authorized representative to sign WAs will be PPMU Director, or Accountant.
		PPMU – Disbursement Clerk	MOF Officer	Deputy Director General of External Finance and Debt Management Department - MoF
5	Signed WA submitted to ADB	PPMU – Disbursement Clerk	ADB	
6	Payment processed by ADB-pay to Contractor	ADB - Disbursement Analyst	Disbursement Officer/CTLA Officer	

Table 7: Imprest Account method of all expense (except for Resettlement) applying Pre-review procedure by Provincial Treasury

No.	Document required	Prepared	Approval	Note
1	Invoicing/IPC/Payment requests /delivery note/other supporting documents	Contractor	Supervising consultant reviews and certifies the validity of the invoices/claims	
			PPMU person-in-charge	This could be technical staff, or PPMU Director and it's indicated in signed contract
2	Payment Acceptance by PPMU	PPMU – Disbursement Clerk	PPMU Project Director/	
3	Endorsement by Provincial Treasury	PPMU – Disbursement Clerk	Officer in Provincial Treasury	
4	Payment order processed by Service bank (where keeps Imprest account) to Contractor	PPMU – Disbursement Clerk	Officer in Service bank acceptable to SBV	
5	Withdrawal applications (WA)	PPMU – Disbursement Clerk	Authorized signature in PPMU	Authorized signature will be approved by SBV. Authorized representative to sign WAs will be PPMU Director, or Chief Accountant.
		PPMU – Disbursement Clerk	MOF Officer	Deputy Director General of External Finance and Debt Management Department – MoF
6	Signed WA submitted to ADB	PPMU – Disbursement Clerk	ADB	
7	Replenishment is processed by ADB-to Imprest Account	ADB - Disbursement Analyst	Disbursement Officer/CTLA Officer	

Table 8: Procedure of Resettlement expenditure applying Pre-review procedure by Provincial Treasury

No.	Document required	Prepared	Approval	Note
1	Compensation plan	Land Compensation Committee (LCC)	PPC	Land Compensation Committee is the only government agency who could prepare and submit compensation plans in each province to PPC
			PPMU person-in-charge	
2	Approved Compensation Plan	Disbursement Clerk	Officer in PT	After approved, the estimated compensation amount will be submitted to PT for advance requirement
3	PT process a payment order to LCC's account based on Approved Compensation Plan	Officer in PT	Officer in PT	LCC's account is often kept at Provincial Treasury.
4	LCC withdraw from its account and pay Affected household (AH) based on Approved Compensation Plan	LCC officer/clerk	AH	This is often supervised by LCC representative, People Committee representative, independent consultant, PPMU representative
5	LCC brings and submits receipt note signed by AH to PD	LCC officer/clerk	Officer in PT	Submission of receipt note and compensation minutes signed by AH is to clear the advance given to them by PT (from step 4)

C. Key Persons Involved in Implementation

Executing Agency

Provincial People's Committee of Dak Lak
 Officer's Name: Mr. Pham Ngoc Nghi
 Position: Chairman
 Telephone: 080.50557
 Email address: ubnd@daklak.gov.vn
 Office Address: 09 Le Duan, Buon Ma Thuot City, Dak Lak province

Provincial People's Committee of Kon Tum
 Officer's Name: Mr. Nguyen Van Hoa
 Position: Chairman
 Telephone: 0603.918.119
 Email address: vpubnd-kontum@chinhphu.vn
 Office Address: 125B Tran Phu, Kon Tum City, Kon Tum Province

Provincial People's Committee of Dak Nong
 Officer's Name: Mr. Nguyen Bon
 Position: Chairman
 Telephone: 0501.3 544278
 Email address: ubnd@daknong.gov.vn
 Office Address: 23/3 Road - Nghia Duc Ward- Gia Nghia Town - Dak Nong Province

Provincial People's Committee of Gia Lai
 Officer's Name: Mr. Vo Ngoc Thanh
 Position: Chairman
 Telephone: 0593.824404
 Email address: vpubndtinh@gialai.gov.vn
 Office Address: 02 Tran Phu, Pleiku City, Gia Lai Province

Provincial People's Committee of Binh Phuoc
 Officer's Name: Mr. Nguyen Van Tram
 Position: Chairman
 Telephone: 0651.3879.481
 Email address: web@binhphuoc.gov.vn
 Office Address: Street 6/1, Dong Xoai Town, Binh Phuoc Province

ADB

{Division Name} TBC

Staff Name: TBC
 Position: TBC
 Telephone No.: TBC
 Email address: TBC

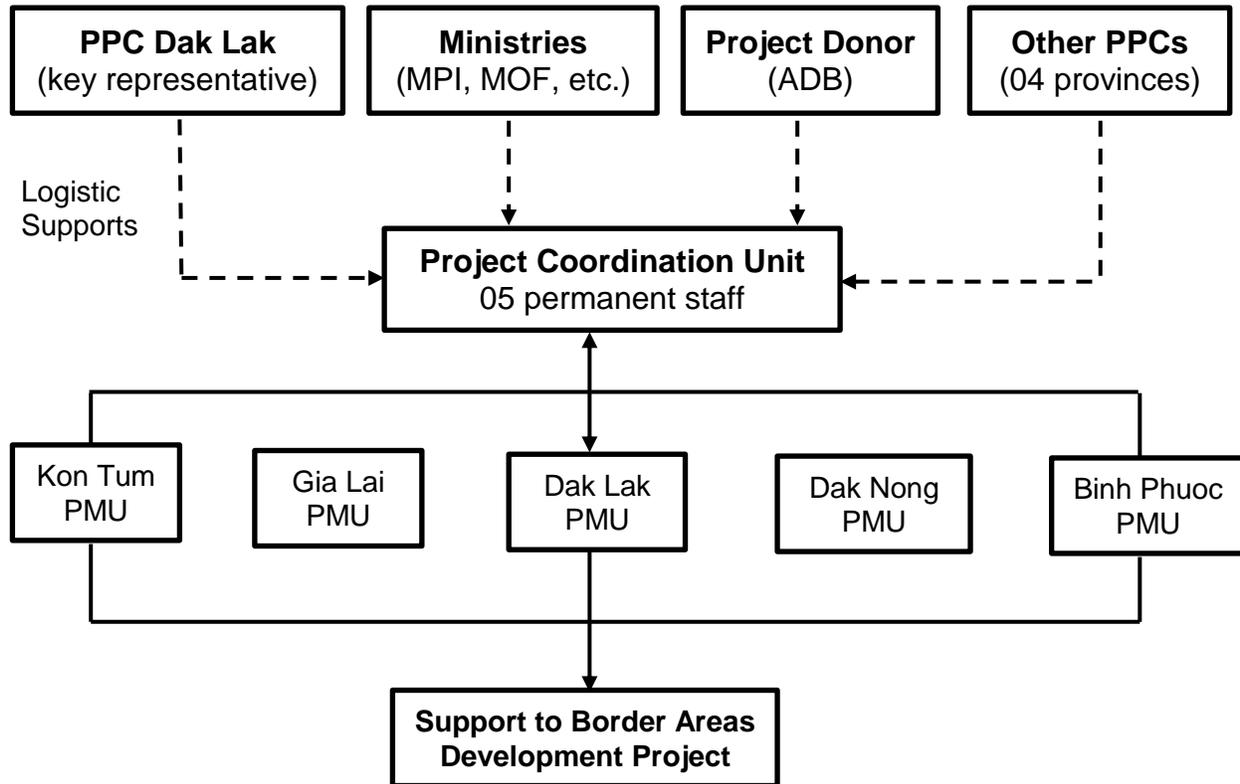
Mission Leader

Staff Name: TBC
 Position: TBC
 Telephone No.: TBC
 Email address: TBC

D. Project Organization Structure

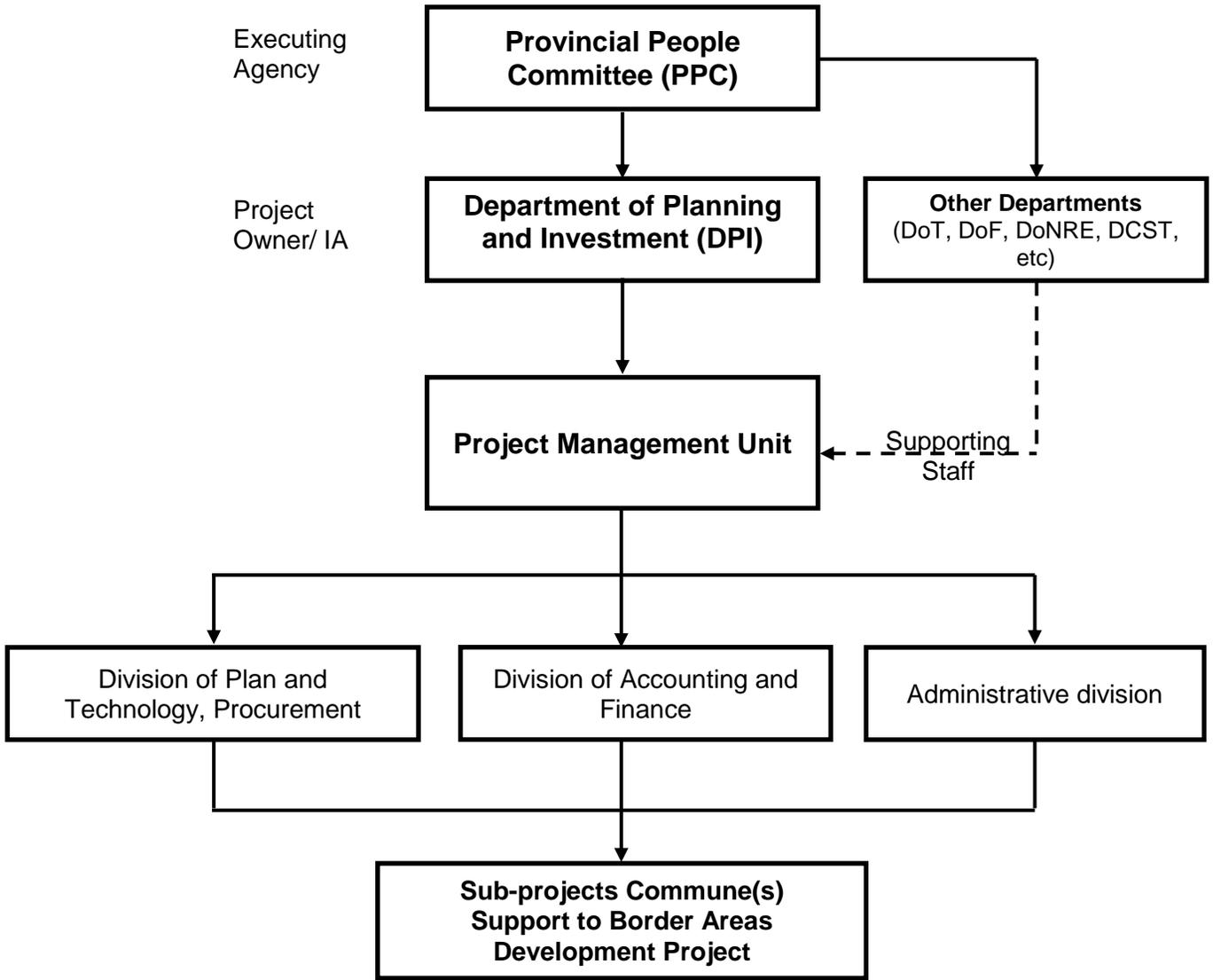
37. The Project has five EAs. Figure 1 presents the overall project management structure

Figure 1: OVERALL MANAGEMENT STRUCTURE



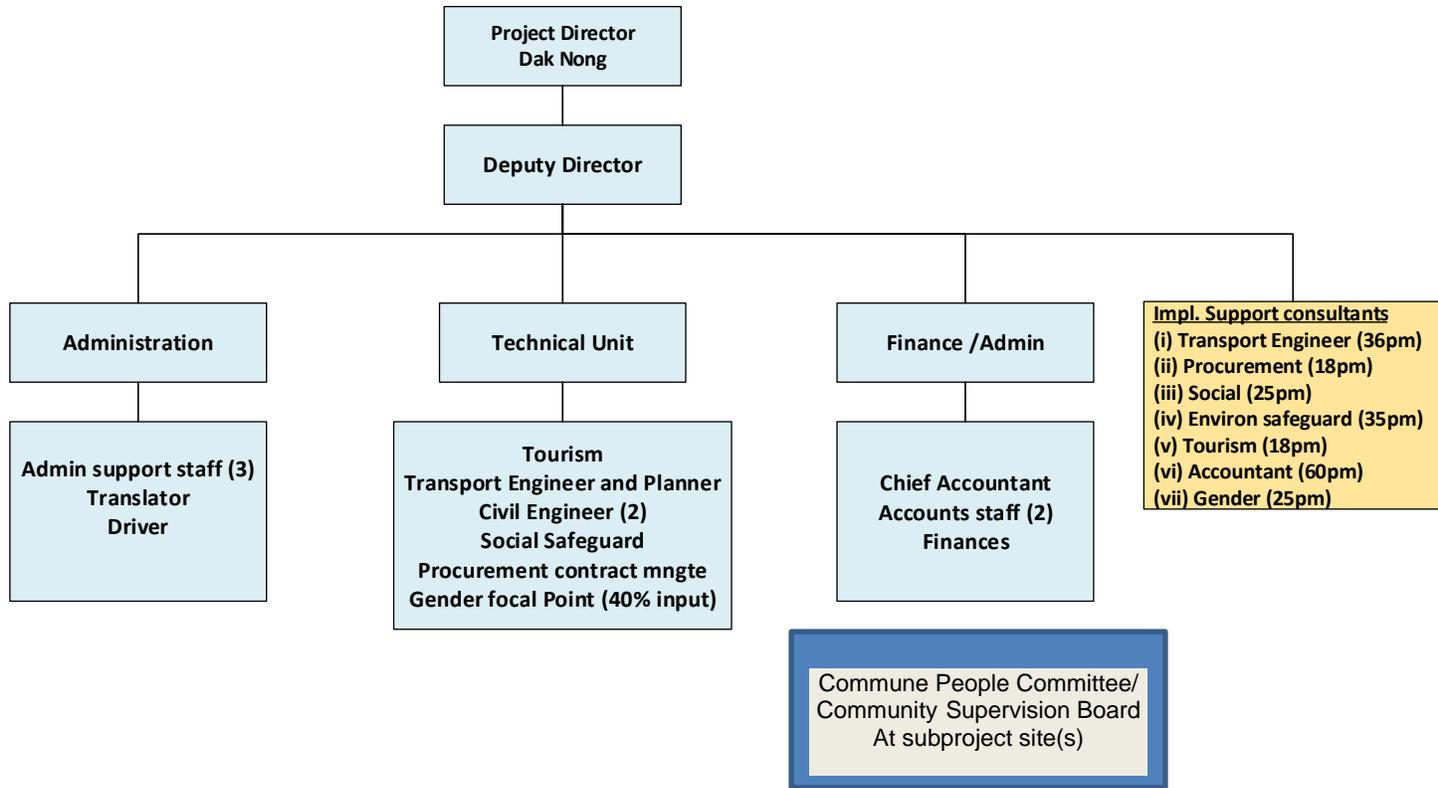
38. Figure 2 shows the EA – IA Structure

Figure 2: EA – IA Structure



39. The basic PPMU structure is presented in Figure 3.

Figure 3: PPMU Structure and Related Stakeholders



40. The PPCs as the EAs of the five VDTA provinces have assigned project ownership to the DPIs (as per Decree 38) as the Project IAs. The PPMUs will report to both DPI and the PPC. The Project EAs (the PPCs) will provide ADB with the terms of reference (TOR) and curriculum vitae (CV) of all of proposed PPMU's key and professional staff, including the Management, heads of divisions and senior experts of transport, procurement, finance, safeguards and tourist for ADB's review and concurrence prior to assigning and staffing. In accordance with Decree 38, within 30 working days after the Project is approved by the competent agency, the project owner shall issue a decision on establishment of the project management unit. When establishing the project management unit, the project owner must consider the possibility of using the professional project management unit or their existing project management unit for reducing management expenses and making use of capacity and experiences of the project managing team.

41. The Director of the PPMU will be a director general or vice director general appointed by the PPC. S/he will have experience in the management and implementation of ADB financed projects and will be familiar with ADB requirements and procedures. Each unit will be assigned qualified support staff. The PPC will provide office support to the unit.

42. The PPMUs will provide day to day project implementation management. The PPMUs all key staff shall have capacity to work in the English language and possess substantial relevant experience in their respective positions. If candidates are identified from within the existing department structure these will be seconded to the project, otherwise candidates will be recruited from outside.

43. All PPMUs will include the basic staff appointed by the DPI in coordination with the PPC.

- (i) The Administrative unit will consist of:
 - (a) Administrative Manager
 - (b) Administration Assistants (two)
 - (c) Secretary
 - (d) Driver
- (ii) The technical unit will consist of:
 - (a) M&E Officer
 - (b) Procurement Officer
 - (c) Additional temporary inputs from the technical departments¹⁷
 - (d) Social/gender and Environmental Safeguards Officer(s)
- (iii) The finance unit will consist of:
 - (a) Financial and Accounting Officer
 - (b) Accountant
 - (c) Disbursement Clerk

44. In Dak Lak a secretariat will be added to the structure in Figure 2. It will support the project reporting requirements and VDTA joint meetings. The secretariat will consist of a coordinator, an administration supporter, and a translator.

¹⁷ Should be full time sector staff (road engineer and tourism expert) consistent with the above para 47 table 4 and para 55 figure 3.

45. PPMU office space sufficient for both the staff and implementation consultants will be provided by the PPC out of its own resources and not be considered a counterpart contribution. The PPMUs' will conduct all procurement, and recruitment activities and recommendations for the award of contracts for consultants to undertake detailed design and construction supervision (DD/CS) and for the procurement of civil works and goods (equipment) and will be the contracting agency for all project-financed contracts in accordance with the provisions of the agreed and approved procurement plans herein.

46. Consulting services will be recruited to support project implementation. The specific services are detailed with terms of reference in Annex C.

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IV. COSTS AND FINANCING

47. The project is estimated to cost \$122.11 million (Table 9).

Table 9: Project Investment Plan

(\$ million)

Item	Amount ^a
A. Base Cost^b	
1. Road infrastructure in five VDTA provinces rehabilitated	91.34
2. VDTA plans and facilities for transport and trade facilitation (TTF) with a focus on inclusive growth developed	10.37
3. Institutional capacity for VDTA investment planning, project design and implementation, and resource management strengthened	3.10
Subtotal (A)	104.81
B. Contingencies^c	14.81
C. Financing Charges During Implementation^d	2.49
Total (A+B+C)	122.11

^a Includes taxes and duties of \$12.0 million to be financed by the Government and ADB.¹⁸

^b In mid-2016 prices based on ADB PPTA 8849-VIE team's estimates.

^c Physical contingencies computed at 10% for all categories, except tourism infrastructure, community development support, vehicle and equipment computed at 0%. Price contingencies computed at 1.4% in 2017, 1.5% in 2018 and thereafter for foreign currency costs; 5% in 2017 and thereafter for local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

^d Computed at 2.0% per year.

Note: Figures may not sum due to rounding

Source: Asian Development Bank estimates

48. The government has requested a loan in the amount of \$106.51 million equivalent from ADB's Asian Development Fund resources to help finance the project. The five participating provinces will provide the total counterpart funds equivalent of \$15.60 million.

49. The government has requested that ADB finance part of the taxes and duties. The eligibility of taxes and duties for ADB financing was determined through a due diligence assessment, and followed the Viet Nam country partnership strategy recommendation for financing taxes and duties that apply to ADB financed expenditure. Based on the results of the assessment, ADB concluded that all eligibility criteria had been met.

50. The government will make the loan proceeds available to the PPCs on a sub-loan basis under the same terms and conditions as the original ADB loan. The ADB loan will have a 25-year term, including a grace period of 5 years, an interest rate of 2.0% per annum during the grace period

¹⁸ The following principles were followed in determining taxes and duties to be financed by ADB: (i) the amount does not represent an excessive share of the project; (ii) the taxes and duties apply only to ADB-financed expenditures; (iii) the amount is within the country cost-sharing ceilings; and (iv) financing of taxes and duties is material and relevant to project success.

and thereafter, and such other terms and conditions set forth in the draft loan and project agreements. The ADB loan financing charges during implementation will be capitalized as part of the loan. The financing plan is presented in Table 10.

Table 10: Financing Plan
(\$ million)

Source	Amount	Share of Total (%)
Asian Development Bank		
Special Funds Resources (loan)	106.51	87.23
Provincial Peoples' Committee		
Kon Tum	3.13	2.56
Gia Lai	2.10	1.72
Dak Lak	4.51	3.69
Dak Nong	3.60	2.95
Binh Phuoc	2.26	1.85
Subtotal	15.60	12.77
Total	122.11	100.00

Source: Asian Development Bank estimates

51. Counterpart funds will be provided from the central government and provincial budgets at ratio in accordance of Prime Minister's Decision No. 40/2015/QĐ-TTg. Necessary counterpart funds have already been included in the provincial five-year plans and will be provided on an annual basis starting in 2017. The provinces are requested to take the necessary action to provide counterpart funds in accordance with the Project requirements including possible front loading to support project start-up. The PPCs confirmed that counterpart funds will be provided in cash to cover the items specified in Table 10. The in-kind contributions will include, among others: (a) counterpart staff regular salaries; and (b) office space, electricity and water. Further details of the PPCs' counterpart contributions will be agreed before loan negotiations.

52. The project resources are allocated by financier as presented in the PAM and in summary in Table 11.

Table 11: Summary Financing Plan by Financier

Component	Financier	
	ADB	Government
Output 1		
Roads Bridges Associated Works	Yes	
Detailed Design		Yes
Construction Supervision	Yes	
Land Acquisition		Yes
Road Safety		Yes
Output 2		
Tourism Infrastructure	Yes	
Community Development for Tourism Services		Yes
Tourism Feasibility Study Preparation		Yes
Training for community tourism and strengthening of transport and trade sectors in the VDTA implementation		Yes
Output 3		
Capacity Building for VDTA implementation		Yes

Component	Financier	
	ADB	Government
planning and project implementation Gender Action Plan Implementation ¹⁹		Yes
Environment Management Plan Implementation		Yes
Project Management		
Provincial Project Management Unit		Yes
Project Implementation Support Consultant		Yes
Other Consulting Services for Project Implementation		Yes
Others		
Audit of Project Financial Accounts	Yes	

¹⁹ Gender Action Plan is included in Output 3 for the purpose of simplifying the financing plan. In reality GAP activities will be spread over three outputs as these are parts of mainstreaming activities.

A. Detailed Cost Estimates by Expenditure Category

	(VND Million)			(US\$ '000)			% Total Base Costs
	Local	Foreign	Total	Local	Foreign	Total	
I. Investment Costs							
A. Civil Works							
1. Roads and Bridges							
a. Kon Tum Roads and Bridges	226,953	151,302	378,256	10,177	6,785	16,962	16
b. Gia Lai Roads and Bridges	197,648	131,765	329,413	8,863	5,909	14,772	14
c. Dak Lak Roads and Bridges	208,062	138,708	346,769	9,330	6,220	15,550	15
d. Dak Nong Roads and Bridges	215,138	143,426	358,564	9,647	6,432	16,079	15
e. Binh Phuoc Roads and Bridges	195,836	130,558	326,394	8,782	5,855	14,636	14
Subtotal	1,043,637	695,758	1,739,396	46,800	31,200	78,000	74
2. VDTA Tourist Destinations Facilities Improvement							
a. Kon Tum VDTA Tourist Destinations Facilities Improvement	-	-	-	-	-	-	-
b. Gia Lai VDTA Tourist Destinations Facilities Improvement	7,200	4,800	11,999	323	215	538	1
c. Dak Lak VDTA Tourist Destinations Facilities Improvement	9,206	6,138	15,344	413	275	688	1
d. Dak Nong VDTA Tourist Destinations Facilities Improvement	11,717	7,812	19,529	525	350	876	1
e. Binh Phuoc VDTA Tourist Destinations Facilities Improvement	2,288	1,525	3,813	103	68	171	-
Subtotal	30,411	20,274	50,686	1,364	909	2,273	2
3. VDTA Community Development Support							
a. Kon Tum Community Development Support	9,023	6,016	15,039	405	270	674	1
b. Gia Lai Community Development Support	-	-	-	-	-	-	-
c. Dak Lak Community Development Support	1,841	1,228	3,069	83	55	138	-
d. Dak Nong Community Development Support	3,683	2,455	6,138	165	110	275	-
e. Binh Phuoc Community Development Support	2,489	1,659	4,148	112	74	186	-
Subtotal	17,036	11,357	28,393	764	509	1,273	1
Subtotal	1,091,084	727,390	1,818,474	48,928	32,618	81,546	78
B. Land Acquisition and Resettlement							
1. Kon Tum Land Acquisition and Resettlement	2,100	-	2,100	94	-	94	-
2. Gia Lai Land Acquisition and Resettlement	740	-	740	33	-	33	-
3. Dak Lak Land Acquisition and Resettlement	3,773	-	3,773	169	-	169	-
4. Dak Nong Land Acquisition and Resettlement	226	-	226	10	-	10	-
5. Binh Phuoc Land Acquisition and Resettlement	193	-	193	9	-	9	-
Subtotal	7,032	-	7,032	315	-	315	-
C. Road Associated Works							
1. Kon Tum Road Associated Works	30,350	-	30,350	1,361	-	1,361	1
2. Gia Lai Road Associated Works	28,796	-	28,796	1,291	-	1,291	1
3. Dak Lak Road Associated Works	27,576	-	27,576	1,237	-	1,237	1
4. Dak Nong Road Associated Works	30,381	-	30,381	1,362	-	1,362	1
5. Binh Phuoc Road Associated Works	30,846	-	30,846	1,383	-	1,383	1
Subtotal	147,949	-	147,949	6,635	-	6,635	6
D. Vehicles and Equipment							
1. Vehicles							
a. Kon Tum Vehicles	301	702	1,004	14	32	45	-
b. Gia Lai Vehicles	301	702	1,004	14	32	45	-
c. Dak Lak Vehicles	301	702	1,004	14	32	45	-
d. Dak Nong Vehicles	301	702	1,004	14	32	45	-
e. Binh Phuoc Vehicles	301	702	1,004	14	32	45	-
Subtotal	1,505	3,512	5,018	68	158	225	-
2. Equipment							
a. Kon Tum Equipment	401	937	1,338	18	42	60	-
b. Gia Lai Equipment	401	937	1,338	18	42	60	-
c. Dak Lak Equipment	401	937	1,338	18	42	60	-
d. Dak Nong Equipment	401	937	1,338	18	42	60	-
e. Binh Phuoc Equipment	401	937	1,338	18	42	60	-
Subtotal	2,007	4,683	6,690	90	210	300	-
Subtotal	3,512	8,195	11,708	158	368	525	1

	(VND Million)			(US\$ '000)			% Total Base Costs
	Local	Foreign	Total	Local	Foreign	Total	
I. Investment Costs							
E. Capacity Building							
1. Road Safety Awareness Training							
a. Kon Tum Road Safety Awareness Training	1,673	-	1,673	75	-	75	-
b. Gia Lai Road Safety Awareness Training	1,673	-	1,673	75	-	75	-
c. Dak Lak Road Safety Awareness Training	1,673	-	1,673	75	-	75	-
d. Dak Nong Road Safety Awareness Training	1,673	-	1,673	75	-	75	-
e. Binh Phuoc Road Safety Awareness Training	1,673	-	1,673	75	-	75	-
Subtotal	8,363	-	8,363	375	-	375	-
2. Cultural and Environmental Tourism Service Provision Training							
a. Kon Tum Cultural and Environmental Tourism Service Provision Training	900	-	900	40	-	40	-
b. Gia Lai Cultural and Environmental Tourism Service Provision Training	669	-	669	30	-	30	-
c. Dak Lak Cultural and Environmental Tourism Service Provision Training	2,608	-	2,608	117	-	117	-
d. Dak Nong Cultural and Environmental Tourism Service Provision Training	1,115	-	1,115	50	-	50	-
e. Binh Phuoc Cultural and Environmental Tourism Service Provision Training	1,539	-	1,539	69	-	69	-
Subtotal	6,831	-	6,831	306	-	306	-
3. Updated Master and Action Plans Implementation Training							
a. Kon Tum Updated Master and Action Plans Implementation Training	669	-	669	30	-	30	-
b. Gia Lai Updated Master and Action Plans Implementation Training	669	-	669	30	-	30	-
c. Dak Lak Updated Master and Action Plans Implementation Training	669	-	669	30	-	30	-
d. Dak Nong Updated Master and Action Plans Implementation Training	669	-	669	30	-	30	-
e. Binh Phuoc Updated Master and Action Plans Implementation Training	669	-	669	30	-	30	-
Subtotal	3,345	-	3,345	150	-	150	-
Subtotal	18,539	-	18,539	831	-	831	1
F. GAP Implementation							
1. Kon Tum GAP Implementation	687	-	687	31	-	31	-
2. Gia Lai GAP Implementation	1,173	-	1,173	53	-	53	-
3. Dak Lak GAP Implementation	1,354	-	1,354	61	-	61	-
4. Dak Nong GAP Implementation	867	-	867	39	-	39	-
5. Binh Phuoc GAP Implementation	1,414	-	1,414	63	-	63	-
Subtotal	5,495	-	5,495	246	-	246	-
G. EMP Implementation	2,443	-	2,443	110	-	110	-
H. Consulting Services							
1. Procurement and Startup Specialist							
a. Kon Tum Procurement and Startup Specialist	1,115	-	1,115	50	-	50	-
b. Gia Lai Procurement and Startup Specialist	1,115	-	1,115	50	-	50	-
c. Dak Lak Procurement and Startup Specialist	1,115	-	1,115	50	-	50	-
d. Dak Nong Procurement and Startup Specialist	1,115	-	1,115	50	-	50	-
e. Binh Phuoc Procurement and Startup Specialist	1,115	-	1,115	50	-	50	-
Subtotal	5,575	-	5,575	250	-	250	-
2. Design Consultant							
a. Kon Tum Design Consultant	12,981	-	12,981	582	-	582	1
b. Gia Lai Design Consultant	11,559	-	11,559	518	-	518	-
c. Dak Lak Design Consultant	8,675	-	8,675	389	-	389	-
d. Dak Nong Design Consultant	8,502	-	8,502	381	-	381	-
e. Binh Phuoc Design Consultant	8,431	-	8,431	378	-	378	-
Subtotal	50,147	-	50,147	2,249	-	2,249	2
3. Supervision Consultant							
a. Kon Tum Supervision Consultant	4,196	-	4,196	188	-	188	-
b. Gia Lai Supervision Consultant	3,194	-	3,194	143	-	143	-
c. Dak Lak Supervision Consultant	2,194	-	2,194	98	-	98	-
d. Dak Nong Supervision Consultant	3,407	-	3,407	153	-	153	-
e. Binh Phuoc Supervision Consultant	3,350	-	3,350	150	-	150	-
Subtotal	16,343	-	16,343	733	-	733	1

	(VND Million)			(US\$ '000)			% Total Base Costs
	Local	Foreign	Total	Local	Foreign	Total	
I. Investment Costs							
4. PPMU Implementation Support							
a. Kon Tum PPMU Implementation Support	9,126	-	9,126	409	-	409	-
b. Gia Lai PPMU Implementation Support	8,122	-	8,122	364	-	364	-
c. Dak Lak PPMU Implementation Support	9,126	-	9,126	409	-	409	-
d. Dak Nong PPMU Implementation Support	9,126	-	9,126	409	-	409	-
e. Binh Phuoc PPMU Implementation Support	8,806	-	8,806	395	-	395	-
Subtotal	44,306	-	44,306	1,987	-	1,987	2
5. Tourism FS Firm							
a. Kon Tum Tourism FS Firm	1,696	-	1,696	76	-	76	-
b. Gia Lai Tourism FS Firm	739	-	739	33	-	33	-
c. Dak Lak Tourism FS Firm	1,534	-	1,534	69	-	69	-
d. Dak Nong Tourism FS Firm	1,244	-	1,244	56	-	56	-
e. Binh Phuoc Tourism FS Firm	647	-	647	29	-	29	-
Subtotal	5,861	-	5,861	263	-	263	-
6. Tourism Trainer							
a. Kon Tum Tourism Trainer	1,468	-	1,468	66	-	66	-
b. Gia Lai Tourism Trainer	-	-	-	-	-	-	-
c. Dak Lak Tourism Trainer	2,660	-	2,660	119	-	119	-
d. Dak Nong Tourism Trainer	1,338	-	1,338	60	-	60	-
e. Binh Phuoc Tourism Trainer	1,293	-	1,293	58	-	58	-
Subtotal	6,759	-	6,759	303	-	303	-
7. External Audit							
a. Kon Tum External Audit	1,115	-	1,115	50	-	50	-
b. Gia Lai External Audit	1,115	-	1,115	50	-	50	-
c. Dak Lak External Audit	1,115	-	1,115	50	-	50	-
d. Dak Nong External Audit	1,115	-	1,115	50	-	50	-
e. Binh Phuoc External Audit	1,115	-	1,115	50	-	50	-
Subtotal	5,575	-	5,575	250	-	250	-
Subtotal	134,565	-	134,565	6,034	-	6,034	6
I. Project Management Unit							
1. Salaries							
a. Kon Tum Salaries	4,380	-	4,380	196	-	196	-
b. Gia Lai Salaries	4,380	-	4,380	196	-	196	-
c. Dak Lak Salaries	4,380	-	4,380	196	-	196	-
d. Dak Nong Salaries	4,380	-	4,380	196	-	196	-
e. Binh Phuoc Salaries	4,380	-	4,380	196	-	196	-
Subtotal	21,900	-	21,900	982	-	982	1
2. Allowances							
a. Kon Tum Allowances	1,775	-	1,775	80	-	80	-
b. Gia Lai Allowances	1,775	-	1,775	80	-	80	-
c. Dak Lak Allowances	1,775	-	1,775	80	-	80	-
d. Dak Nong Allowances	1,775	-	1,775	80	-	80	-
e. Binh Phuoc Allowances	1,775	-	1,775	80	-	80	-
Subtotal	8,875	-	8,875	398	-	398	-

	(VND Million)			(US\$ '000)			% Total Base Costs
	Local	Foreign	Total	Local	Foreign	Total	
I. Investment Costs							
3. Operating Costs							
a. Kon Tum Operating Costs	6,824	-	6,824	306	-	306	-
b. Gia Lai Operating Costs	6,824	-	6,824	306	-	306	-
c. Dak Lak Operating Costs	6,824	-	6,824	306	-	306	-
d. Dak Nong Operating Costs	6,824	-	6,824	306	-	306	-
e. Binh Phuoc Operating Costs	6,824	-	6,824	306	-	306	-
Subtotal	34,119	-	34,119	1,530	-	1,530	1
Subtotal	64,894	-	64,894	2,910	-	2,910	3
J. Coordination Unit							
1. Coordination Unit Salaries	840	-	840	38	-	38	-
2. Coordination Unit Allowances	180	-	180	8	-	8	-
Subtotal	1,020	-	1,020	46	-	46	-
K. Unallocated							
1. Kon Tum Unallocated	4,753	-	4,753	213	-	213	-
2. Gia Lai Unallocated	3,251	-	3,251	146	-	146	-
3. Dak Lak Unallocated	65,444	-	65,444	2,935	-	2,935	3
4. Dak Nong Unallocated	31,468	-	31,468	1,411	-	1,411	1
5. Binh Phuoc Unallocated	20,135	-	20,135	903	-	903	1
Subtotal	125,051	-	125,051	5,608	-	5,608	5
Total BASELINE COSTS	1,601,585	735,585	2,337,170	71,820	32,986	104,806	100
Physical Contingencies	140,612	69,576	210,188	6,305	3,120	9,425	9
Price Contingencies	280,323	148,179	428,502	3,521	1,860	5,381	5
Total PROJECT COSTS	2,022,520	953,340	2,975,860	81,646	37,966	119,612	114
Interest During Implementation	-	61,178	61,178	-	2,494	2,494	2
Total Costs to be Financed	2,022,520	1,014,518	3,037,038	81,646	40,460	122,106	117

Notes: Costs in mid - 2016 prices based on ADB PPTA 8849-VIE team's estimates.

Physical contingencies computed at 10% for all categories, except tourism infrastructure, community development support, vehicle and equipment computed at 0%. Price contingencies computed at 1.4% in 2017, 1.5% in 2018 and thereafter for foreign currency costs; 5% in 2017 and thereafter for local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

Source: ADB staff estimates.

B. Allocation and Withdrawal of Loan Proceeds

1. Overall

Support to Border Areas Development Project			
CATEGORY			ADB FINANCING
No.	Item	Amount Allocated [\$]	Percentage and Basis for Withdrawal from the Loan Account
1	Project Costs (Civil Works, Consulting Services for construction supervision, External Audit)	90,359,000	100 percent of total expenditure claimed
2	Interest During Implementation	2,494,000	100 percent of total amount due
3	Unallocated Amount	13,656,000	
	Total	106,509,000	

2. Kon Tum Province

Support to Border Areas Development Project			
CATEGORY			ADB FINANCING
No.	Item	Amount Allocated [\$]	Percentage and Basis for Withdrawal from the Loan Account
1	Project Costs (Civil Works, Consulting Services for construction supervision, External Audit)	18,707,000	100 percent of total expenditure claimed
2	Interest During Implementation	504,000	100 percent of total amount due
3	Unallocated Amount	2,960,000	
	Total	22,171,000	

3. Gia Lai Province

Support to Border Areas Development Project			
CATEGORY			ADB FINANCING
No.	Item	Amount Allocated [\$]	Percentage and Basis for Withdrawal from the Loan Account
1	Project Costs (Civil Works, Consulting Services for construction supervision, External Audit)	16,940,000	100 percent of total expenditure claimed
2	Interest During Implementation	467,000	100 percent of total amount due
3	Unallocated Amount	2,593,000	
	Total	20,000,000	

4. Dak Lak Province

Support to Border Areas Development Project			
CATEGORY			ADB FINANCING
No.	Item	Amount Allocated [\$]	Percentage and Basis for Withdrawal from the Loan Account
1	Project Costs (Civil Works, Consulting Services for construction supervision, External Audit)	18,771,000	100 percent of total expenditure claimed
2	Interest During Implementation	528,000	100 percent of total amount due
3	Unallocated Amount	2,701,000	
	Total	22,000,000	

5. Dak Nong

Support to Border Areas Development Project			
CATEGORY			ADB FINANCING
No.	Item	Amount Allocated [\$]	Percentage and Basis for Withdrawal from the Loan Account
1	Project Costs (Civil Works, Consulting Services for construction supervision, External Audit)	18,666,000	100 percent of total expenditure claimed
2	Interest During Implementation	520,000	100 percent of total amount due
3	Unallocated Amount	2,814,000	
	Total	22,000,000	

6. Binh Phuoc

Support to Border Areas Development Project			
CATEGORY			ADB FINANCING
No.	Item	Amount Allocated [\$]	Percentage and Basis for Withdrawal from the Loan Account
1	Project Costs (Civil Works, Consulting Services for construction supervision, External Audit)	17,276,000	100 percent of total expenditure claimed
2	Interest During Implementation	475,000	100 percent of total amount due
3	Unallocated Amount	2,587,000	
	Total	20,338,000	

C. Detailed Cost Estimates by Financier

(US\$ '000)	Asian Development													
	Bank		Kon Tum PPC		Gia Lai PPC		Dak Lak PPC		Dak Nong PPC		Binh Phuoc PPC		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
I. Investment Costs														
A. Civil Works														
1. Roads and Bridges														
a. Kon Tum Roads and Bridges	16,962	100	-	-	-	-	-	-	-	-	-	-	16,962	14
b. Gia Lai Roads and Bridges	14,772	100	-	-	-	-	-	-	-	-	-	-	14,772	12
c. Dak Lak Roads and Bridges	15,550	100	-	-	-	-	-	-	-	-	-	-	15,550	13
d. Dak Nong Roads and Bridges	16,079	100	-	-	-	-	-	-	-	-	-	-	16,079	13
e. Binh Phuoc Roads and Bridges	14,636	100	-	-	-	-	-	-	-	-	-	-	14,636	12
Subtotal	78,000	100	-	-	-	-	-	-	-	-	-	-	78,000	64
2. VDTA Tourist Destinations Facilities Improvement														
a. Kon Tum VDTA Tourist Destinations Facilities Improvement	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b. Gia Lai VDTA Tourist Destinations Facilities Improvement	538	100	-	-	-	-	-	-	-	-	-	-	538	0
c. Dak Lak VDTA Tourist Destinations Facilities Improvement	688	100	-	-	-	-	-	-	-	-	-	-	688	1
d. Dak Nong VDTA Tourist Destinations Facilities Improvement	876	100	-	-	-	-	-	-	-	-	-	-	876	1
e. Binh Phuoc VDTA Tourist Destinations Facilities Improvement	171	100	-	-	-	-	-	-	-	-	-	-	171	0
Subtotal	2,273	100	-	-	-	-	-	-	-	-	-	-	2,273	2
3. VDTA Community Development Support														
a. Kon Tum Community Development Support	-	-	674	100	-	-	-	-	-	-	-	-	674	1
b. Gia Lai Community Development Support	-	-	-	-	-	-	-	-	-	-	-	-	-	-
c. Dak Lak Community Development Support	-	-	-	-	-	-	138	100	-	-	-	-	138	0
d. Dak Nong Community Development Support	-	-	-	-	-	-	-	-	275	100	-	-	275	0
e. Binh Phuoc Community Development Support	-	-	-	-	-	-	-	-	-	-	186	100	186	0
Subtotal	-	-	674	53	-	-	138	11	275	22	186	15	1,273	1
Subtotal	80,273	99	674	1	-	-	138	0	275	0	186	0	81,546	67
B. Land Acquisition and Resettlement														
1. Kon Tum Land Acquisition and Resettlement	-	-	94	100	-	-	-	-	-	-	-	-	94	0
2. Gia Lai Land Acquisition and Resettlement	-	-	-	-	33	100	-	-	-	-	-	-	33	0
3. Dak Lak Land Acquisition and Resettlement	-	-	-	-	-	-	169	100	-	-	-	-	169	0
4. Dak Nong Land Acquisition and Resettlement	-	-	-	-	-	-	-	-	10	100	-	-	10	0
5. Binh Phuoc Land Acquisition and Resettlement	-	-	-	-	-	-	-	-	-	-	9	100	9	0
Subtotal	-	-	94	30	33	11	169	54	10	3	9	3	315	0
C. Road Associated Works														
1. Kon Tum Road Associated Works	1,361	100	-	-	-	-	-	-	-	-	-	-	1,361	1
2. Gia Lai Road Associated Works	1,291	100	-	-	-	-	-	-	-	-	-	-	1,291	1
3. Dak Lak Road Associated Works	1,237	100	-	-	-	-	-	-	-	-	-	-	1,237	1
4. Dak Nong Road Associated Works	1,362	100	-	-	-	-	-	-	-	-	-	-	1,362	1
5. Binh Phuoc Road Associated Works	1,383	100	-	-	-	-	-	-	-	-	-	-	1,383	1
Subtotal	6,635	100	-	-	-	-	-	-	-	-	-	-	6,635	5
D. Vehicles and Equipment														
1. Vehicles														
a. Kon Tum Vehicles	-	-	45	100	-	-	-	-	-	-	-	-	45	0
b. Gia Lai Vehicles	-	-	-	-	45	100	-	-	-	-	-	-	45	0
c. Dak Lak Vehicles	-	-	-	-	-	-	45	100	-	-	-	-	45	0
d. Dak Nong Vehicles	-	-	-	-	-	-	-	-	45	100	-	-	45	0
e. Binh Phuoc Vehicles	-	-	-	-	-	-	-	-	-	-	45	100	45	0
Subtotal	-	-	45	20	45	20	45	20	45	20	45	20	225	0
2. Equipment														
a. Kon Tum Equipment	-	-	60	100	-	-	-	-	-	-	-	-	60	0
b. Gia Lai Equipment	-	-	-	-	60	100	-	-	-	-	-	-	60	0
c. Dak Lak Equipment	-	-	-	-	-	-	60	100	-	-	-	-	60	0
d. Dak Nong Equipment	-	-	-	-	-	-	-	-	60	100	-	-	60	0
e. Binh Phuoc Equipment	-	-	-	-	-	-	-	-	-	-	60	100	60	0
Subtotal	-	-	60	20	60	20	60	20	60	20	60	20	300	0
Subtotal	-	-	105	20	105	20	105	20	105	20	105	20	525	0

(US\$ '000)	Asian Development													
	Bank		Kon Tum PPC		Gia Lai PPC		Dak Lak PPC		Dak Nong PPC		Binh Phuoc PPC		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
I. Investment Costs														
3. Operating Costs														
a. Kon Tum Operating Costs	-	-	306	100	-	-	-	-	-	-	-	-	306	0
b. Gia Lai Operating Costs	-	-	-	-	306	100	-	-	-	-	-	-	306	0
c. Dak Lak Operating Costs	-	-	-	-	-	-	306	100	-	-	-	-	306	0
d. Dak Nong Operating Costs	-	-	-	-	-	-	-	-	306	100	-	-	306	0
e. Binh Phuoc Operating Costs	-	-	-	-	-	-	-	-	-	-	306	100	306	0
Subtotal	-	-	306	20	306	20	306	20	306	20	306	20	1,530	1
Subtotal	-	-	582	20	582	20	582	20	582	20	582	20	2,910	2
J. Coordination Unit														
1. Coordination Unit Salaries	-	-	-	-	-	-	38	100	-	-	-	-	38	0
2. Coordination Unit Allowances	-	-	-	-	-	-	8	100	-	-	-	-	8	0
Subtotal	-	-	-	-	-	-	46	100	-	-	-	-	46	0
K. Unallocated														
1. Kon Tum Unallocated	146	68	67	32	-	-	-	-	-	-	-	-	213	0
2. Gia Lai Unallocated	146	100	-	-	-	-	-	-	-	-	-	-	146	0
3. Dak Lak Unallocated	1,147	39	-	-	-	-	1,787	61	-	-	-	-	2,935	2
4. Dak Nong Unallocated	145	10	-	-	-	-	-	-	1,266	90	-	-	1,411	1
5. Binh Phuoc Unallocated	885	98	-	-	-	-	-	-	-	-	18	2	903	1
Subtotal	2,469	44	67	1	-	-	1,787	32	1,266	23	18	0	5,608	5
Total BASELINE COSTS	90,359	87	2,882	3	1,874	2	4,255	4	3,388	3	2,047	2	104,806	86
Contingencies	13,656	92	245	2	226	2	255	2	212	1	213	1	14,806	12
Total PROJECT COSTS	104,015	87	3,127	3	2,100	2	4,510	4	3,600	3	2,260	2	119,612	98
Interest During Implementation	2,494	100	-	-	-	-	-	-	-	-	-	-	2,494	2
Total Disbursement	106,509	87	3,127	3	2,100	2	4,510	4	3,600	3	2,260	2	122,106	100

^a All taxes and duties with respect to ADB-financed expenditure items will be financed from the loan.

Notes: Costs in mid - 2016 prices based on ADB PPTA 8849-VIE team's estimates.

Physical contingencies computed at 10% for all categories, except tourism infrastructure, community development support, vehicle and equipment computed at 0%. Price contingencies computed at 1.4% in 2017, 1.5% in 2018 and thereafter for foreign currency costs; 5% in 2017 and thereafter for local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

Source: ADB staff estimates

D. Detailed Cost Estimates by Outputs/Components

(US\$ '000)	Improvement in Trade and Facilitation				Total	Physical Contingencies	
	Improved Road Connectivity	Facility, and Logistics	Strengthened Institutional Capacity	Project Management		%	Amount
I. Investment Costs							
A. Civil Works							
1. Roads and Bridges							
a. Kon Tum Roads and Bridges	16,962	-	-	-	16,962	10	1,696
b. Gia Lai Roads and Bridges	14,772	-	-	-	14,772	10	1,477
c. Dak Lak Roads and Bridges	15,550	-	-	-	15,550	10	1,555
d. Dak Nong Roads and Bridges	16,079	-	-	-	16,079	10	1,608
e. Binh Phuoc Roads and Bridges	14,636	-	-	-	14,636	10	1,464
Subtotal	78,000	-	-	-	78,000	10	7,800
2. VDTA Tourist Destinations Facilities Improvement							
a. Kon Tum VDTA Tourist Destinations Facilities Improvement	-	-	-	-	-	-	-
b. Gia Lai VDTA Tourist Destinations Facilities Improvement	-	538	-	-	538	-	-
c. Dak Lak VDTA Tourist Destinations Facilities Improvement	-	688	-	-	688	-	-
d. Dak Nong VDTA Tourist Destinations Facilities Improvement	-	876	-	-	876	-	-
e. Binh Phuoc VDTA Tourist Destinations Facilities Improvement	-	171	-	-	171	-	-
Subtotal	-	2,273	-	-	2,273	-	-
3. VDTA Community Development Support							
a. Kon Tum Community Development Support	-	674	-	-	674	-	-
b. Gia Lai Community Development Support	-	-	-	-	-	-	-
c. Dak Lak Community Development Support	-	138	-	-	138	-	-
d. Dak Nong Community Development Support	-	275	-	-	275	-	-
e. Binh Phuoc Community Development Support	-	186	-	-	186	-	-
Subtotal	-	1,273	-	-	1,273	-	-
Subtotal	78,000	3,546	-	-	81,546	10	7,800
B. Land Acquisition and Resettlement							
1. Kon Tum Land Acquisition and Resettlement	94	-	-	-	94	10	9
2. Gia Lai Land Acquisition and Resettlement	33	-	-	-	33	10	3
3. Dak Lak Land Acquisition and Resettlement	169	-	-	-	169	10	17
4. Dak Nong Land Acquisition and Resettlement	10	-	-	-	10	10	1
5. Binh Phuoc Land Acquisition and Resettlement	9	-	-	-	9	10	1
Subtotal	315	-	-	-	315	10	32
C. Road Associated Works							
1. Kon Tum Road Associated Works	1,361	-	-	-	1,361	10	136
2. Gia Lai Road Associated Works	1,291	-	-	-	1,291	10	129
3. Dak Lak Road Associated Works	1,237	-	-	-	1,237	10	124
4. Dak Nong Road Associated Works	1,362	-	-	-	1,362	10	136
5. Binh Phuoc Road Associated Works	1,383	-	-	-	1,383	10	138
Subtotal	6,635	-	-	-	6,635	10	663
D. Vehicles and Equipment							
1. Vehicles							
a. Kon Tum Vehicles	-	-	-	45	45	-	-
b. Gia Lai Vehicles	-	-	-	45	45	-	-
c. Dak Lak Vehicles	-	-	-	45	45	-	-
d. Dak Nong Vehicles	-	-	-	45	45	-	-
e. Binh Phuoc Vehicles	-	-	-	45	45	-	-
Subtotal	-	-	-	225	225	-	-
2. Equipment							
a. Kon Tum Equipment	-	-	-	60	60	-	-
b. Gia Lai Equipment	-	-	-	60	60	-	-
c. Dak Lak Equipment	-	-	-	60	60	-	-
d. Dak Nong Equipment	-	-	-	60	60	-	-
e. Binh Phuoc Equipment	-	-	-	60	60	-	-
Subtotal	-	-	-	300	300	-	-
Subtotal	-	-	-	525	525	-	-

(US\$ '000)	Improvement in Trade and Facilitation				Total	Physical Contingencies	
	Improved Road Connectivity	Facility, and Logistics	Strengthened Institutional Capacity	Project Management		%	Amount
I. Investment Costs							
E. Capacity Building							
1. Road Safety Awareness Training							
a. Kon Tum Road Safety Awareness Training	75	-	-	-	75	10	8
b. Gia Lai Road Safety Awareness Training	75	-	-	-	75	10	8
c. Dak Lak Road Safety Awareness Training	75	-	-	-	75	10	8
d. Dak Nong Road Safety Awareness Training	75	-	-	-	75	10	8
e. Binh Phuoc Road Safety Awareness Training	75	-	-	-	75	10	8
Subtotal	375	-	-	-	375	10	38
2. Cultural and Environmental Tourism Service Provision Training							
a. Kon Tum Cultural and Environmental Tourism Service Provision Training	-	40	-	-	40	-	-
b. Gia Lai Cultural and Environmental Tourism Service Provision Training	-	30	-	-	30	-	-
c. Dak Lak Cultural and Environmental Tourism Service Provision Training	-	117	-	-	117	-	-
d. Dak Nong Cultural and Environmental Tourism Service Provision Training	-	50	-	-	50	-	-
e. Binh Phuoc Cultural and Environmental Tourism Service Provision Training	-	69	-	-	69	-	-
Subtotal	-	306	-	-	306	-	-
3. Updated Master and Action Plans Implementation Training							
a. Kon Tum Updated Master and Action Plans Implementation Training	-	-	30	-	30	10	3
b. Gia Lai Updated Master and Action Plans Implementation Training	-	-	30	-	30	10	3
c. Dak Lak Updated Master and Action Plans Implementation Training	-	-	30	-	30	10	3
d. Dak Nong Updated Master and Action Plans Implementation Training	-	-	30	-	30	10	3
e. Binh Phuoc Updated Master and Action Plans Implementation Training	-	-	30	-	30	10	3
Subtotal	-	-	150	-	150	10	15
Subtotal	375	306	150	-	831	6	53
F. GAP Implementation							
1. Kon Tum GAP Implementation	-	-	31	-	31	10	3
2. Gia Lai GAP Implementation	-	-	53	-	53	10	5
3. Dak Lak GAP Implementation	-	-	61	-	61	10	6
4. Dak Nong GAP Implementation	-	-	39	-	39	10	4
5. Binh Phuoc GAP Implementation	-	-	63	-	63	10	6
Subtotal	-	-	246	-	246	10	25
G. EMP Implementation	-	-	110	-	110	10	11
H. Consulting Services							
1. Procurement and Startup Specialist							
a. Kon Tum Procurement and Startup Specialist	-	-	50	-	50	10	5
b. Gia Lai Procurement and Startup Specialist	-	-	50	-	50	10	5
c. Dak Lak Procurement and Startup Specialist	-	-	50	-	50	10	5
d. Dak Nong Procurement and Startup Specialist	-	-	50	-	50	10	5
e. Binh Phuoc Procurement and Startup Specialist	-	-	50	-	50	10	5
Subtotal	-	-	250	-	250	10	25
2. Design Consultant							
a. Kon Tum Design Consultant	582	-	-	-	582	10	58
b. Gia Lai Design Consultant	518	-	-	-	518	10	52
c. Dak Lak Design Consultant	389	-	-	-	389	10	39
d. Dak Nong Design Consultant	381	-	-	-	381	10	38
e. Binh Phuoc Design Consultant	378	-	-	-	378	10	38
Subtotal	2,249	-	-	-	2,249	10	225

(US\$ '000)	Improvement in Trade and Facilitation				Total	Physical Contingencies	
	Improved Road Connectivity	Facility, and Logistics	Strengthened Institutional Capacity	Project Management		%	Amount
I. Investment Costs							
3. Supervision Consultant							
a. Kon Tum Supervision Consultant	188	-	-	-	188	10	19
b. Gia Lai Supervision Consultant	143	-	-	-	143	10	14
c. Dak Lak Supervision Consultant	98	-	-	-	98	10	10
d. Dak Nong Supervision Consultant	153	-	-	-	153	10	15
e. Binh Phuoc Supervision Consultant	150	-	-	-	150	10	15
Subtotal	733	-	-	-	733	10	73
4. PPMU Implementation Support							
a. Kon Tum PPMU Implementation Support	-	-	409	-	409	10	41
b. Gia Lai PPMU Implementation Support	-	-	364	-	364	10	36
c. Dak Lak PPMU Implementation Support	-	-	409	-	409	10	41
d. Dak Nong PPMU Implementation Support	-	-	409	-	409	10	41
e. Binh Phuoc PPMU Implementation Support	-	-	395	-	395	10	39
Subtotal	-	-	1,987	-	1,987	10	199
5. Tourism FS Firm							
a. Kon Tum Tourism FS Firm	-	76	-	-	76	-	-
b. Gia Lai Tourism FS Firm	-	33	-	-	33	-	-
c. Dak Lak Tourism FS Firm	-	69	-	-	69	-	-
d. Dak Nong Tourism FS Firm	-	56	-	-	56	-	-
e. Binh Phuoc Tourism FS Firm	-	29	-	-	29	-	-
Subtotal	-	263	-	-	263	-	-
6. Tourism Trainer							
a. Kon Tum Tourism Trainer	-	66	-	-	66	-	-
b. Gia Lai Tourism Trainer	-	-	-	-	-	-	-
c. Dak Lak Tourism Trainer	-	119	-	-	119	-	-
d. Dak Nong Tourism Trainer	-	60	-	-	60	-	-
e. Binh Phuoc Tourism Trainer	-	58	-	-	58	-	-
Subtotal	-	303	-	-	303	-	-
7. External Audit							
a. Kon Tum External Audit	-	-	50	-	50	10	5
b. Gia Lai External Audit	-	-	50	-	50	10	5
c. Dak Lak External Audit	-	-	50	-	50	10	5
d. Dak Nong External Audit	-	-	50	-	50	10	5
e. Binh Phuoc External Audit	-	-	50	-	50	10	5
Subtotal	-	-	250	-	250	10	25
Subtotal	2,982	566	2,487	-	6,034	9	547
I. Project Management Unit							
1. Salaries							
a. Kon Tum Salaries	-	-	-	196	196	10	20
b. Gia Lai Salaries	-	-	-	196	196	10	20
c. Dak Lak Salaries	-	-	-	196	196	10	20
d. Dak Nong Salaries	-	-	-	196	196	10	20
e. Binh Phuoc Salaries	-	-	-	196	196	10	20
Subtotal	-	-	-	982	982	10	98
2. Allowances							
a. Kon Tum Allowances	-	-	-	80	80	10	8
b. Gia Lai Allowances	-	-	-	80	80	10	8
c. Dak Lak Allowances	-	-	-	80	80	10	8
d. Dak Nong Allowances	-	-	-	80	80	10	8
e. Binh Phuoc Allowances	-	-	-	80	80	10	8
Subtotal	-	-	-	398	398	10	40

(US\$ '000)	Improvement in Trade and Facilitation				Total	Physical Contingencies	
	Improved Road Connectivity	Facility, and Logistics	Strengthened Institutional Capacity	Project Management		%	Amount
I. Investment Costs							
3. Operating Costs							
a. Kon Tum Operating Costs	-	-	-	306	306	10	31
b. Gia Lai Operating Costs	-	-	-	306	306	10	31
c. Dak Lak Operating Costs	-	-	-	306	306	10	31
d. Dak Nong Operating Costs	-	-	-	306	306	10	31
e. Binh Phuoc Operating Costs	-	-	-	306	306	10	31
Subtotal	-	-	-	1,530	1,530	10	153
Subtotal	-	-	-	2,910	2,910	10	291
J. Coordination Unit							
1. Coordination Unit Salaries	-	-	-	38	38	10	4
2. Coordination Unit Allowances	-	-	-	8	8	10	1
Subtotal	-	-	-	46	46	10	5
K. Unallocated							
1. Kon Tum Unallocated	-	213	-	-	213	-	-
2. Gia Lai Unallocated	-	146	-	-	146	-	-
3. Dak Lak Unallocated	-	2,935	-	-	2,935	-	-
4. Dak Nong Unallocated	-	1,411	-	-	1,411	-	-
5. Binh Phuoc Unallocated	-	903	-	-	903	-	-
Subtotal	-	5,608	-	-	5,608	-	-
Total BASELINE COSTS	88,306	10,026	2,993	3,481	104,806	9	9,425
Physical Contingencies	8,831	-	299	296	9,425	-	-
Price Contingencies	5,147	-	109	125	5,381	9	489
Total PROJECT COSTS	102,284	10,026	3,401	3,901	119,612	8	9,914
Taxes ^a	10,228	1,003	340	390	11,961	8	991
Foreign Exchange	36,178	1,418	-	370	37,966	9	3,289

^a All taxes and duties with respect to ADB-financed expenditure items will be financed from the loan.

Notes: Costs in mid - 2016 prices based on ADB PPTA 8849-VIE team's estimates.

Physical contingencies computed at 10% for all categories, except tourism infrastructure, community development support, vehicle and equipment computed at 0%.

Price contingencies computed at 1.4% in 2017, 1.5% in 2018 and thereafter for foreign currency costs; 5% in 2017 and thereafter for local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

Source: ADB staff estimates

E. Detailed Cost Estimates by Year

	(US\$ '000)	Base Cost					
		2017	2018	2019	2020	2021	Total
I. Investment Costs							
A. Civil Works							
1. Roads and Bridges							
a. Kon Tum Roads and Bridges		-	-	5,089	5,089	6,785	16,962
b. Gia Lai Roads and Bridges		-	-	4,432	4,432	5,909	14,772
c. Dak Lak Roads and Bridges		-	-	4,665	4,665	6,220	15,550
d. Dak Nong Roads and Bridges		-	-	4,824	4,824	6,432	16,079
e. Binh Phuoc Roads and Bridges		-	-	4,391	4,391	5,855	14,636
Subtotal		-	-	23,400	23,400	31,200	78,000
2. VDTA Tourist Destinations Facilities Improvement							
a. Kon Tum VDTA Tourist Destinations Facilities Improvement		-	-	-	-	-	-
b. Gia Lai VDTA Tourist Destinations Facilities Improvement		-	188	188	161	-	538
c. Dak Lak VDTA Tourist Destinations Facilities Improvement		-	241	241	206	-	688
d. Dak Nong VDTA Tourist Destinations Facilities Improvement		-	307	307	263	-	876
e. Binh Phuoc VDTA Tourist Destinations Facilities Improvement		-	60	60	51	-	171
Subtotal		-	796	796	682	-	2,273
3. VDTA Community Development Support							
a. Kon Tum Community Development Support		-	236	236	202	-	674
b. Gia Lai Community Development Support		-	-	-	-	-	-
c. Dak Lak Community Development Support		-	48	48	41	-	138
d. Dak Nong Community Development Support		-	96	96	83	-	275
e. Binh Phuoc Community Development Support		-	65	65	56	-	186
Subtotal		-	446	446	382	-	1,273
Subtotal		-	1,241	24,641	24,464	31,200	81,546
B. Land Acquisition and Resettlement							
1. Kon Tum Land Acquisition and Resettlement		-	94	-	-	-	94
2. Gia Lai Land Acquisition and Resettlement		-	33	-	-	-	33
3. Dak Lak Land Acquisition and Resettlement		-	169	-	-	-	169
4. Dak Nong Land Acquisition and Resettlement		-	10	-	-	-	10
5. Binh Phuoc Land Acquisition and Resettlement		-	9	-	-	-	9
Subtotal		-	315	-	-	-	315
C. Road Associated Works							
1. Kon Tum Road Associated Works		-	-	408	408	544	1,361
2. Gia Lai Road Associated Works		-	-	387	387	517	1,291
3. Dak Lak Road Associated Works		-	-	371	371	495	1,237
4. Dak Nong Road Associated Works		-	-	409	409	545	1,362
5. Binh Phuoc Road Associated Works		-	-	415	415	553	1,383
Subtotal		-	-	1,990	1,990	2,654	6,635
D. Vehicles and Equipment							
1. Vehicles							
a. Kon Tum Vehicles		45	-	-	-	-	45
b. Gia Lai Vehicles		45	-	-	-	-	45
c. Dak Lak Vehicles		45	-	-	-	-	45
d. Dak Nong Vehicles		45	-	-	-	-	45
e. Binh Phuoc Vehicles		45	-	-	-	-	45
Subtotal		225	-	-	-	-	225
2. Equipment							
a. Kon Tum Equipment		60	-	-	-	-	60
b. Gia Lai Equipment		60	-	-	-	-	60
c. Dak Lak Equipment		60	-	-	-	-	60
d. Dak Nong Equipment		60	-	-	-	-	60
e. Binh Phuoc Equipment		60	-	-	-	-	60
Subtotal		300	-	-	-	-	300
Subtotal		525	-	-	-	-	525

	(US\$ '000)	Base Cost					Total
		2017	2018	2019	2020	2021	
I. Investment Costs							
E. Capacity Building							
1. Road Safety Awareness Training							
a. Kon Tum Road Safety Awareness Training		-	-	30	23	23	75
b. Gia Lai Road Safety Awareness Training		-	-	30	23	23	75
c. Dak Lak Road Safety Awareness Training		-	-	30	23	23	75
d. Dak Nong Road Safety Awareness Training		-	-	30	23	23	75
e. Binh Phuoc Road Safety Awareness Training		-	-	30	23	23	75
Subtotal		-	-	150	113	113	375
2. Cultural and Environmental Tourism Service Provision Training							
a. Kon Tum Cultural and Environmental Tourism Service Provision Training		-	-	14	12	14	40
b. Gia Lai Cultural and Environmental Tourism Service Provision Training		-	-	11	9	11	30
c. Dak Lak Cultural and Environmental Tourism Service Provision Training		-	-	41	35	41	117
d. Dak Nong Cultural and Environmental Tourism Service Provision Training		-	-	18	15	18	50
e. Binh Phuoc Cultural and Environmental Tourism Service Provision Training		-	-	24	21	24	69
Subtotal		-	-	107	92	107	306
3. Updated Master and Action Plans Implementation Training							
a. Kon Tum Updated Master and Action Plans Implementation Training		-	30	-	-	-	30
b. Gia Lai Updated Master and Action Plans Implementation Training		-	30	-	-	-	30
c. Dak Lak Updated Master and Action Plans Implementation Training		-	30	-	-	-	30
d. Dak Nong Updated Master and Action Plans Implementation Training		-	30	-	-	-	30
e. Binh Phuoc Updated Master and Action Plans Implementation Training		-	30	-	-	-	30
Subtotal		-	150	-	-	-	150
Subtotal		-	150	257	204	220	831
F. GAP Implementation							
1. Kon Tum GAP Implementation		-	11	11	9	-	31
2. Gia Lai GAP Implementation		-	18	18	16	-	53
3. Dak Lak GAP Implementation		-	21	21	18	-	61
4. Dak Nong GAP Implementation		-	14	14	12	-	39
5. Binh Phuoc GAP Implementation		-	22	22	19	-	63
Subtotal		-	86	86	74	-	246
G. EMP Implementation		56	54	-	-	-	110
H. Consulting Services							
1. Procurement and Startup Specialist							
a. Kon Tum Procurement and Startup Specialist		25	25	-	-	-	50
b. Gia Lai Procurement and Startup Specialist		25	25	-	-	-	50
c. Dak Lak Procurement and Startup Specialist		25	25	-	-	-	50
d. Dak Nong Procurement and Startup Specialist		25	25	-	-	-	50
e. Binh Phuoc Procurement and Startup Specialist		25	25	-	-	-	50
Subtotal		125	125	-	-	-	250
2. Design Consultant							
a. Kon Tum Design Consultant		291	291	-	-	-	582
b. Gia Lai Design Consultant		259	259	-	-	-	518
c. Dak Lak Design Consultant		195	195	-	-	-	389
d. Dak Nong Design Consultant		191	191	-	-	-	381
e. Binh Phuoc Design Consultant		189	189	-	-	-	378
Subtotal		1,124	1,124	-	-	-	2,249
3. Supervision Consultant							
a. Kon Tum Supervision Consultant		-	-	56	56	75	188
b. Gia Lai Supervision Consultant		-	-	43	43	57	143
c. Dak Lak Supervision Consultant		-	-	30	30	39	98
d. Dak Nong Supervision Consultant		-	-	46	46	61	153
e. Binh Phuoc Supervision Consultant		-	-	45	45	60	150
Subtotal		-	-	220	220	293	733

(US\$ '000)	Base Cost					Total
	2017	2018	2019	2020	2021	
I. Investment Costs						
3. Operating Costs						
a. Kon Tum Operating Costs	61	61	61	61	61	306
b. Gia Lai Operating Costs	61	61	61	61	61	306
c. Dak Lak Operating Costs	61	61	61	61	61	306
d. Dak Nong Operating Costs	61	61	61	61	61	306
e. Binh Phuoc Operating Costs	61	61	61	61	61	306
Subtotal	306	306	306	306	306	1,530
Subtotal	582	582	582	582	582	2,910
J. Coordination Unit						
1. Coordination Unit Salaries	8	8	8	8	8	38
2. Coordination Unit Allowances	2	2	2	2	2	8
Subtotal	9	9	9	9	9	46
K. Unallocated						
1. Kon Tum Unallocated	-	53	53	53	53	213
2. Gia Lai Unallocated	-	36	36	36	36	146
3. Dak Lak Unallocated	-	734	734	734	734	2,935
4. Dak Nong Unallocated	-	353	353	353	353	1,411
5. Binh Phuoc Unallocated	-	226	226	226	226	903
Subtotal	-	1,402	1,402	1,402	1,402	5,608
Total BASELINE COSTS	2,909	5,658	29,908	29,534	36,797	104,806
Physical Contingencies	238	288	2,687	2,683	3,529	9,425
Price Contingencies	22	69	1,092	1,549	2,650	5,381
Total PROJECT COSTS	3,169	6,015	33,687	33,765	42,976	119,612
Taxes ^a	317	601	3,369	3,377	4,298	11,961
Foreign Exchange	370	496	11,173	11,262	14,665	37,966

^a All taxes and duties with respect to ADB-financed expenditure items will be financed from the loan.

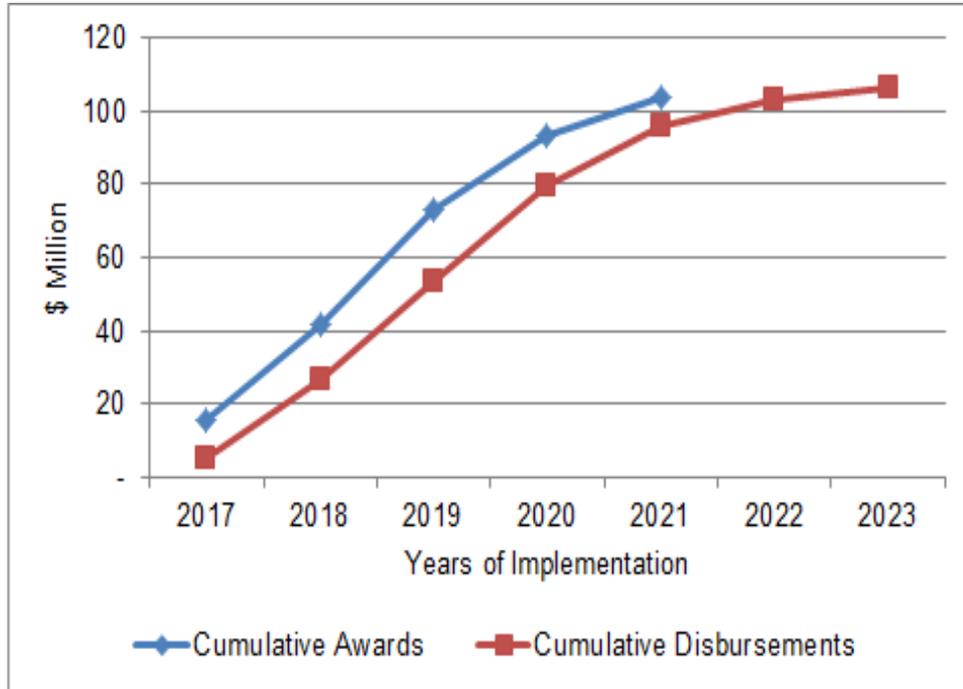
Notes: Costs in mid - 2016 prices based on ADB PPTA 8849-VIE team's estimates.

Physical contingencies computed at 10% for all categories, except tourism infrastructure, community development support, vehicle and equipment computed at 0%. Price contingencies computed at 1.4% in 2017, 1.5% in 2018 and thereafter for foreign currency costs; 5% in 2017 and thereafter for local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

Source: Asian Development Bank estimates

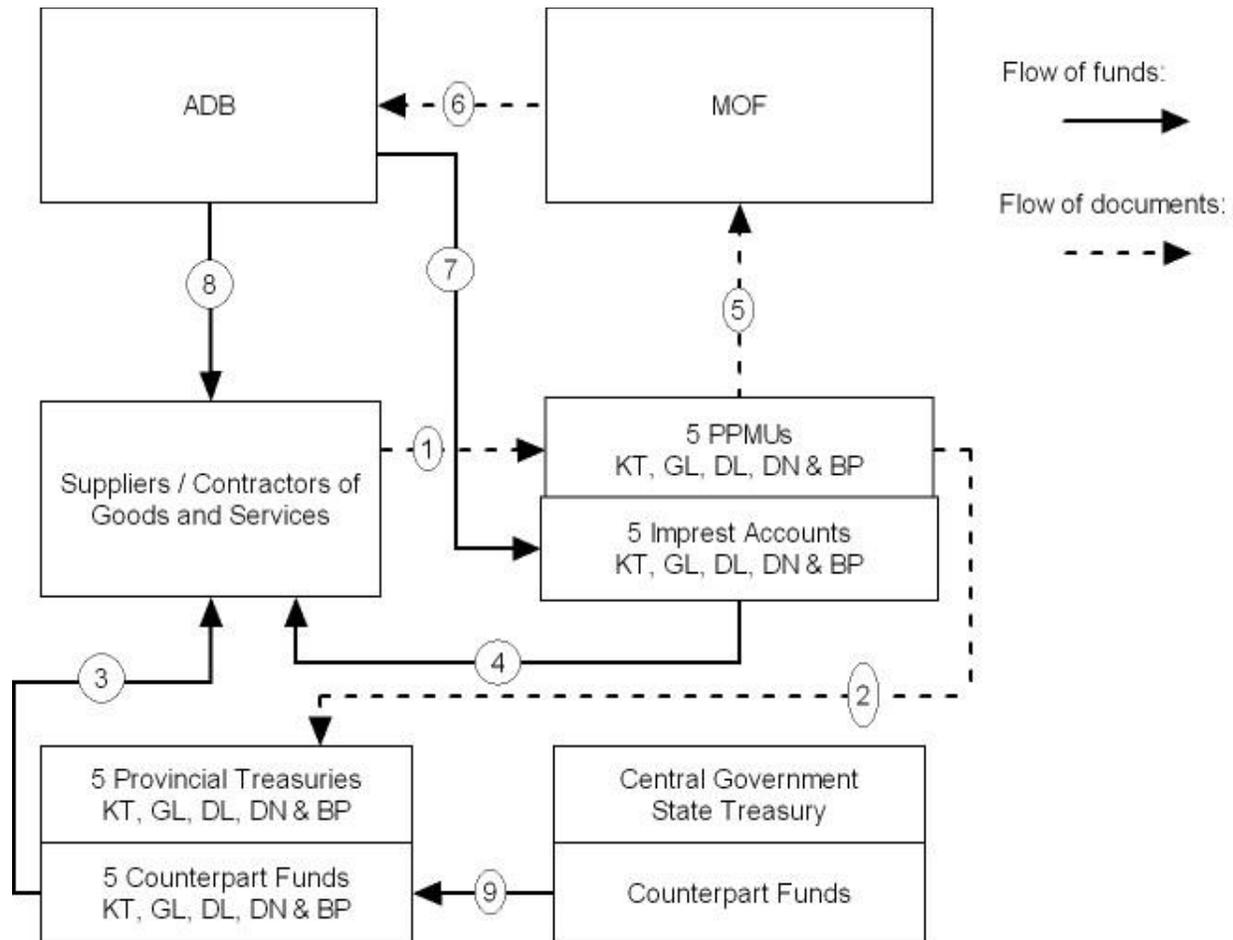
F. Contract and Disbursement Projections S-curve

Source: Asian Development Bank estimates



Source: Asian Development Bank estimates

G. Funds Flow Diagram



Notes:

Legend:

- 1: Submission of claims
- 2: Endorsement of claims payable from counterpart funds
- 3: Payment of claims from counterpart funds
- 4: Payment of eligible claims for ADB-financed items from Imprest Account
- 5: Submission of withdrawal applications for Imprest Account advance, replenishments and requests for direct payment
- 6: Endorsement of withdrawal applications for Imprest Account advance, replenishments and requests for direct payment
- 7: Deposit of Imprest Account advance and replenishments
- 8: Direct payment of eligible claims for ADB-financed items
- 9: Transfer of central government share of counterpart fund contribution

ADB = Asian Development Bank, MOF = Ministry of Finance, PPMU = Provincial Project Management Unit, KT = Kon Tum, GL = Gia Lai, DL = Dak Lak, DN = Dak Nong, BP = Binh Phuoc

Source: Asian Development Bank and Executing Agencies

There are 5 imprest accounts to be established (i.e. one each for each province) under this project

V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

53. The Financial Management Assessment (FMA) was conducted in accordance with ADB guidelines. The instrument used for the assessment was ADB's financial management assessment questionnaire. The FMA covers the Provincial Peoples' Committee (PPC) of the 5 participating provinces (Kon Tum, Gia Lai, Dak Lak, Dak Nong and Binh Phuoc) as the Executing Agencies (EAs) and the Provincial Project Management Units (PPMUs) of the participating provinces as the Implementing Agencies (IAs). The objective of the assessment was to determine whether the entities implementing the project have acceptable financial management arrangements that can comply with ADB accounting and reporting requirements.

54. Country issues noted in this FMA are based on information developed from the latest available assessments by ADB and the World Bank and the survey results by international and local research organizations. The assessments put particular emphasis on the second Governance and Anticorruption Action Plan (GACAP II) themes of public financial management (PFM), procurement, and anti-corruption. Country issues that could impact on the effective financial management of the project are concerned with: (i) public financial management (PFM); (ii) management and skills capacity; and (iii) the country environment.

55. In 2013, PFM arrangements in Vietnam were evaluated based on the Public Expenditure and Financial Accountability (PEFA) assessment framework developed by the World Bank in collaboration with other development partners.²⁰ Indicators were scored from A to D, with A indicating better performance. Groupings of indicators were: (i) credibility of budget; (ii) comprehensiveness and transparency; (iii) budget execution; and (iv) donor practices. Out of the 30 indicators Vietnam was rated on, scores were: A for one indicator, B for 11 indicators, C for 10 indicators, and D for 8 indicators.

56. Among a pool of 215 countries included in the 2014 World Bank's Worldwide Governance Indicators, Vietnam was among the weakest in governance and was ranked in the bottom half for all indicators except government effectiveness. Many of the features most commonly associated with systemic corruption exist in Vietnam. In 2015, the Transparency International Corruption Perception Index ranked Vietnam at 112 of 167 countries assessed. Previously, the country had a rank of 119 in 2014 (pool of 174 countries), 116 in 2013 (pool of 177 countries), 123 in 2012 (pool of 176 countries), and 112 in 2011 (pool of 183 countries).

57. The Viet Nam Provincial Governance and Public Administration Performance Index (PAPI)²¹ is the largest time-series national governance and public administration performance monitoring tool in Viet Nam of all provinces exclusively based on citizens' experiences. The 2015 governance and public administration performance results of the 5 provinces participating in the project can be summarized as follows: out of 6 governance indicators²², Kon Tum was ranked as a poor performer in all indicators except for vertical accountability (high average). Gia Lai was ranked either as a low average or poor performer in all indicators except for participation at local levels (high average) and public administrative procedures (high average). Dak Lak was ranked

²⁰ The "Vietnam Public Expenditure and Financial Accountability, Public Financial Management Assessment" report (July 2013) resulted from a process of self-assessment led by the Ministry of Finance (MOF), under the guidance of PEFA Secretariat and support from the World Bank and other development partners.

²¹ PAPI is a joint collaboration between the Centre for Community Support Development Studies under the Viet Nam Union of Science and Technology Associations, and the United Nations Development Programme in Viet Nam

²² The six governance indicators are: (i) participation at local levels; (ii) transparency; (iii) vertical accountability; (iv) control of corruption; (v) public administrative procedures; and (vi) public service delivery.

either as a low average or poor performer in all indicators except for public administrative procedures (high average) and public service delivery (high average). Dak Nong was ranked as a poor performer in all indicators except for participation at local levels (high average) and control of corruption (high average). Binh Phuoc was ranked either as a low average or poor performer in all indicators except for transparency (high average), vertical accountability (high average) and public administrative procedures (best performer).

58. Country-specific risks in financial management systems include: (i) weak public financial management (PFM) systems; (ii) a shortage of personnel with adequate financial management skills; and (iii) the failure of procuring entities to follow PFM rules. Potential project-specific risks include: (i) possible inability of Government to meet counterpart funding obligations due to budgetary constraints; (ii) limited financial management and procurement capacity within the IAs; (iii) potential for corruption as a result of weak procurement oversight; (iv) funds may not reach intended beneficiaries in a timely manner; (v) project accounting and financial reporting will not meet ADB requirements; (vi) delays in the submission of externally audited project accounts; (vi) annual audits will not meet ADB requirements; and (vii) inadequate safeguard of accounting data. Without risk mitigation measures, the overall risk level for the project is assessed as moderate.

59. Mitigating measures for country-specific risks include: (i) ADB, together with other development partners, will continue to support on-going and planned efforts to strengthen PFM arrangements, through technical assistance and lending; and (ii) the National Assembly has approved a development plan (2011-2020) for the State Audit of Vietnam (SAV) to increase staff number from 1,600 to 3,500. This will make it possible for the SAV to audit all Ministries, provinces and SOEs every year (instead of the 50-60% coverage currently achieved), as well as extending its work on performance audits. The SAV has started capacity-building activities to improve financial audits with support from development partners.

60. The PPCs have extensive experience in the implementation of externally funded projects, but less in transport and none by ADB. Mitigating measures to address project-specific risks include: (i) experienced and qualified staff shall be appointed in the PPMU; they will be trained in ADB procurement guidelines, project accounting and reporting requirements; support and training will be provided by a procurement consultant and a financial management consultant, member of the project implementation support consulting team; (ii) ADB bidding, procurement and disbursement guidelines will be used; (iii) project financing plan was formulated in consultation with the government to ensure affordable counterpart financing; (iv) ADB funds flow arrangements, which have been tested in prior projects and proven successful, will be used; (v) accounting policies and procedures consistent with VAS will be used and financial reporting shall be in accordance with ADB requirements; (vi) PPMU will recruit an external auditor whose qualifications, experience and TOR are acceptable to ADB; annual external audit will be in accordance with international auditing standards; and (vii) regular backups of all financial and accounting data and appropriate security measures over backed-up data shall be in place. With risk mitigation measures, the overall risk level for the project is assessed as low.

61. The proposed time-bound action plan is outlined below.

Table 13: Financial Management Time-Bound Action Plan

Weakness	Mitigation Action	Responsibility	Timeframe
No experience in implementing projects funded by ADB; Lack of knowledge in ADB procurement, disbursement and reporting guidelines and procedures may result to project delay and non-compliance with ADB project requirements	Start-up/Procurement Specialist will be recruited to assist the PPMUs in the (i) recruitment of consultants and (ii) preparing for project procurement in compliance with Project documents	PPMU	Before loan effectiveness
	PISC will be recruited to support the PPMUs implement the project. The PISC will provide a range of specialties (including Financial and Accounting Specialist) needed to support the PPMU to implement the project and meet the reporting and procedural requirements of ADB and government	PPMU	Upon mobilization of Start-up/Procurement Specialist
	Key PPC and PPMU staff will attend ADB training on procurement, disbursement and financial reporting	PPMU / ADB	Before loan effectiveness
	On-the-job training and classroom presentations on financial management, project accounting and financial reporting will be provided to PPMU accounts staff	PISC	During project implementation
PPMUs are still to be established. The experience, qualifications and capacity of staff to be assigned to the PPMU are not known. Assigning unqualified staff to the PPMU may result to project delay and non-compliance with ADB project requirements	The PPCs will provide ADB with the terms of reference (TOR) and curriculum vitae (CV) of all of proposed PPMU's key and professional staff for ADB's review and concurrence prior to assigning and staffing	PPC / ADB	Before loan effectiveness

B. Disbursement

62. The loan proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time), and detailed arrangements agreed upon between the government and ADB. Online training for project staff on disbursement policies and procedures is available at: http://wpqr4.adb.org/disbursement_elearning. Project staff are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control. Loan proceeds will generally be disbursed directly to contractors, consultants and suppliers based on an approved contract using direct payment procedures, where ADB pays a designated beneficiary directly. A signed withdrawal application (Appendix 7A of the Loan Disbursement Handbook - LDH) must be submitted to ADB together with a summary sheet (Appendix 7B of LDH) and the required supporting documents. A separate withdrawal application is required for each different currency. The supporting documents must be submitted to ADB detail in article 7.4 and 7.5 LDH. The required documents must be in English.

63. **Imprest Fund Procedure.** To ensure the timely release of loan proceeds and to expedite project implementation, each PPMU will, immediately upon loan effectiveness, open and maintain an imprest account at a commercial bank acceptable to the State Bank of Vietnam and ADB. A total of 5 imprest accounts will be established for the project, i.e. one each for each province. Each PPMU will be responsible for establishing, managing, replenishing, and liquidating the imprest account, according to ADB's *Loan Disbursement Handbook* (2015, as amended from time to time) and Circular 111/2016/TT-BTC dated 30 June 2016 on Financial Management of Projects and Programs used Official Development Assistance (ODA) and less concessional loans. The currency of the imprest account is the US dollar. The imprest account is to be used exclusively for ADB's share of eligible expenditures. The total outstanding advance to the imprest account should not exceed the estimate of ADB's share of expenditures to be paid through the imprest account for the forthcoming six months. The imprest account will be replenished in accordance with standard procedures outlined in the ADB's *Loan Disbursement Handbook* (2015, as amended from time to time). The PPMU who established the imprest account in its name is accountable and responsible for proper use of advances to the imprest account.

64. The request for the initial and additional advances to the imprest account should be accompanied by an Estimate of Expenditure Sheet²³ setting out the estimated expenditures for the forthcoming six months of project implementation. Supporting documents follows instruction in LDH (2015, as amend from time to time).²⁴

65. **Statement of Expenditures Procedure.**²⁵ The statement of expenditure (SOE) procedure may be used for reimbursement of eligible expenditures per individual payment not exceeding \$100,000 equivalent or liquidation/replenishment of advances to the imprest account. All supporting documents and records should be maintained and made readily available for inspection by ADB's disbursement and review missions, upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit. Each PPC will be responsible for ensuring that SOEs are operated in accordance with ADB's requirement.

66. Before the submission of the first withdrawal application, each PPMU 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

²³ Available in Appendix 10B of the *Loan Disbursement Handbook* found in <http://www.adb.org/documents/loan-disbursement-handbook>

²⁴ Follow the format provided in Appendix 10C of the *Loan Disbursement Handbook*.

²⁵ SOE form is available in Appendix 9B of ADB's *Loan Disbursement Handbook* (2015, as amended from time to time).

person. The procedure and minimum value per withdrawal application is followed the ADB Loan Disbursement Handbook (2015, as amend from time to time).

C. Accounting

67. Each PPMU will maintain separate project accounts and records by funding sources and by categories as outlined in the loan agreement for all project expenditures incurred. The project's accounting records and chart of accounts must be in compliance with Circular 195/2012/TT-BTC dated 15/11/2012 by the Ministry of Finance. All supporting documents will be retained per requirements by ADB and the Government of Vietnam with easy access for the authorized users of such information. Each PPMU will prepare annual project financial statements using the cash-modified method of accounting and in accordance with the Vietnamese government accounting laws and regulations, specifically Circular 195/2012/TT-BTC under the Vietnamese Accounting Standards (VAS), as well as the reporting requirements by ADB.

D. Auditing and Public Disclosure

68. Each PPMU's detailed project accounts that makes up the Project's financial statements will be audited in accordance with International Standards on Auditing ("ISA") and International Standard on Assurance Engagements on ("ISAE") by an independent auditor acceptable to ADB. The audit report will comprise the financial statements prepared by project management and the auditor's opinion following ISA 800: "*Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks*" on whether the project financial statements present fairly, in all material respects, or give a true and fair view of the project's financial positions and activities in accordance with the applicable financial reporting framework as set forth in the **Accounting** section above. Additionally, the auditor will also issue audit opinion on whether (i) the proceeds of the loan were used only for the purpose(s) of the project; and (ii) the borrower or executing agency was in compliance with the financial covenants contained in the loan agreements (where applicable) in accordance with requirements per ISAE 3000: "*Assurance Engagements other than Audits or Reviews of Historical Financial Information*". ADB requires a reasonable assurance engagement to be conducted under these standards. Limited assurance engagements are not acceptable. The annual audit report will include a management letter and a schedule of non-compliance findings, as necessary. See **Annex C** – Part F for the standard Terms of Reference for the Independent Audit of Project Financial Statements.

69. 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 auditors.

70. The audited project financial statements will be submitted to ADB annually for each reporting period (fiscal year) from the date of loan effectiveness until the loan closing date or as agreed for the purpose of the project. The audited financial statements, together with the auditor's opinions, management letter and other supplementary information, if any, will be submitted in the English language to ADB within six months of the end of the fiscal year by each executing agency. The government and the PPCs have been made aware of ADB's policy on delayed submission, and the requirements for satisfactory and acceptable quality of the audited accounts (covering failure of submitting audited accounts and financial statements by the due dates). 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 are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the rights to examine the project's financial accounts and the auditor's working papers to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

71. Public disclosure of the audited project financial statements, including the auditor's opinion on the project financial statements, will be guided by ADB's Public Communications Policy 2011²⁶. After the review, ADB will disclose the audited project financial statements and the opinion of the auditors on the project financial statements no later than 14 days of ADB's confirmation of their acceptability by posting them on ADB's website. The management letter, additional auditor's opinions, and audited entity financial statements will not be disclosed.²⁷

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting

72. All advance contracting will be undertaken in conformity with ADB's Procurement Guidelines (2015, as amended from time to time) and ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). Any issuance of invitation to bid under advance contracting will be subject to ADB approval. The borrower, the Provincial PPC (EAs) and PPMUs have been advised that approval of advance contracting does not commit ADB to finance the scope of works under the overall project.

73. To facilitate rapid start up, the Government and ADB agreed to a number of advance actions. These advance actions will be financed by the provincial counterpart fund:

- (i) Establishment of functional PPMUs with sufficient number of qualified and experienced staff. Special attention should be paid to the recruitment of good procurement and financial management staff;
- (ii) Carry out training in ADB procedures for procurement, disbursement, and financial management;
- (iii) Recruitment of start-up consultants;
- (iv) Recruitment of engineering consulting firm to conduct detailed design work for the representative subprojects; and
- (v) Finalize the TOR for Project Implementation Consultants (firm) to be ready for advertisement to call for Expression of Interest (EOIs) right after the loan goes in to its effectiveness.

74. The procedures to be followed for the procurement of goods, non-consulting services, and works under contracts awarded on the basis of National Competitive Bidding shall be those set forth in: (a) Law on Procurement No. 43/2013/QH13 dated November 26, 2013 ("Law on Procurement") and (b) Decree No. 63/2014/ND-CP dated June 26, 2014 (collectively, "National Procurement Laws"). Whenever any procedure in the National Procurement Laws is inconsistent with the ADB Procurement Guidelines and ADB's Guidelines on the Use of Consultants, the ADB Procurement Guidelines shall prevail.

75. The respective EAs/IAs will conduct advance action for the recruitment of the government-financed engineering consulting firm to conduct detailed design work, bidding and bid evaluation for the civil works for the representative subprojects. To support this, a government-financed national procurement consultant will be contracted using the advance action. The EAs/IAs shall

²⁶ Public Communications Policy: <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

²⁷ This type of information would generally fall under public communications policy exceptions to disclosure. ADB. 2011. *Public Communications Policy*. Paragraph 97(iv) and/or 97(v).

seek ADB's prior endorsement to the Terms of Reference (TOR) for any government-financed consultants (individuals and firms) before proceeding with the recruitment.

B. Procurement of Goods, Works, and Consulting Services

76. The procurement capacity assessment (PCA) concludes that there is a Medium risk rating for the project. This rating is based on the PPTA assessment of proposed PPMU arrangements, hence, capacity building is required in a number of areas. The Project will provide training in procurement and disbursement procedures to the PPMUs to ensure ADB standards and requirements are met.

77. Procurement of ADB-financed goods and related services and civil works will be undertaken in accordance with ADB's Procurement Guidelines (2015, as amended from time to time). Those contracts procured using National Competitive Bidding (NCB) will follow the national procurement laws, subject to the modifications described in the NCB Annex attached to the Procurement Plan. Procurement of goods will use International Competitive Bidding (ICB) procedures if over \$2 million, NCB if \$2 million or less, shopping if less than \$100,000. Civil works will use ICB procedures if over \$10 million, NCB if \$10 million or less, shopping if less than \$100,000.

78. Civil work packages will support the five road subprojects and infrastructure at the seven tourism subprojects. Each road subproject civil works package will be procured using NCB. There will be a maximum of three road subproject contracts per province, with a value each not less than \$7 million and not more than \$10 million.

79. The harmonized standard NCB bidding document will be the basis of any NCB package under the project. If the package is subject to ADB prior review, an English language draft of the bidding document will be prepared and submitted to ADB for review. The EA issues the final Vietnamese version to the bidders after receiving ADB's approval and addressing ADB's comments in the bidding documents.

80. The PPCs/PPMUs will advertise the bid packages in both internationally and nationally well-known newspapers and on ADB's and the Government's websites. The invitation for bids (IFB) will be published in both English and Vietnamese language, as appropriate to the newspaper or website. The IFB will provide a web-link through which the international contractors can have access to the harmonized SBD template in Vietnamese and English. This is to ensure that, through the harmonized SBD, the international contractors will be able to get a good understanding of the bidding requirements and qualification criteria for a particular package despite being in Vietnamese language.

81. For the tourism subprojects there will have two NCB contracts for Dak Lak and Dak Nong and Shopping contracts for Gia Lai and Binh Phuoc. The procurement of goods and civil works will be carried out in accordance with ADB's Procurement Guidelines (2015 as amended from time to time).

82. Recruitment of all ADB-financed consultants will be in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). Recruitment of consulting firms will follow Quality and Cost Based Selection (QCBS) procedure using a quality-cost ratio of 80:20, except External Financial Audit packages, which will follow Least Cost Selection (LCS).

83. An estimated 150 person-months of Project Implementation consulting services for each IA / PPMU will be recruited using counterpart funds in order to (i) facilitate project management and implementation, and (ii) strengthen the institutional and operational capacity of the executing agency. Skills will include: project management, procurement and contract administration, finance management, civil engineering, environmental and social, monitoring and evaluation,

resettlement.

C. Procurement Plan

84. An 18-month procurement plan indicating threshold and review procedures, goods, works, and consulting service contract packages and national competitive bidding guidelines is in Annex B. The procurement plan has been prepared in accordance with ADB's generic procurement template, and tailored to suit the country specific needs as assessed and presented in the procurement capacity assessment.

D. Consultant's Terms of Reference

85. Complete terms of reference for all consulting services is in Annex C.

VII. SAFEGUARDS

A. Involuntary Resettlement

86. The project will result in minor social and economic displacement resulting from acquisition of land to implementation of the subprojects in all five provinces. For the overall project, the safeguard Category for involuntary resettlement is B. All five of the road subprojects are assessed as Category B.²⁸ The nature and scale of displacement are specified in the Resettlement and Ethnic Minority Development Plans (REMDP) which guide implementation of the road subprojects.

87. For Output 1 road subprojects the following applies:

- (i) Surveys were conducted to enable the quantification of resettlement impacts and baseline data for the preparation of the draft REMDPs. They include the inventory of losses (IOL) to estimate resettlement impacts and a socioeconomic survey to assess pre-project living standards as well as likely social impacts resulting from land acquisition;
- (ii) Public consultations with stakeholders comprising of government entities, private sector interests and affected households. Meaningful consultations will continue during the updating and implementation of the REMDPs. The draft and updated REMDPs are to be disclosed to affected households and their communities;
- (iii) The final REMDPs for all 5 provinces shall be disclosed prior to project approval. The fundamental objective of the project resettlement policy is to replace and compensate lost assets based on the principle of replacement cost. Compensation and various forms of assistance will be provided. Once land acquisition is completed, income restoration measures will be put in place in a way that will ensure that standards of living of the project affected persons are at least restored to their pre-project levels, and that those in the category of vulnerable groups (i.e., poor households.) are assisted to help improve their socioeconomic status;
- (iv) The REMDPs will be updated upon loan effectiveness, endorsed by the EAs and submitted to the ADB for review and concurrence. The updated REMDPs will require further detailed studies (including DMS and replacement cost survey) and additional consultation. Principal aspects to be updated in the REMDPs are resettlement impacts based on DMS; census of affected people; entitlement matrix; and replacement costs and details of consultations and disclosure; and
- (v) The PMUs and/or Center for Land Fund Development (CLFD), the wards/communes, and relevant mass organizations (particularly the Women's Union (WUs)) will have primary responsibility for the updating and implementation of the REMDPs with the support of the consultants. As such the capacity of these bodies is of critical importance and the project must ensure appropriate capacity building assistance in the form of information, training, and consultation and mentoring.

88. The EAs/IAs and the PPMUs will ensure that any involuntary resettlement is carried out in accordance with the agreed REMDPs, ADB's Safeguard Policy Statement (2009), and the Vietnamese 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), ADB' Safeguards Policy Statement will apply.

²⁸ For the five tourism subprojects the Category for each subproject is C.

89. The EAs/IAs and the PPMUs will ensure that the REMDPs agreed between the EAs and ADB will be updated following completion of detailed designs based on detailed measurement survey; census of affected people; entitlement matrix; replacement costs and details of consultations and will be submitted to ADB for review and concurrence before awarding bid of civil works.

90. The EA will engage the services of a qualified appraiser to carry out the replacement cost survey for land and non-land assets, and submit the replacement cost survey report to the PPCs and PMUs for review and approval.

91. The PPMUs and/or the CLFD, the wards/communes and relevant mass organizations (particularly the WUs) will have primary responsibility for the updating and implementation of the REMDPs with the support of the project Implementation Consultant (PIC). As such the capacity of these bodies is of critical importance and the PIC will ensure appropriate capacity building assistance in the form of information, training, consultation and mentoring their implementation prior to or during REMDPs updating.

92. The EAs/IAS and the PPMUs shall ensure that a site possession notice to a civil works contract to commence construction activities for a specific section is issued only when the resettlement specialist of PIC has officially confirmed in writing that (i) payment has been fully disbursed to the displaced persons and rehabilitation measures are in place for that specific section as per Updated REMDPs agreed between the EAs and ADB; (ii) already compensated APs for that specific section have been cleared the area in a timely manner; and (iii) that the specific section is free from any encumbrances.

93. The EAs shall timely provide counterpart funds for land acquisition, resettlement and monitoring activities specified in the agreed REMDPs, and will meet any unforeseen obligations in excess of the REMDPs budget estimate in order to satisfy resettlement objectives.

94. PMUs are responsible for internal monitoring with assistance from the resettlement specialist of PIC. PMUs will submit semi-annual internal monitoring reports to ADB. Final monitoring and evaluation need to be conducted after completion of all resettlement activities 6 months to assess (i) achievement of resettlement objectives; (ii) changes in living standards and livelihoods; (iii) restoration of the economic and social base of the affected people; (iv) effectiveness and sustainability of entitlements; and (v) the need for further support as required. Findings monitoring reports will be submitted to ADB and PMU.

95. With respect to Output 2 the five tourism subprojects are all IR Category C.

B. Ethnic Minorities

96. ADB's Indigenous People's policy requires that under an ADB loan, the borrower/client will undertake meaningful consultation with affected Indigenous Peoples, herein referred to in the Vietnamese context as "Ethnic Minorities" to ensure their informed participation in (i) designing, implementing, and monitoring measures to avoid adverse impacts on them or, when avoidance is not possible, to minimize, mitigate, and compensate for such effects; and (ii) tailoring project benefits that accrue to them in a culturally appropriate manner. Consultation will be carried out in a manner commensurate with the impacts on affected communities. The consultation process and its results are documented and reflected in the REMDP.

97. The overall project is classified as Category B for Ethnic Minorities and all five of the Output 1 road subprojects are Category B.²⁹ Since in many cases ethnic minorities form the overwhelming majority of the population of road subproject areas and since the project is designed to provide positive impacts for these groups, measures to mitigate negative impacts have been incorporated in combined REMDPs.

98. Internal monitoring and progress reporting will be the responsibility of the PPMUs. At the local level, the commune supervision board (CSB) with representatives of ethnic minority people will monitor on a regular basis. The process of establishing participatory monitoring must begin with the identification of monitoring criteria by the beneficiaries themselves, against which they will judge the success or failure of the subproject.

99. With respect to Output 2 the five tourism subprojects are all IP Category C.

C. Environment

100. The overall project is classified as Category B for environment and all five of the Output 1 road subprojects are Category B.³⁰ An environmental management plan (EMP) and an initial environment examination have been prepared for the five road subprojects and will be updated and approved by ADB to reflect any changes in the subproject, if any and detail the impacts and mitigation measures identified during detail design. The approved EMP will be integrated in the bidding and civil contract documents. Site EMP in detailing mitigation measure implementation in each construction package will be prepared by respective contractor and submitted to PPMU for review.

101. The Dak Lak road subproject, the PPC will have a plan for controlling illegal encroachment and no biodiversity net loss due to increase of immigration and increase access to Buon Don Protection Forest and York Don National Park. The environment safeguard due diligence report will be prepared and reviewed by ADB for upgrading of the rest of 16 km NH 29, funded by state budget, to follow ADB SPS 2009.

102. The construction of component to improve tourist destinations in Dak Lak, Dak Nong, Gia Lai, Kon Tum and Binh Phuoc, will be reviewed during government feasibility study preparation. Each subproject will prepare a Rapid Environment Assessment (REA) to follow ADB procedure will be prepared and approved by ADB to ensure that the construction work will be ranked as category C Environment.

103. The PICs will include an environment safeguards specialist (ESPs). The ESP will work closely with PIC consultants and construction supervision consultants to support PPMU in monitoring and supervision of the EMP implementation, and ensure environment compliance in each subproject. Semiannual environment monitoring report, during construction phase, will be prepared and submitted by PPMU to ADB for review and uploading on ADB's website.

104. The Rapid Ecosystem Assessment, under ADB RETA 44141-012, will be further developed in 2016. In particular the the Spatial Multi Criteria Analysis tool will be enhanced in a manner that addresses the priorities of the Project. This analysis and guidance can be further developed and utilised by the provincial Governments of the Central Highlands to integrate natural capital and

²⁹ For the five tourism subprojects the Category for each subproject is C.

³⁰ For the five tourism subprojects the Category for each subproject is C.

ecosystem services considerations into strategic planning and the development of the Action Plan for the VDTA Master Plan. Implementaion of the SMCA will include training on the use of the SMCA and consultancy services to assist in the analysis of how the outputs of the SMCA can inform the development of the Action Plan.

VIII. GENDER AND SOCIAL DIMENSIONS

105. **Beneficiaries.** The Project will directly benefit about 210,208 people. Except for Binh Phuoc, other four provinces are poorer than the national average of 5.97%. In all five provinces, EM share of poor population are disproportionately higher than provincial averages. The poverty is characterized by lack of land, labor, credit, limited production knowledge and trade skills (especially of the ethnic and poor women with lower education), and poor access road. The project's complementary investments are designed to expand economic opportunities to benefit poor and low-income households. The project will (i) upgrade roads, directly improving access to markets and social services for 210,208 people; (ii) improve the economic opportunities and employment from tourism services (targeting 50% being women and poor population) in the poor, ethnic minorities communities; (iii) update the DTA Master Plan and Action Plan and building institutional capacity to implement the master and action plan to promote economic development and regional integration.

106. The project is categorized Effective Gender Mainstreaming (EGM). A gender analysis identified relevant gender issues, including women have fewer opportunities than men to participate in public decision making, access information/training, and employment, especially during the low agricultural season. There will be social risks associated with project implementation during and after civil works (road safety, HIV/AIDS transmission, human trafficking). Women of targeted ethnic minority communities have good potential to participate and benefit in tourism service provision.

107. A gender action plan (GAP) was prepared, based on the gender analysis, in consultation with PPMUs and local authorities and includes gender strategies and targets. The GAP will promote gender equality through enhancing women's access to economic opportunities, and social services and decision making and reduce social risks and vulnerabilities for communities with specific efforts targeting on ethnic minorities, women in communities of project areas. The PPMUs through the PIC will develop sex-disaggregated M&E system and assign a gender focal point and engage a national gender specialist as part of the PPMU support consultants to be responsible for GAP implementation support, monitoring and reporting.

108. **Implementation Arrangements and budget:** Provincial PMUs are responsible for implementation, monitoring and reporting performance indicators of GAP, and DMF gender related targets and Gender related covenant compliance regularly to ADB. Each PPMU will assign a gender focal point to deliver these tasks. The national gender will provide technical support for PPMUs in GAP implementation support, monitoring and reporting at five provinces, including support preparing the draft GAP Project Closing report. The cost of implementing GAP proposed activities is included in the overall project budgets and in the approved FS of the government side.

109. The overview of the GAP is as follows:

Table 14: Gender Action Plan

Project output	Gender Action Plan Targets
Output 1: Road infrastructure in five VDTA provinces rehabilitated	
	<ul style="list-style-type: none"> - At least 50% of participants in consultation meetings during the subproject design and implementation are women.
Civil works	<ul style="list-style-type: none"> - Separate consultation meetings of women only will be held. - Meetings to be held at times and in locations convenient for women and

	<p>in languages understood by ethnic minority communities.</p> <ul style="list-style-type: none"> - Civil works will include the option of hiring local un-skilled labour in the bidding documents, prioritizing female local workers at a target of 25% – 30%³¹ and ethnic minority workers 20%-50³² of the unskilled labour force. - At least 35% of participants of Community Supervision Boards (CSBs) are women, who will be trained on how to do technical, environmental and social supervising with respect to the community's interests. - Male and female unskilled laborers will receive equal pay for equal work. - Legally underage (child) labor will not be employed on civil works.
Road Safety Activities	<ul style="list-style-type: none"> - Gender friendly road safety measures will be integrated into the road design and construction. These will include safety signs at strategic spots, road humps to control speed at strategic spots, and sufficient sluice covers in front of resident houses. - Community facilitators will be trained and paid for having responsibilities for disseminating information and interacting with local communities. The targets are 20% -50% ethnic minority people and 50% of community facilitators to be women. - IEC materials are gender sensitive and use appropriate language. - Women account for at least 50% of trainees (30,000 people) in the communication on road safety, which will raise the awareness of road safety compliance measures.
Prevention of HIV/AIDS and Human Trafficking	<ul style="list-style-type: none"> - Contractors will conduct HIV/AIDS prevention awareness campaign for construction workers. - The project will carry out HIV/AIDS prevention and human trafficking awareness campaigns for communities within the project areas with targets of 20%-50% ethnic minority people³³ and 50% female. - The project will train community facilitators to disseminate information and interact with the local communities with targets of 50% female community facilitators and 20%-50% are ethnic minority people³⁴ - Gender sensitive materials used for dissemination of information will be prepared to be suitable with the local cultures and languages. - Appropriate languages will be used during communication sessions with women and ethnic minority people.
Road operation and Maintenance and Management	<ul style="list-style-type: none"> - A sustainable road maintenance action plan will be prepared by implementing agencies with appropriate tasks assigned to project impacted communities through small community contracts, in Binh Phuoc, Kon Tum and Dak Nong. - At least 30% of the road maintenance local people under the above plan will be female and be guided on how to perform the tasks³⁵.

³¹ Binh Phuoc :25%, Dak Nong: 30%; Dak Lak: 30%; Gia Lai:30%; Kon Tum: 30%

³² The rate of ethnic minority people in 5 provinces for all outputs : Binh Phuoc: 20%; Dak Nong: 23%; Dak Lak:40%; Gia Lai: 55%; Kon Tum:45%

³³ ibis

³⁴ ibis

³⁵ Dak Lak and Gia Lai will not join this due to their road class is not appropriate for this delegated O&M.

Output 2: VDTA plans and facilities for transport and trade facilitation (TTF) with a focus on inclusive growth developed	
	<ul style="list-style-type: none"> - Women account for at least 50% of participants in consultation meetings and information sharing for tourism subprojects. - Women's needs and interests in tourism subprojects are reflected in the infrastructure design features (separate toilet for male and female users, appropriate lighting for safe and secure access). - Ethnic minorities (more than 50% of them being female) in the improved tourist destinations are trained in cultural and nature tourism service provision. - 50% of the tourism related job opportunities generated from the project support are held by women (all are from ethnic minority groups). - At least 50% of members of the Community Tourism Management Board are women. - Develop a pilot tourism/agricultural value chain for ethnic minority communities (priority for the products and services provided by ethnic minority women).
Output 3: Institutional capacity for VDTA investment planning, project design and implementation, and resource management strengthened	
Action plan for VDTA master plan implementation - Build capacity for gender mainstreaming implementation.	<ul style="list-style-type: none"> - VDTA action plan is prepared/ updated with ecosystem services, climate change, gender and ethnic minority considerations. - Officials of PMU, PPMUs and other stakeholders will be trained on Gender mainstreaming to implement the action planning. - PMU, PPMUs related staff and other stakeholders (Contractors, supervision consultants, etc.) will be oriented on gender action plan and their responsibilities. - At least 30% of participants in training courses on technical and project management are female. - 20% - 40% of PPMUs³⁶ staff positions hold by women - Each PMU assign a gender focal point responsible for GAP implementation, monitoring and reporting. - Develop sex-disaggregated M&E system and report on gender and ethnic minority indicators to monitor the implementation on GAP and DMF.

³⁶ Binh Phuoc: 20%; Dak Nong: 35%; Dak Lak:40%; Gia Lai: 40%; Kon Tum: 40%

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION DESIGN AND MONITORING FRAMEWORK

Impact the Project is Aligned with Engine and gateway within the five VDTA provinces to wider regional and international markets established ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
<p>Outcome</p> <p>Movement of goods, vehicles, and people among the five VDTA provinces increased</p>	<p>By 2023:</p> <p>a. Average daily passenger traffic increased by 12% and movement of goods (ton-km) increased by 20% on the improved roads (2016 baseline: 850 vehicles and 100,000 ton-km of freight per day).</p> <p>b. A 20% increase in the value of commodities passing through the VDTA cross-border stations. (2016 baseline: \$1.5 billion)</p> <p>c. A 30% increase in international visitor expenditure in the VDTA (2015 baseline: \$5.9 million)</p> <p>d. 50% of the tourism-related job opportunities generated by the project are held by women, all of whom are from ethnic minority groups. (2016 baseline: 0)</p> <p>e. The proportion of the population (aged 5 and over) with lower than a primary education (never attended or incomplete) reduced to 26.1% (2014 baseline: 31.1%)</p>	<p>a. Provincial department of transport traffic statistics and completion of traffic counts reported through annual project progress reports</p> <p>b. Provincial trade statistics by border crossing broken into exports and imports by major commodity tonnage and values to be included in annual project progress reports</p> <p>c. Provincial department of culture, sports, and tourism statistics on arrivals and daily spend per tourist</p> <p>d–e. Provincial data from health centers and schools reported in annual provincial statistics and included in project progress reports</p>	<p>Weak capacity of PPCs and communes to operate and maintain the infrastructure and facilities supported under the project successfully and sustainably, including premature deterioration due to inadequate maintenance</p> <p>Border trade and regional tourism demand are adversely affected by delays in implementing CLV-DTA transport and trade agreements</p>
<p>Outputs</p> <p>1. Road infrastructure in the five VDTA provinces rehabilitated</p>	<p>By December 2021:</p> <p>1a. 236.7 km of national and provincial roads linking to National Highways 14 and 14C rehabilitated (2016 baseline: 0 km)</p> <p>1b. 26.6 km of provincial roads linking to border crossing stations rehabilitated (2016</p>	<p>1a–1b. Project M&E field reports and annual project progress reports, ADB review missions, and contractor handover certification</p>	<p>Construction delays due to extreme weather conditions, such as unseasonable rainfall</p>

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
	<p>Performance Indicators with Targets and Baselines baseline: 0 km)</p> <p>1c. Road safety-awareness program reaching at least 32,000 vulnerable road users (of whom 50% are women) who commute to factories, communes, schools, and markets along the improved roads conducted (2016 baseline: 0)</p>	<p>1c. Provincial road safety committee work plans, evaluation reports, and project progress reports</p>	
<p>2. VDTA plans and facilities to facilitate transport and trade with a focus on inclusive growth developed</p>	<p>By March 2022:</p> <p>2a. VDTA implementation action plan of the CLV-DTA master plan prepared with ecosystem services, climate change, gender, and ethnic minority considerations (2016 baseline: no VDTA implementation plan)</p> <p>2b. VDTA integrated trade strategy and action plan prepared and submitted to the Government of Viet Nam for approval (2016 baseline: no strategy and action plan)</p> <p>2c. VDTA implementation plans prepared for CLV-DTA transport and trade agreements (2016 baseline: no implementation plan)</p> <p>2d. Facilities in 11 VDTA tourist destinations developed (2016 baseline: 0)</p>	<p>2a. Copies of the implementation action plan with the MPI letter submitted to the CLV-DTA secretariat, and referred to in the relevant Greater Mekong Subregion documents, and annual and quarterly project progress reports</p> <p>2b. Copy of the VDTA integrated trade and logistics strategy and action plan and PMU-PPC submission covering letter</p> <p>2c. Provincial implementation plans for the agreed CLV-DTA trade and transport agreements submitted to the PMU and ADB and posted online</p> <p>2d. Contractor completion and project progress reports</p>	<p>Inability to engage all stakeholders effectively to agree upon strategies and priorities</p>
<p>3. Institutional capacity for VDTA investment planning, project design and implementation, and resource management strengthened</p>	<p>By December 2021:</p> <p>3a. Officials nominated by the PPC (30% of whom are female) and trained to implement the VDTA implementation action plan and project (2016 baseline: 0)</p> <p>3b. 200 ethnic minority persons (more than 50% of whom are women) at the improved tourist destinations trained in cultural and nature</p>	<p>3a. Training reports from the service provider and project progress reports</p> <p>3b. Training evaluation and training provider completion reports, and annual and quarterly project progress reports</p>	<p>Difficulty mobilizing and retaining qualified and trained staff for the project during and after implementation</p>

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
	tourism-related business operations and service provision (2016 baseline: 0)		
Activities with Milestones			
<p>1. Road infrastructure in five VDTA provinces rehabilitated</p> <p>1.1 Prepare five subproject detailed design and contract documents—February 2018</p> <p>1.2 Award contracts for five road subprojects—September 2018</p> <p>1.3 Complete construction of five subprojects—March 2021</p> <p>1.4 Approve road safety committee campaign work plans—June 2019</p> <p>1.5 Complete road safety training—December 2020</p> <p>2. VDTA plans and facilities to facilitate transport and trade with a focus on inclusive growth developed</p> <p>2.1 Agree on the process for preparing the VDTA implementation action plan—June 2019</p> <p>2.2 Implement the VDTA master planning process and submit the plan to the PPCs and MPI—March 2020</p> <p>2.3 Review the CLV-DTA master plan to identify VDTA investment priorities agreed upon by the PPCs and submitted to the Ministry of Finance and MPI—September 2020</p> <p>2.4 Complete work plans for preparing the VDTA integrated transport and trade strategy and action plan—May 2019</p> <p>2.5 Submit the VDTA integrated transport and trade strategy and action plan to the government—September 2020</p> <p>2.6 Complete work plans for preparing the VDTA transport and trade implementation road maps—May 2019</p> <p>2.7 Complete the VDTA transport and trade implementation roadmaps—June 2020</p> <p>2.8 Complete government feasibility studies for seven tourism subprojects—March 2018</p> <p>2.9 Prepare tourism subproject detailed designs and contract documents—March 2019</p> <p>2.10 Award tourism subproject contracts—September 2019</p> <p>2.11 Complete construction of the tourism subproject—March 2022</p> <p>3. Institutional capacity for VDTA investment planning, project design and implementation, and resource management strengthened</p> <p>3.1 Complete master planning training needs assessment and identify trainees—May 2018</p> <p>3.2 Start implementing the master planning training program—January 2019</p> <p>3.3 Prepare tourism participation training packages—February 2019</p> <p>3.4 Start implementing tourism participation training—May 2020</p> <p>Project Management Activities</p> <p>Provincial PMUs and VDTA secretariat established and fully staffed—June 2017</p> <p>Consultant recruitment: start-up consultants—September 2016; loan implementation consultants—October 2017</p> <p>Baseline survey—March 2018</p> <p>Project performance monitoring system functioning—October 2018</p> <p>Project quarterly coordination meeting and reports starting Q3 2017</p> <p>Project completion report prepared—Q2, 2023</p>			
Inputs			
ADB: \$106.51 million Asian Development Fund loan			
Government: \$15.60 million			

ADB = Asian Development Bank, CLV-DTA = Cambodia–Laos–Viet Nam Development Triangle Area, km = kilometer, M&E = monitoring and evaluation, MPI = Ministry of Planning and Investment, PMU = project management unit, PPC = provincial people's committee, Q = quarter, VDTA = Vietnamese Development Triangle Area.

^a Binh Phuoc, Dak Lak, Dak Nong, Gia Lai, and Kon Tum Provincial Socio-Economic Development Plans (2016–2020); and the CLV-DTA Master Plan 2020.

^b The detailed implementation schedule is in the Project Administration Manual (accessible from the list of linked documents in Appendix 2).

Source: ADB.

B. Monitoring

1. Project performance monitoring

110. Project progress and performance will be based on the indicators and targets shown in the DMF. Five kinds of monitoring will be carried out including: (i) implementation progress monitoring, (ii) safeguard monitoring, (iii) benefit monitoring and evaluation; (iv) GAP monitoring; and (v) loan agreement covenant monitoring.

111. Implementation progress monitoring will be one of the main tasks of each PPMU that will receive support from a monitoring and evaluation specialist based on the project DMF and implementation schedule in the PAM. The project performance monitoring system (PPMS) will monitor the progress of activities in the province. To augment information collected during the PPTA one of the first PPMU activities will be to conduct baseline surveys.

112. Safeguards monitoring with associated grievance redress mechanisms will be developed to ensure that the required policies, procedures and plans for: (i) resettlement including land acquisition and compensation; (ii) ethnic minority peoples specific actions are implemented and achieve their expected outcomes during subproject preparation, implementation and operation; and (iii) EMP plan implementation.

113. PPMS monitoring activities will entail periodic monitoring of the benefits and impacts of a representative number of selected subprojects. This will be undertaken by each PPC-PPMU monitoring and evaluation consultant with experience in the identification and quantification of economic development benefits.

2. Compliance monitoring

114. The government and EAs have agreed with ADB on certain covenants for the project, which are set forth in the loan agreement including the following:

- (i) Only subprojects that have been screened either during preparation or by an approved specialist and subsequently approved by ADB shall be financed by ADB loan funds;
- (ii) The government will ensure that adequate funds are allocated for the periodic maintenance of infrastructure developed under the project through provincial budgets to maintain the infrastructure in functional order; and
- (iii) The government will ensure that a grievance redress mechanism is established for affected people in the participating districts.

115. ADB will monitor compliance with all covenants throughout implementation via regular review missions, quarterly progress reports submitted by the PPMUs through the Secretariat, and review of project accounts and procurement procedures.

3. Safeguards monitoring

116. The PIC will include a social and environmental safeguard specialist to ensure that all recommendations and mitigation measures under the EMPs and the REMDPs, of each subproject are being implemented in accordance with the plans.

4. Gender and social dimensions monitoring

117. PPMUs will report to ADB regularly. Data will be disaggregated by sex and age, urban

and rural women, and women of ethnic minorities. Routine monitoring by the Project will focus on assessing progress against GAP targets, identifying constraints and developing remedial actions to effectively address these. Monitoring results will be part of the semi-annual progress reports and assessment/evaluations of the GAP will be an essential element of all reviews.

C. Evaluation

118. ADB will conduct regular (at least twice per year) reviews throughout implementation of the project to assess implementation performance and achievement of outcomes and objectives, examine financial progress, and identify issues and constraints affecting the project and work out time-bound action plans for their resolution.

119. A midterm review will also be undertaken within 24 months from loan effectiveness. This review will include a comprehensive evaluation of project implementation arrangements, detailed evaluation of the scope and implementation process and progress of subprojects, feedback from the PPMS, performance of consultants, capacity building progress, and possible reallocation of loan proceeds. During this more significant review, the impact from the pro-poor initiatives linked to infrastructure development will be assessed as will the allocation by local administrations for the maintenance of the infrastructure developed under the project. Remedial action will be instituted as required.

120. Within 12 months of physical completion of the project, ADB will conduct a project completion mission to carry out a preliminary assessment of the success of the Project to achieve its physical, and socio-economic developmental objectives, as well as to review compliance with ADB requirements and loan covenants.

D. Reporting

121. The PPMUs through the Secretariat 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; (d) updated implementation plan for next 12 months; and (e) GAP monitoring; and (iii) a project completion report within six months of physical completion of the project. To ensure subprojects continue to be both viable and sustainable, project accounts together with the associated auditor's report, should be adequately reviewed.

E. Stakeholder Communication Strategy

1. Consultation

122. The project is designed to improve the welfare of rural inhabitants in the five VDTA through a series of investments aimed to improve transport, trade and tourism.

123. Project preparation has been conducted with stakeholder agencies in the Government at national, provincial and district levels including MPI, MoF, SBV and MONRE. Meetings have also been held in the participating provinces with DPI, DOT and DCST officials, focusing on management arrangements and issues. Requirements for ensuring appropriate levels of consultation for subproject preparation and implementation have been reviewed and confirmed.

124. Initial subproject preparation includes consultation requirements involving documented evidence of inclusive consultation with all communities in the subproject area and participant

information on numbers of women and men by ethnic minority. Subproject socio-economic/gender surveys that identify vulnerable groups to provide basis for specific consultation and participation mechanisms will be followed during implementation.

125. During implementation, the process of consultation will continue throughout the FS and detailed design phase of each subproject to afford community groups the opportunity to voice their views on how the subproject is to be designed, implemented and operated. In addition, associated initiatives will be built into the design of each subproject to enhance the impact from and sustainability of the investments. These associated initiatives will be identified in a participatory manner from a menu of options developed with the respective stakeholders and beneficiaries and will strengthen community-based organizations such as the CSBs, the women's unions, village mediation units, producers and marketing groups, and businesses.

2. Participation

126. It is anticipated that the community will be mobilized in a number of different ways during subproject design, implementation and operation. During subproject design and preparation stages, community participation will consist primarily of their contribution through the consultation process. During construction, there will be significant opportunities for active participation, particularly for the poor households who will benefit from the subproject through provision of wage labor to the contractors. This will be encouraged through the bidding documents which will request the contractors to investigate this option, whenever possible. The community will also be able to participate in the O&M of the completed infrastructure whenever possible through provision of labor or in some cases funds.

3. Awareness

127. Information about the project and the subprojects in particular, including the objectives, potential environmental impact, implementation arrangements, resettlement and compensation matters, gender issues, issues of concerns for ethnic minorities will be provided to beneficiaries. Information will be provided through village meetings, pamphlets, and other announcements in both Vietnamese language and the language(s) of the communities whenever appropriate. The community will be fully informed of issues such as their right to participate in the subprojects and to be compensated for any loss of property including productive land and/or assets as well as gender equity and other relevant policies. Separate meetings and discussions will be arranged with the people who are directly affected by land acquisition and/or resettlement issues. The community and particularly the affected households will be provided with detailed guidance and procedures regarding resettlement and compensation.

128. A summary in the form of a consultation and communication plan is incorporated in the following table.

Table 15: Consultation and Participation Plan

Topics/Subjects	Stakeholder Group	Why They are Included	Type of Participation		Participation Methods	
				Methods	Responsibility	Time line Cost
REMDP	Women, poor and vulnerable households, ethnic minority groups near project sites.	Representing interests of women and ethnic groups.	Information sharing (M), Collaboration (M)	<p>Separate meetings with ethnic groups in local language and ii) meetings with women organized through VWU.</p> <p>Printed information about infrastructure and training programs available in local and accessible language (or visual depictions) posted in accessible public areas.</p> <p>Designation and provision of materials/toolkit to women's groups and disseminating information about work and training opportunities from the project.</p>		Included in R-EMDP cost
GENDER EQUALITY	Beneficiary communities and villages, vendors at tourist sites, poor and vulnerable households and ethnic	Direct beneficiaries of project; participants in small enterprise development training and	Information sharing (M), consultation (M), Collaboration (M)	Information: Community meetings and dissemination of information brochures on project scope, design elements, participation mechanisms, and entitlements for person affected by involuntary		<p>During detail design of infrastructure subprojects and throughout project implementation.</p> <p>Included in GAP</p>

Topics/Subjects	Stakeholder Group	Why They are Included	Type of Participation		Participation Methods	
				Methods	Responsibility	Time line Cost
	groups, with 50% representation of women.	other tourism-related employment training.		<p>resettlement impacts.</p> <p>Consultation through village meetings and focus group discussions on measures to enhance benefits and mitigate risks.</p> <p>Decisions: Community members determine participation and guidelines for women's groups with support from village leaders and mass organizations to ensure they are inclusive, with representatives of ethnic groups, women and other subgroups</p>		budget
SOCIAL RISKS	Mass Organizations (e.g. Vietnam Women's Union and ...	Representing interests of women and ethnic groups.	Information sharing (High)	<p>Project management and Implementation: Direct consultations and participation in project implementation through collaboration with PMU and representation on provincial steering committee.</p> <p>Strategic Decision-Making: Contribute to</p>	Monitoring: Representation on provincial steering committees and district / commune level committees.	<p>During detailed design of subprojects and throughout project implementation.</p> <p>Included in GAP budget</p>

Topics/Subjects	Stakeholder Group	Why They are Included	Type of Participation		Participation Methods	
				Methods	Responsibility	Time line Cost
				decisions on destination management and GAP and consultation plan implementation.		
Project Design, Implementation, Monitoring	Provincial and District Government	Representatives of government are responsible for project implementation, and representing provincial and district interests.	Partnership (H) (H)(Information sharing),(H)	Approvals: Review and approve annual work plan and budgets, safeguard documents, civil works design, and site management contracts or concessions.	PPMU	During detailed design of subprojects and throughout project PPMU cost
	Government Departments on National and Subregional Steering Committee.	Setting policy and guidelines and coordination and approvals.	Information Sharing, (H) Collaboration (Medium)	Policy Guidance and Approvals: Semiannual meetings of the national project steering committee provide direction on project implementation matters. Review periodic progress reports and safeguards reports.	PPMU	At least two meetings of each committee per year. PPMU management cost

X. ANTICORRUPTION POLICY

129. ADB's Anticorruption Policy (1998, as amended to date) was explained to and discussed with the PPCs of the five VDTA, each of which is an EA. The provisions of this policy have been reiterated to the PPCs. Consistent with its commitment to good governance, accountability, and transparency ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project.³⁷ All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the EA 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.³⁸

130. To support these efforts, relevant provisions of ADB's Anticorruption Policy are included in the loan regulations and the bidding documents for the project. In particular, all contracts financed by ADB in connection with the project shall include provisions specifying the right of ADB to audit and examine the records and accounts of the EAs, as well as all contractors, suppliers, consultants, and other service providers as they relate to the Project. 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.³⁹ The project design and implementation arrangements provide for mitigation of corruption risks. Risks associated with project management, including procurement and disbursement, will be mitigated by the engagement of PISC to advise and assist in the procurement of goods and services, and the engagement of other consultants. The overall project will establish and operate a website in which it will disclose implementation progress; bid notifications and their results; and provide grievance redress mechanism against any corrupt practice. References on ADB's Anticorruption Policy can be accessed through the following link: <http://www.adb.org/Integrity/>.

³⁷ Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

³⁸ ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

³⁹ ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

XI. ACCOUNTABILITY MECHANISM

131. 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.⁴⁰

XII. RECORD OF PAM CHANGES

132. All revisions/updates during course of implementation will be recorded under this chapter. The PAM was discussed during the loan negotiations in Hanoi Viet Nam on 14 October 2016.

⁴⁰ For further information see: <http://www.adb.org/Accountability-Mechanism/default.asp>.

ANNEX A: LIST OF SUBPROJECTS

I. Road Subprojects

Road	Province	Length (Km)
PR 675A	Kon Tum	70.8
PR 665	Gia Lai	65,9
NR 29	Dak Lak	40.0
Road from NR 14 to Bu Prang*	Dak Nong	39.0
PR 756	Binh Phuoc	50.3
Total		266.0

II. Tourism Subprojects

Location (district commune)	Description
Kon Tum Province	
Site 1: Kon K'Tu village, Đăk Rơ Wa Commune, Kon Plông District, Kon Tum Province	<ul style="list-style-type: none"> - Upgrading 01 km internal village road (3 m wide, concrete) -Upgrading culture communal house (including toilet and water supply) , playground, and 200 m long fences of the area -Construction of water supply to connect water from the local stream to the village
Site 2: Kong Bring village, Đăk Long commune, Kon Plông District, KonTum	<ul style="list-style-type: none"> - Upgrading 05 family houses to be homestay, (including toilet and water supply to the house). -Upgrading 01 km village road (3 m wide), including access road to the riverbank/boat station. -Rehabilitation of water supply to connect water from the local stream up in mountain to the village (gravity water flow system) -Improvement of communal cultural house (including toilet, lighting, water supply) - Upgrading 10 family houses, including Construction of toilets and dust bins an water supply to the homestay units. - Capacity building for people in the two villagers to get involved in tourism service provision (English skill training, hospitality, tour guides, cooking, etc) , promotion of the eco- cultural, adventurous (food, trekking, boat trip) tourisms and organization of O&M for community facilities upgraded under the subproject.
Gia Lai Province	
PloiTieng village, Tan Son Commune, Pleiku city,	<ul style="list-style-type: none"> Upgrading 01 village culture house, including playground yard(300 square m) , toilet and water supply system Construction of 8 Kiosks in the cultural house areas. Upgrading 3 km or village road of 3 m wide Upgrading 10 family houses for homestay standards Capacity building for people in the village to get involved in tourism service provision (English skill training, hospitality, tour guides, cooking, tour guide etc) , promotion of the eco- cultural, adventurous (food, trekking, boat trip around the lake) tourisms and organization of O&M for community facilities

Location (district commune)	Description
	upgraded under the subproject.
Dak Lak Province	
<p>Site 1. Ja Village- Hòa Sơn commune - Krông Bông District;</p> <p>Site 2. Yang Lành Village - Krông Na commune - Buôn Đôn</p> <p>Site 3. Tring Villages - An Lạc ward- Buôn Hồ Town)</p> <p>The proposed investment include</p>	<p>Upgrading 45 home-stay facilities and equipments.</p> <ul style="list-style-type: none"> - Upgrading three access road to community water stations (Ja, Tring and Yang Lanh villages). <p>Constructing display and cultural house for ethnic, traditional and local products (clothes, agricultural products, musical instruments, etc) in Ja villages and upgrading the cultural house for villages in Tring (including public toilet a near the pine tree forest and E H'rak lake) and in Yang Lanh village (including playground improvement)</p> <ul style="list-style-type: none"> - a set of musical instruments + clothes for cultural performance team in Yang Lanh village - Capacity building on hospitality service and cultural based tourism preservation, access to tourism markets and O&M of facilities and support.
Dak Nong Province	
<p>Site 1: community based tourism development support in 3 villages : N'Jieng, Ting Wel Dom; and Busop villages, Dak Nia commune, Gia Nghia town which is in close connection with the entertainment park Lien Nung in Dac Nia commune, Gia Nghia town.</p>	<p>Upgrading and improvement of the three communal cultural houses (including fence, toilet) upgrading and repairing the traditional job village house into the display house, construction of toilets in N'jieng.cultural house, Constructing toilet in Bu sop community cultural house.</p> <p>Constructing and upgrading 45 homestay units.</p>
<p>Site 2: community based tourism development support n Pi Nao village, Nhan Dao commune</p>	<ul style="list-style-type: none"> - Repairing and upgrading cultural communal house, play ground, fence, and toilet with water supply - Upgrading traditional ethnic minority houses to be concurrently home stay for tourists : 15 units.
<p>Site 3: Nam Numg, eco-cultural and historical tourism development , Nam N'Jang commune, Dak Son : Constructing the Truc Lam Dao Nguyen monasteries</p>	<p>Constructing the Truc Lam Dao Nguyen monasteries : 10 toilet block units in 150 square m of construction.</p>
<p>Site 4. Ta Dung eco-cultural preservation park.</p>	<p>Upgrading a road linking the national road No. 28 to the second boat station within the park (1.2 km long and 5.5 m wide), parking lot, waiting house and toilets (total 600 sq m).</p>
	<p>For site 1 and 2, .Capacity building for hospitality services, linking with tour operators / advertisement on the available homestay services and community development for O&M.</p>
Binh Phuoc Province	
<p>Loc Khanh commune, Loc Ninh district</p>	<p>1. Upgrading 01 village road to connect the end point of state funded road leading to Ta thiet military base (a historical tourist site – 13 km away from this village) at Loc Khanh Commune People's committee office to Soc Lon Pagoda (0.6 km) and to Bau lake (0.5 km). The road will be concretized of 3</p>

Location (district commune)	Description
	<p>m wide and 1.1 km long totally.</p> <p>2. Upgrading 03 cultural communal houses of three villages (including water supply, toilet, lighting) of Soc Lon, Cha Don and Ba Ven.</p> <p>3. Upgrading 25 Khmer family houses in village of Soc Lon, Bon Ven and Tra Don to be homestay including equipment in the homestay.</p> <p>4. Capacity building for hospitality services, linking with tour operators / advertisement on the available homestay services and community development for O&M.</p>

ANNEX B: PROCUREMENT PLAN

Basic Data

Project Name: Support to Border Areas Development Project	
Project Number: 48189-002	Approval Number:
Country: VIET NAM	Executing Agency: Provincial People's Committee of Kon Tum, Provincial People's Committee of Gia Lai, Provincial People's Committee of Dak Lak, Provincial People's Committee of Dak Nong, Provincial People's Committee of Binh Phuoc
Project Procurement Classification: B	Implementing Agency:
Procurement Risk: Moderate	Provincial Department of Planning & Investment of Kon Tum, Provincial Department of Planning & Investment of Gia Lai, Provincial Department of Planning & Investment of Dak Lak, Provincial Department of Planning & Investment of Dak Nong, Provincial Department of Planning & Investment of Binh Phuoc
Project Amount: US\$ 122.11 million ADB Financing: US\$ 106.51 million Co-financing: None Non-ADB Financing: US\$ 15.60 million	Project Closing Date:
Date of First Procurement Plan July 4, 2016	Date of this Procurement Plan: July 4, 2016

A. Methods, Thresholds, Review and 18-Month Procurement Plan

1. Procurement and Consulting Methods and Thresholds

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

Procurement of Goods and Works		
Method	Threshold	Comments
International Competitive Bidding (ICB) for Works	\$10,000,000	Prior review each contract
International Competitive Bidding for Goods	\$2,000,000	Prior review each contract
National Competitive Bidding (NCB) for Works	Beneath that stated for ICB, Works	Prior review the first contract of each province. Post review for the rest. Use of Harmonized Standard Bidding Documents for NCB
National Competitive Bidding for Goods	Beneath that stated for ICB, Goods	Prior review the first contract of each province. Post review for the rest. Use of Harmonized

		Standard Bidding Documents for NCB
Shopping for Works	Below \$100,000	Prior review the first contract of each province.
Shopping for Goods	Below \$100,000	Prior review the first contract of each province.

Consulting Services	
Method	Comments
Quality and Cost Based Selection (QCBS)	Prior review each contract
Consultants' Qualifications Selection	Prior review each contract
Least-Cost Selection	Prior review each contract

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

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

Package Number	General Description	Estimated Value	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
KT-W-01	Upgrade from Km22 to Km63 PR675A (include of 7 new bridges), and associated works	9,625,000	NCB	Prior	1S1E	QIV 2017	PPMU Kon Tum
KT-W-02	Upgrade from Km63 to Km81 PR675A; and Upgrade Km0 to Km14+200 PR675A (include of 3 new bridges), and associated works	8,698,000	NCB	Post	1S1E	QIV 2017	PPMU Kon Tum
GL-W-01	Upgrade from Km0 to Km38 PR665, and associated works	7,611,900	NCB	Prior	1S1E	Q4 2017	PPMU Gia Lai
GL-W-02	Upgrade from Km38 to Km65.5 RP665, and associated works	8,451,400	NCB	Post	1S1E	QIV 2017	PPMU Gia Lai
DL-W-01	Upgrade from Km186 to Km206 NR29, and associated works	8,393,300	NCB	Prior	1S1E	QIV 2017	PPMU Dak Lak
DL-W-02	Upgrade from Km206 to Km226 NR29, and associated works	8,393,300	NCB	Post	1S1E	QIV 2017	PPMU Dak Lak
DN-W-01	Upgrade from Km0 to Km14 (TL686) and 1 new bridge; and upgrade from Km31+500 to Km35+500 (PR681), and associated works	9,046,600	NCB	Prior	1S1E	QIV 2017	PPMU Dak Nong
DN-W-02	Upgrade from Km139 to Km158 (NR14C old), and associated works	8,395,800	NCB	Post	1S1E	QIV 2017	PPMU Dak Nong
BP-W-01	Upgrade from Km0 to Km31 PR756, and associated works	8,226,000	NCB	Prior	1S1E	QIV 2017	PPMU Binh Phuoc

BP-W-02	Upgrade from Km31 to Km50+200 PR756, and associated works	7,793,000	NCB	Post	1S1E	QIV 2017	PPMU Binh Phuoc
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3. Consulting Services Contracts Estimated to Cost \$100,000 or More

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

Package Number	General Description	Estimated Value	Recruitment Method	Review (Prior / Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
KT-C-01	Construction Supervision	188,200	QCBS	Prior	QII 2017	STP	80:20
GL-C-01	Construction Supervision	143,200	QCBS	Prior	QII 2017	STP	80:20
DN-C-01	Construction Supervision	152,800	QCBS	Prior	QII 2017	STP	80:20
BP-C-01	Construction Supervision	150,200	QCBS	Prior	QII 2017	STP	80:20

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

136. The following table groups smaller-value goods, works and consulting services contracts for which the activity is either ongoing or expected to commence within the next 18 months.

Goods and Works								
Package Number	General Description	Estimated Value	Number of Contracts	Procurement Method	Review [Prior / Post/Post (Sampling)]	Bidding Procedure	Advertisement Date (quarter/year)	Comments
BP-W-01	Upgrading road section from Loc Khanh PPC to Soc Lon pagoda and from T intersection of the above road to the public pond (1.1 km total)	171,000	1	NCB	Prior	1S1E	Q4 2017	PPMU Binh Phuoc
DN-W-01	Improvement of community houses; internal road; toilet places; homestays; rehabilitation of handicraft exhibition	875,740	1	NCB	Prior	1S1E	Q.I 2018	PPMU Dak Nong
GL-W-01	Civil work (Upgrading 01 village culture house; Construction of 8 Kiosks; Upgrading 3 km or village internal road; Upgrading 10	538,080	1	NCB	Prior	1S1E	Q4 2017	PPMU Gia Lai

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

C. List of Awarded and On-going, and Completed Contracts

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

1. Awarded and On-going Contracts

Goods and Works							
Package Number	General Description	Estimated Value	Awarded Contract Value	Procurement Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award	Comments

Consulting Services							
Package Number	General Description	Estimated Value	Awarded Contract Value	Recruitment Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award	Comments

2. Completed Contracts

Goods and Works								
Package Number	General Description	Estimated Value	Contract Value	Procurement Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award	Date of Completion	Comments

Consulting Services								
Package Number	General Description	Estimated Value	Contract Value	Recruitment Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award	Date of Completion	Comments

D. Non-ADB Financing

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

Goods and Works				
General Description	Estimated Value (cumulative)	Estimated Number of Contracts		Comments
KT-W-01 - Road Safety Awareness Training	75,000	1		Shopping is similar to ADB's NCB, except with shortened bid preparation and evaluation periods. QII 2019
KT-W-02 - Cultural and Environmental Tourism Service Provision Training	50,000	1		QII 2019
KT-W-03 - Updated Master and Action Plans Implementation Training	30,000	1		QII 2019
KT-W-04 - GAP Implementation	30,800	1		QIV 2017
KT-W-06 - PPMU equipment	60,000	1		QII 2017
GL-W-01- Road Safety Awareness Training	75,000	1		QII 2019
GL-W-03 - Updated Master and Action Plans Implementation Training	30,000	1		QII 2019
GL-W-04 - GAP Implementation	52,600	1		QIV 2017
GL-W-06 - PPMU equipment	60,000	1		QII 2017
GL-HHXL-01- Road Safety Awareness Training	75,000	1		QII 2019
DL-W-01 - Road Safety Awareness Training	75,000	1		QII 2019
DL-W-02 - Cultural and Environmental Tourism Service Provision Training	50,000	1		QII 2019
DL-W-03 - Updated Master and Action Plans Implementation Training	30,000	1		QII 2019
DL-HHXL-04 - GAP Implementation	60,700	1		QIV 2017
DL-W-05 - EMP Implementation for 5 PPMUs	110,000	1		QII 2017
DL-W-07 - PPMU equipment	60,000	1		QII 2017
DN-HHXL-01- Road Safety Awareness Training	75,000	1		QII 2019
DN-W-02 - Cultural and Environmental Tourism Service Provision Training	50,000	1		QII 2019
DN-W-03 - Updated Master and Action Plans Implementation Training	30,000	1		QII 2019
DN-W-04 - GAP Implementation	38,900	1		QIV 2017
DN-W-06 - PPMU equipment	60,000	1		QII 2017
BP-W-01- Road Safety Awareness Training	75,000	1		QII 2019
BP-W-02 - Cultural and Environmental Tourism Service Provision Training	50,000	1		QII 2019
BP-W-03 - Updated Master and Action Plans Implementation Training	30,000	1		QII 2019
BP-W-04 - GAP Implementation	63,400	1		QIV 2017
BP-W06 - PPMU equipment	60,000	1		QII 2017
DN-W-02 - Ta dung eco-cultural preservation park's tourism infrastructure work (1,2 km rural road; toilets, parking lot...)	275,229	1		QII 2018
KT-W-01 Executing the work for the items of tourist infrastructure construction at Kon Bring	311,619	1		2018

KT-W-02 Executing the work for the items of tourist infrastructure construction Kon K'Tu	312,307	1		2018
KT-G-01 Procure the equipment for supporting community tourist development KonBring	25,229	1		2020
KT-G-02 Procure the equipment for supporting community tourist development Kon K'Tu	25,229	1		2020
DL-G-01 Procure the equipment for supporting community tourist development at Tring village	45,872	1		2019
DL-G-02 Procure the equipment for supporting community tourist development at Ja village	45,872	1		2019
DL-G-03 Procure the equipment for supporting community tourist development at Yang Lanh village	45,872	1		2019
DL-G-04 Procure the gong sets at Yang Lanh village: Support the clothes and train for the show team; gong; Support for recovering the traditional skills; Searching the outputs for the agricultural products combining with tourism and training for the traditional skills;	87,156	1		2020
BP-W-02 Upgrading and improvement of 3 village cultural houses	150,000	1		QIV 2017
BP-W-03 25 Homestay improvement in three villages	36,000	3		QIV 2017

Consulting Services				
General Description	Estimated Value (cumulative)	Estimated Number of Contracts		Comments
KT-C-01 - Procurement & Startup consultants	50,000	1		QI 2017
KT-C-02 - Detail Design	582,100	1		QII 2017
KT-C-03 - Project Implementation Support	409,200	1		QI 2017
KT-C-04 - Tourism FS	55,800	1		QIV 2017
KT-C-05 - Tourism Trainer	60,000	1		QI 2019
GL-C-01 - Procurement & Startup consultants	50,000	1		QI 2017
GL-C-02 - Detail Design	518,000	1		QII 2017
GL-C-03 - Project Implementation Support	364,200	1		QI 2017
GL-C-04 - Tourism FS	55,800	1		QIV 2017
DL-C-01 - Procurement & Startup consultants	50,000	1		QI 2017
DL-C-02 - Detail Design	389,000	1		QII 2017
DL-C-03 - Project Implementation Support	409,200	1		QI 2017
DN-C-02- Detail Design	381,000			QII 2017
DN-C-03 - Project Implementation Support	409,200	1		QI 2017
BP-C-01 - Procurement & Startup consultants	50,000	1		QI 2017
BP-C-02 - Detail Design	378,000	1		QII 2017
BP-C-03 - Project Implementation Support	395,000	1		QI 2017
BP-C-04 - Tourism FS	55,800	1		QIV 2017
BP-V-05 - Tourism Trainer	60,000	1		QI 2019
DN-C-01 PMU Capacity Building	60,000	1		QI 2018
DN-C-02 - Capacity building on	50,000	1		QII 2017

environment and cultural tourism development				
DN-TV-03 - FS preparation	55,800	1		QI 2017
KT-C-01 Consulting cost for FS at Kon Bring	27,208	1		QIV 2016
KT-C-02 Consulting cost for FS at Kon Bring Kon K'Tu	26,020	1		QIV 2016
KT-C-03 - Consulting cost for construction supervision at Kon Bring và Kon K"Tu	22,812	1		2018
KT-C-04 - Consulting of bidding (If any)	0	1		
KT-C-05 - Training the skills for officers and people: skill for receiving the customers, cooking meals; organizing the accommodation services, tourist guide, the knowledge of developing tourist action plan; the knowledge of organizing the community tourism points; English; Promotion 02 làng Kon Bring và Kon K'Tu; Develop the website; Printing the documents, videos...	106,193	1		2018
DL-C-01 - Survey consultant, preparing the report of techniques and finance for the items of tourism infrastructure construction at 3 villages (Ja, Yang Lành, Tring)	68,807	1		QI 2017
DL-C-02 - Develop the website; Printing the documents, videos for 3 villages (Ja, Yang Lành, Tring)	32,110	1		2018
DL-C-03 - Skill training: Training the skills for officers and people: skill for receiving the customers, cooking meals; organizing the accommodation services, tourist guide, the knowledge of developing tourist action plan; the knowledge of organizing the community tourism points; English; Promotion	61,927	1		2019
DL-C-04 - Community tourism study tour for tourist business household	27,523	1		2019
DL-C-05 - Organizing for travel agencies to survey and hold the workshops to introduce the destination	27,523	1		2019
BP-C-01 -Training consultancy	69,000	1		QIV 2017
BP-C-02 - Environment service consultancy	58,000	1		QIV 2017
BP-C-03 FS preparation/update	29,000	1		QIV 2017
GL-S-01 - Capacity building consultancy	30,000	1		QI 2018
GL-S-02 - FS	33,157	1		QIV 2019

E. National Competitive Bidding

1. General

140. The procedures to be followed for the procurement of goods, non-consulting services, and works under contracts awarded on the basis of National Competitive Bidding shall be those set forth in: (a) Law on Procurement No. 43/2013/QH13 dated November 26, 2013 (“Law on Procurement”) and (b) Decree No. 63/2014/ND-CP dated June 26, 2014 (collectively, “National Procurement Laws”). Whenever any procedure in the National Procurement Laws is inconsistent with the ADB Procurement Guidelines (March 2013, as amended from time to time), the ADB Procurement Guidelines shall prevail, amongst others on the following.

2. Eligibility

- (i) The eligibility of bidders shall be as defined under section I of the ADB Procurement Guidelines; accordingly, no bidder or potential bidder should be declared ineligible for reasons other than those provided in section I of the ADB Procurement Guidelines, as amended from time to time. Conditions of bidders' participation shall be limited to those that are essential to ensure bidders' capability to fulfill the contract in question. Foreign bidders shall be eligible to participate under the same conditions as national bidders. Foreign bidders shall not be asked or required to form joint ventures with, or be subcontractors to, national bidders in order to submit a bid.
- (ii) A firm declared ineligible by ADB cannot participate in bidding for an ADB-financed contract during the period of time determined by ADB.
- (iii) A bidder shall not have a conflict of interest, which term shall be defined in accordance with section 1 of ADB Procurement Guidelines.⁴¹ Any bidder found to have a conflict of interest shall be ineligible for contract award.
- (iv) Government-owned enterprises in the Borrower's country shall be eligible to participate as a bidder only if they can establish that they are legally and financially autonomous, operate under commercial law and are not dependent agencies of the Borrower or Sub-Borrower.
- (v) National sanction lists may only be applied with approval of ADB⁴².

3. Preferences

141. No preference of any kind shall be given to domestic bidders over foreign bidders or for domestically manufactured goods over foreign manufactured goods. Unless otherwise stated in the applicable financing agreement, preferences among domestic bidders set forth in Article 14(3) of the Law on Procurement shall not be applied.

4. Bidding Procedure

142. Single stage-single envelope shall be the default bidding procedure and application of other bidding procedures shall require ADB's prior approval.

5. Time for Bid Preparation

143. The time allowed for the preparation and submission of bids for large and/or complex packages shall not be less than thirty (30) days from the date of the invitation to bid or the date of availability of the bidding documents, whichever is later.

6. Standard bidding documents

144. The Borrower's standard bidding documents, acceptable to ADB, shall be used. Bidders shall be allowed to submit bids by hand or by mail/ courier.

⁴¹ Detailed guidance on how to apply conflict of interest test is available under section 1 of ADB's standard bidding documents for goods and works (as amended from time to time).

⁴² For fraud and corruption cases, Section 50 of ADB's Integrity Principles and Guidelines provides that ADB may decide that another international financial institution's or legal or regulatory body's determination that a party has failed to adhere to appropriate ethical standards, as defined by any established system of principles, rules, or duties, including the laws or regulations of a state, constitutes that party's failure to maintain the highest ethical standards as required by ADB's Anticorruption Policy. The party may be subject to remedial action in accordance with the Integrity Principles and Guidelines. <http://www.adb.org/sites/default/files/integrity-principles-guidelines.pdf>

7. Bid Opening and Evaluation

- (i) Bids shall be opened in public, immediately after the deadline for submission of bids, regardless of the number of bids received.
- (ii) Except with the prior approval of ADB, merit points shall not be used in bid evaluation;
- (iii) No price adjustments shall be made for evaluation purposes in accordance with Article 117(6) of Decree 63 when unit rates offered by the bidder are determined to be abnormally low;
- (iv) Bidders shall be given commercially reasonable time period to respond to clarification requests;
- (v) Bidders shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations;⁴³
- (vi) Except with the prior approval of ADB, negotiations contemplated under paragraphs 7 and 8 of Article 117 of Decree No. 63/2014/ND-CP shall not take place with any bidder prior to contract award; and
- (vii) A bidder shall not be required, as a condition for award of contract, to undertake obligations not specified in the bidding documents or otherwise to modify the bid as originally submitted.

8. Rejection of All Bids and Rebidding

- (i) No bid shall be rejected on the basis of a comparison with the Procuring Entity's estimate or budget ceiling without ADB's prior concurrence; and
- (ii) All bids shall not be rejected and new bids solicited without ADB's prior approval.

9. Publication of the Award of Contract. Debriefing

- (i) For contracts subject to prior review, within 2 weeks of receiving ADB's "No-objection" to the recommendation of contract award, the borrower shall publish in the Government Public Procurement Gazette, or well-known and freely-accessible website the results of the bid evaluation, 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 and evaluated prices of each bid that was evaluated; iv) name of bidders whose bids were rejected and the reasons for their rejection; and v) name of the winning bidder, and the price it offered, as well as the duration and summary scope of the contract awarded;
- (ii) For contracts subject to post review, the procuring entity shall publish the bid evaluation results no later than the date of contract award; and
- (iii) In the publication of the bid evaluation results, the Borrower shall specify that any bidder who wishes to ascertain the grounds on which its bid was not selected, may request an explanation from the Borrower. The Borrower shall promptly provide an explanation of why such bid was not selected, either in writing and/or in a debriefing meeting, at the option of the Borrower. The requesting bidder shall bear all the costs of attending such a debriefing.

⁴³ A minor, non-substantial deviation is one that, if accepted, would not affect in any substantial way the scope, quality, or performance specified in the contract; or limit in any substantial way, the Contracting entity rights or the Bidder's obligations under the proposed contract or if rectified, would not unfairly affect the competitive position of other bidders presenting substantially responsive bids.

10. Contract Administration

145. The Contract Agreement, as such term is defined in the relevant bidding document, shall be applied without any modification during implementation except as otherwise agreed by ADB.

11. Fraud and Corruption

146. A provision shall be included in all bidding documents for NCB works and goods contracts financed by ADB stating that ADB will sanction a party or its related parties, including declaring ineligible, either indefinitely or for a stated period of time, to participate in ADB-financed, administered or supported activities if it at any time determines that the party has, directly or indirectly through an agent, engaged in integrity violations as defined under ADB's Integrity Principles and Guidelines, including corrupt, fraudulent, collusive, or coercive practices in competing for, or in executing, an ADB-financed, administered or supported contract.

12. Right to Inspect/ Audit

147. Each bidding document and contract financed by ADB shall include a provision requiring bidders, contractors, agents (whether declared or not), sub-contractors, sub-consultants, service providers, or suppliers and any personnel thereof, to permit ADB to inspect all accounts, records and other documents relating to any prequalification process, bid submission, and contract performance (in the case of award), and to have them audited by auditors appointed by ADB.

ANNEX C: TERMS OF REFERENCE FOR CONSULTING SERVICES

I. BACKGROUND

148. Consultants to be financed from the Loan include (i) an individual consultant; and (ii) consulting firms. All consultants will be selected and engaged in accordance with the ADB's Guidelines on the Use of Consultants (2015 as amended from time to time).

II. INDIVIDUAL CONSULTANTS

149. The table presents the input of the individual consultant.

Table 16: Individual Consultant Inputs by Year

POSITION TITLE		2017	2018	2019	2020	2021	Total
1	Start-up/Procurement (p-m)	4	4	3	2	0	13.0

b) Start-up/Procurement Specialist

150. **Qualifications:** The national procurement specialist will have tertiary qualifications in engineering, or similar from an established and recognized institution and will be fluent in the English language. **Experience:** The specialist will have at least 10 years' experience in procurement, and will have demonstrated knowledge and understanding of ADB procurement procedures and rural infrastructure engineering, and experience with the project implementation of ADB-financed projects. The specialist will also have good skills in communicating in English.

151. Initially, under the supervision of the PPMU, the specialist will work closely with other government staff assigned to the Project to ensure smooth start-up of project implementation. The specialist will build on the work previously undertaken in the area of procurement under advance action. The specialist will assist the EA to undertake (i) recruitment of consultants, and (ii) preparing for project procurement in compliance with Project documents (e.g., loan agreement, the report and recommendation of the president [RRP], the project administration manual [PAM], procurement plan, project safeguards documents) and other Government and ADB requirements; including ADB's Guidelines on Procurement and the Use of Consultants (2013, as amended from time to time), and ADB's Safeguard Policy Statements (2009). Upon mobilization of the PISC, the consultant will report to the PISC team leader. Duties of the specialist will include the following:

- (i) **Recruitment of consultants.** The specialist will facilitate the preparation of required documents related to the recruitment of the Project Implementation Support Consulting Firm (PISC) and other consulting packages as required. In close coordination with PPMU, the specialist will:
 - (a) Finalize the detailed terms of reference for each assignment (i) by using initial material developed during the PPTA, and (ii) through consultative meetings with relevant agencies of the Government to determine the detailed requirements to properly carry out the assignment;
 - (b) Develop detailed cost estimates for the assignment that is acceptable to both ADB and PPMU;
 - (c) Develop the evaluation criteria to be used (a) in determining firms to be short-listed for a subject assignment, and (b) when assessing technical and financial proposals submitted by short-listed firms;

- (d) Prepare the draft request for proposal (RFP) to be used for the consultancy recruitment, including the Data Sheet, using updated templates available in the ADB website; and
- (e) Translate all required outputs to the English language, whenever necessary.
- (i) **Procurement Competitive Bidding.** The specialist will facilitate the preparation of required documents related to procurement to be carried out by PPMU under the Project. In close coordination with PPMU:
 - (a) Monitor the Government's approval of the government requirements/technical specifications of civil works/goods to be procured; The specifications must be drafted to permit the widest possible competition and, at the same time, present a clear statement of the required standards of materials, plant, other supplies, and workmanship to be provided;
 - (b) Based on the technical design of the civil works to be procured, the specialist will prepare the Employer's Requirements (ERQ). To the extent possible, the ERQ shall include (a) specifications, (b) drawings, and if available (c) supplementary information (e.g., compliance with loan covenants, Government's core labor standards, and safeguard requirements);
 - (c) Develop the evaluation and qualification criteria, which will be used to evaluate the bids and qualify bidders if the bidding was not preceded by a prequalification exercise and post-qualification is applied;
 - (d) Identify provisions (e.g., data and contractual requirements) that need to be specified in the procurement contract through consultative meetings with relevant agencies of the Government;
 - (e) Prepare the draft bidding document to be used for the procurement, including the Bid Data Sheet, using updated templates available in the ADB website; and
 - (f) Translate all required outputs to the English language, whenever necessary.

CONSULTING FIRMS

152. Each PPMU will recruit the following consulting firms:

- A. Project Implementation Consultants (PIC);
- B. Output 1: Detailed Design Consultant Firm (DDCF);
- C. Output 1: Consultant Supervision Consultant Firm (CSCF);
- D. Output 1: Road Safety Trainers
- E. Output 2: Detailed Design and Supervision Consultant Firm (DDSF); and
- F. Auditing Firm

A. Project Implementation Consultants (PIC)

153. The PIC will provide a range of specialties needed to support the Provincial Project Management Unit (PPMU) to implement the project and meet the reporting and procedural requirements of ADB. The PIC will support the following activities:

- (i) undertake government feasibility studies/investment reports, including technical assessments, financial and economic analysis subprojects, and preparation of safeguard documents;
- (ii) assist PPMU in the recruitment and supervision of all consultants;
- (iii) assist in the supervision of the construction work by serving as the Project Manager, as defined under the contract included in the Harmonized Standard Bidding Document for Works;
- (iv) assist in project performance monitoring and evaluation; and
- (v) carry out training activities.

154. **Implementation Arrangements:** The contract period for PIC is expected to be 4.5 years, from early-2017 to the end of 2021. PIC will be based in the PPMUs of the VDTA provinces. The PPCs will provide suitable office accommodation for up to ten (10) consultants at any one time.

155. **Client's Input and Counterpart Personnel:** PPMU will make available to PIC all relevant data, maps and reports, and ensure access to all equipment purchased under the Project at no cost to PISC, including vehicles, office equipment and communication equipment. PPMU will provide counterpart and support staff to work with PISC, and will arrange necessary introductions to concerned government organizations, ministries and their departments.

156. **Reporting:** The project language will be English. PISC will support the PPMU in the preparing the project reports as established in the Current project. With the assistance of translators, PIC will facilitate the translation into the Vietnamese language and distribution to provincial and district stakeholders, the following reports:

- (i) The executive summary of each FS/investment report;
- (ii) The executive summary of each initial environmental examination and social impact assessment; and
- (iii) The public information brochure regarding the resettlement plan and/or land acquisition and compensation plan.

157. The estimated requirement for consultant expertise is outlined below.

Table 17: Dak Lak, Dak Nong and Kon Tum Provincial Project Implementation Support Consultant Inputs by Year

POSITION TITLE		2017	2018	2019	2020	2021	Total
1	Team Leader/Civil Engineer	1	12	12	12	8	45
2	Social Safeguard Specialist	0	2	2	0	0	4
3	Environmental Safeguard Specialist	0	2	2	0	0	4
4	Monitoring and Evaluation Specialist	2	2	2	2	2	9
5	Financial and Accounting Specialist	6	6	6	6	6	30
6	Gender and Community Development cum Communications Specialist	1	2	3	3	1	10
7	Community Tourism Specialist	0	6	3	3	0	12
8	Tourism Value Chain Development Specialist and Training Specialist.	0	3	3	3	3	12
9	Transport, trade and logistic planner	0	0	3	3	0	6
10	Socio-economic development planner and	0	0	3	6	1	10

POSITION TITLE		2017	2018	2019	2020	2021	Total
	training specialist						
12	Translator	9	9	9	9	9	45
13	Unallocated	0	1	0	0	1	2
14	Total Specialists	19	45	48	47	31	189

Table 18: Binh Phuoc and Gia Lai Provincial Project Implementation Consultant Inputs by Year

POSITION TITLE		2017	2018	2019	2020	2021	Total
1	Team Leader/Civil Engineer	1	8	8	8	6	31
2	Social Safeguard Specialist	0	2	2	0	0	4
3	Environmental Safeguard Specialist	0	2	2	0	0	4
4	Monitoring and Evaluation Specialist	2	2	2	2	2	9
5	Financial and Accounting Specialist	12	12	12	12	12	60
6	Gender and Community Development cum Communications Specialist	1	1	1	1	1	5
7	Transport and trade planner	0	0	3	3	0	6
8	Socio-economic development planner	0	0	3	3	0	6
9	Trainer	0	0	0	3	1	4
10	Translator	9	9	9	9	9	45
11	Unallocated	0	1	0	0	1	2
12	Total Specialists	25	37	42	41	32	176

158. **Team Leader/Civil Engineer:** The position are required to assure that design quality will be maintained and that there is adequate technical support available during the preparation of subproject designs and their subsequent review based on technical criteria. They will also be needed to support the provincial project management offices (PPMUs) as they proceed during implementation to assist in subproject supervision during construction and to strictly enforce the safeguard requirements during construction of works.

159. The position requires preferably at least 10 years' experience in the field of road engineering and more than 5 years of experience as a consulting engineer. They will be based within the PPMU but will be required to travel on frequent occasions to the project areas. The specialist will have tertiary qualifications from an established and recognized institution and will be fluent in the English language. Individual specialists will be able to demonstrate good written skills in English. S/he will have good interpersonal and communication skills and will be familiar working in large multi-national teams.

160. Duties of the specialists will include the following:

- (i) Establish the Quality Assurance Regime for subproject preparation and implementation;
- (ii) Coordinate the inputs of the specialists on the PIC team;
- (iii) Prepare construction supervision quality control guidelines to be followed by the consultants appointed to carry out this task. This shall specifically address the quality control of materials and the construction processes;

- (iv) Prepare a subproject investment report (SIR). In general the preparation shall;
 - Include field inspections of the proposed sites;
 - Pay special attention to minimizing any disturbance to the natural environment and mitigating and corrective measures as appropriate;
 - Ensure the design for safety and mitigate any potential hazards;
 - Ensure that designs take account of more intense and frequent extreme rainfall events, and more severe droughts expected to develop with climate change;
- (v) In coordination with the other technical specialists, prepare training courses in the use of quality control guidelines;
- (vi) Carry out the training program and coordinate activities related to capacity building for and skill transfers to the EA and PPMU staff; and
- (vii) Review and assess O&M requirements and arrangements and make recommendations for optimum O&M practice. In close liaison with the DOT or DCST managers and users develop asset management plans for each subproject.

161. **Social Safeguard Specialist:** The safeguard requirements of ADB seek to ensure the poor and other disadvantaged groups within the target area access project benefits. This will require specialist expertise in identifying affected groups characteristics and needs and accommodating these needs wherever feasible. Given the large proportion of ethnic minorities among the target population, measures will need to be taken to ensure these groups benefit from project interventions. The specialists will support project initiatives in community development including gender and indigenous peoples' activities.

162. The specialist will assist the PPMUs in developing and implementing initiatives to assure that benefits are shared by all disadvantaged groups including the ethnic minorities. In addition, there is scope to develop other associated initiatives that will target women, the poor and ethnic groups that require further definition during preparation of subprojects for funding under the proposed Project. The specialist will have tertiary qualifications from a recognized institution with preferably 10 years of experience in related fields on internationally funded projects.

163. The specialist needs to work closely with the respective PPMU and other stakeholders to the project will comply with ADB safeguard policy statement 2009 and relevant regulations of Vietnamese government. Duties of the specialists will include the following:

- (i) Review the Poverty and Social Assessment, GAP, REMDP, and the PAM to ascertain the nature and extent of interventions considered appropriate under the project;
- (ii) Review/ascertain changes or updates to ADB and Government policies on ethnic minorities and resettlement as set out in the PAM;
- (iii) Prepare and deliver workshops on social safeguards to ensure sound understanding of the principles and operational requirements for PPMU staff and other relevant stakeholders;
- (iv) Working with the PPMU, ensure that all provisions and requirements from all approved subproject REMDPs are undertaken and ensure they are appropriately monitored by the project benefit monitoring and evaluation systems (PBMS);

- (v) In coordination with the Commune Supervision Boards (CSB) monitor all subprojects to determine if serious negative impacts on ethnic minorities, women or other disadvantaged groups are occurring and make recommendations to the PPMU to ameliorate/mitigate these;
- (vi) In coordination with the CSB monitor community involvement in subproject implementation and bring issues or problems to the attention of the PPMUs;
- (vii) In coordination with the CSB document the community participation process and make recommendations for changes in processes and procedures for the balance of the project to strengthen the understanding and skills of government staff in this critical area;
- (viii) Assist the PPMUs in development of performance frameworks and quarterly activity schedules for the Community Development Officers; and
- (ix) Other relevant duties and responsibilities as required by PISC team leader.

164. **Environment Safeguard Specialist:** Subprojects are expected to have minimal long term environmental impacts, there are possibly short-term concerns for which mitigation strategies need to be designed and implemented. Expertise is needed to ensure that the subprojects have well developed and executable environmental management plans (EMP) with appropriate mitigation measures based on the environmental assessment and review framework prepared. They will develop mechanisms to ensure that mitigating measures are observed and will establish reporting formats to monitor the performance of contractors during the construction phase when environmental impacts are most likely.

165. The specialists will have appropriate tertiary qualifications in environmental science or natural resource management from a recognized institution and will have more than 10 years of experience working in the field of environmental management for internationally funded development projects. Training skills would also be an advantage to the international and national specialists. The specialists will be based in PPMU and will be required to visit subproject sites for monitoring purposes and training as required while being responsible to the PISC team leader.

166. The specialist needs to work closely with the respective PPMU and other stakeholders to the project will comply with ADB safeguard policy statement 2009 and relevant regulations of Vietnamese government. Detail duties of the specialists will include the following:

- (i) Review project documents including Initial Environment Examination (IEE), subproject detail design to update Environment Management Plan (EMP) and obtain ADB approval;
- (ii) Support PMU to ensure that EMP is incorporated in bidding documents and civil contracts;
- (iii) Support contractors in preparation of site EMP based on the approved EMP and obtain PPMU approval;
- (iv) Undertake environmental management capacity building for PPMU as described in the IEE and EMP;
- (v) Support PPMU in establishment and operation of environment management system described in EMP;

- (vi) Undertake regular supervision of the contractor's environmental performance and carry out environment sampling program for surface/ground water quality, dust and noise as required in the EMP and, prepare semiannual monitoring report for submission to ADB and government environment authority.

167. **Monitoring and Evaluation Specialist:** PBMS is an important aspect of the project to ensure that benefits are realized as intended and that they are shared by all members of the target communities, particularly by the poor and ethnic group households. To achieve this, there needs to be baseline studies undertaken during the subproject preparation and design phase to identify the current socio-economic conditions of target beneficiaries to assess the impact after subproject completion. To ensure that representative information is collected and that the full extent of variation is captured within the sample population of the surveys, it is important to have experienced PBMS specialists to assist in overall survey design and to provide the principles for analyzing the results. In addition, the specialist will be responsible for establishing performance monitoring of the implementation of subprojects to facilitate reporting to the Government and ADB. The specialist will have tertiary qualifications in a related field and have preferably 10 years of experience as PBMS specialist or related area. He/she will be responsible to the PISC Team Leader and be based in PPMU with frequent travel to the subprojects as required.

168. Duties of the specialists will include:

- (i) Review the monitoring and evaluation recommendations in the PAM;
- (ii) Together with PPMU staff and the PIC team leader determine the optimum type of monitoring program for project implementation, safeguards and benefits;
- (iii) Together with PPMU staff, and with reference to the Project Design Monitoring Framework (DMF), design a monitoring system and develop the Project M&E Manual based on measurable inputs, outputs and outcomes;
- (iv) Together with PPMU Director, brief PPMUs on their duties and responsibilities under the Project monitoring system;
- (v) Assist in recruiting an agency or institution to undertake benefit monitoring;
- (vi) Guide the benefit monitoring agency in undertaking baseline surveys, developing monitoring parameters and scheduling monitoring activities; and
- (vii) Periodically review monitoring activities during project implementation and report any deficiencies, problems, issues or shortcomings to PPMU.

169. **Financial and Accounting Specialist:** Qualifications: The Specialist shall have tertiary qualifications in accounting or similar discipline, or its equivalent - CPA qualifications is preferred. Experience: The specialist shall have extensive experience (minimum 10 years) in designing and implementing accounting systems or similar projects in Viet Nam. The specialist must have good working knowledge of English, and work experience with any donor-funded project a distinct advantage. Duties: The specialist will advise and assist PPMU on overall accounting functions and activities of the Project. The specialist will perform the following tasks:

- (i) Develop a suitable project accounting system, chart of accounts, and procure and adapt any necessary software to ensure an effective and efficient project accounting, monitoring and reporting system to project executing and implementing agency managers and ADB. The system will be capable of producing routine reports by which the Project's financial and physical progress can be monitored and evaluated;

- (ii) Ensure that financial transactions are, in all cases, recorded in project accounts accurately and on a timely basis and in accordance with ADB and Government requirements and agreed financial policies and procedures for the Project;
- (iii) Ensure that Project expenditures on contract payments are made in accordance with the terms and conditions of the respective contracts and are adequately certified by duly authorized officials in relation to works completed and/or goods or services provided;
- (iv) Ensure that adequate internal control is established and maintained in terms of separation of responsibilities for processing and authorizing payments and in the management and accounting for project expenditures and assets;
- (v) Ensure that all financial records are retained for audit purposes and for review by ADB and Government until at least one year following Project completion;
- (vi) Ensure that Project financial transactions are recorded in the accounts in accordance with Government of Viet Nam regulations and ADB requirements and that records are reconciled periodically, at least on a monthly basis;
- (vii) Ensure that the Imprest Account to be established for the Project in local commercial banks are administered in accordance with ADB requirements;
- (viii) Ensure that withdrawal requests for reimbursements from ADB are prepared and submitted to the Government and to ADB on a timely basis and in accordance with ADB procedures to replenish the Imprest Account. Ensure that Statements of Expenditures (SOEs) supporting withdrawal requests accurately reflect qualifying project expenditures and that underlying documents that verify these expenditures are retained and available for review as required;
- (ix) Periodically, but at least quarterly, reconcile project records with ADB records relating to disbursements from ADB's Loan for all Project components. Project records and bank statements should be reconciled more frequently, at least monthly;
- (x) Ensure timely preparation and distribution of integrated quarterly financial management and project management reports and annual project financial reports and statements required by ADB, under the provisions of the Loan Agreement, as well as by the Government of Viet Nam. Provide any special financial reports that may be required from time to time on specific aspects of project's financial progress or position as may be requested by ADB and/or the Government;
- (xi) Ensure that annual Project budgets are consistent with agreed program activity levels and expenditures and that budgetary allocations for the Project are available to meet projected cash flow requirements for contract payments, pending reimbursement by ADB, and for administrative expenditures of PPMU and implementing units;
- (xii) Ensure that Project assets and inventories are safeguarded and revalued and verified periodically in accordance with the requirements of ADB and Government of Viet Nam and to support annual Project financial audits;
- (xiii) Liaise effectively with auditors to ensure effective annual audits in accordance with ADB's requirements;
- (xiv) Conduct on-the-job training on project accounting and through classroom presentations; and

- (xv) Prepare progress reports for inclusion in the monthly, quarterly and annual progress reports to be prepared by PPMU.

170. **Gender and Community development cum Communications Specialist:** The specialist will have university degree in social/gender and or related field, from a national educational institution, have experience in capacity building, and monitoring gender mainstreaming results, as well as working experience in public relation, and communication work. This will include at least eight years working experience in design, implementation and assessment of social, gender and public awareness raising programs. The specialist will have working experience with projects funded by international donors.

171. The specialist will report to PIC TL and carry out the following tasks:

1. Prepare and implement the social-economic/gender surveys for the tourism subproject FS and prepare Social Impact Assessment reports, update GAP and REMDPs where required ensuring these conform to ADB standards;
2. In coordination with the CSB monitor all subprojects to determine any opportunities to enhance positive impacts on ethnic minorities, women or other disadvantaged groups and make recommendations to the PPMU to implement these in other subprojects;
 - Prepare and implement orientation sessions on gender issues, GAP and implementation responsibility for key PPMU staff, and stakeholders (contractors, supervisor engineers, etc.);
 - Develop the sex-disaggregated M&E with tools to help PPMU monitor and report GAP implementation results in coordination with M&E specialist;
 - Work with PPMU gender focal point to guide stakeholder to report and consolidate GAP results to report to ADB and recommend improvement in implementation;
 - Support PPMUs and other consultant's specialists in implementing GAP (including reviewing bidding documents, ensuring ToR of supervisor consultant with gender responsibility, ensuring O&M plan and activities including local women's participation, mainstreaming gender in tourism training, etc);
 - Develop IEC materials on road safety, HIV/AIDs prevention and human trafficking prevention conduct ToT training for commune facilitators on risk mitigations communication program, etc.) in cooperation with Road safety consultant, where relevant.
 - Assist PPMU in preparing quarterly, mid-term and final implementation GAP reports make recommendations for changes in order to achieve GAP target, ensuring vulnerable groups, including women, ethnic minority can benefit equally as other groups;
 - train staff of related agencies on gender sensitization/ analysis and planning and provide technical support to related staff on integrating gender in the VDTA action planning base on previous training delivered.
 - design of the communication plan, tools/materials for communication activities (consultation, information sharing on project with stake holders) within this project;
 - implementation of the communication plan (on project scope, benefit/ negative impacts during implementation, including key consultation in each project

commune, training of trainers for facilitators on HIV/AIDs, human trafficking and road safety with gender specialist, etc.) in relation to GAP, Environment planning, resettlement planning and (ii) mentor community facilitators to conduct regular community awareness raising program (consultation sessions, public information sharing on project, risk mitigation communication ToT for facilitators, etc.).

- Other related tasks to GAP as required.

172. **Community Tourism Specialist:** The consultant will be responsible for advising on the planning, implementation and monitoring of community tourism activities that will be undertaken by the project. The consultant must be willing to provide in-depth hands on assistance to the PPMU while coordinating closely with the PIC Team Leader and domestic consultants in all aspects of activity implementation. The consultant is required to assist, when necessary, in the implementation of project training and capacity building activities as requested by the PIU's. The expert will be located at PCU Project Office, including frequent field trips to subproject sites. Specific tasks include:

- Conduct field surveys, baseline studies, market analysis and product feasibility studies for the community tourism programs within the project area;
- Based on the above studies, assist provincial PIU's work with tour operators and communities to establish sustainable eco/cultural tourism activities that support cultural and natural heritage conservation and include women and ethnic minorities groups in their operation and management;
- Assist in the planning of community-based training and related participatory capacity building initiatives at the national, provincial, district and village level;
- Advise on the content of a marketing plan for eco and cultural tourism programs that will be developed under this project;
- Working closely with the Supply Chain Development Specialists, identify areas where the project can intervene to enhance pro-poor supply chains and plan and implement appropriate activities to do so;
- Develop training and awareness programs on environment, culture, and pro-poor tourism for tour operators, guides and tourism-related businesses;
- Assist the private sector partners to develop pro-poor tour products such as excursions, handicrafts, and agricultural goods and identify appropriate infrastructure developments to support the pro-poor tourism initiatives;
- Coordinate the project's bi-annual work plan with other pro-poor tourism related activities that are undertaken by development partners, local NGO's and the private sector in subproject areas;
- Advise on the development and production of marketing and promotion materials for pro-poor tour products and local goods;
- Assist the PPMU and PIC Team Leader prepare quarterly reports to the Government and ADB;
- Advise on the content and design of cultural and ecotourism related information and promotional materials;
- Advise and assist with the development of training manuals and awareness programs on environmental conservation, cultural tourism principles for tourism operators and guides;

- Document baseline conditions at the 4-6 cultural - ecotourism circuits that will be developed under the project in each subproject site/province and design a protocol to monitor the extent by which communities that are involved in the project are benefiting from interventions introduced by the project; and
- Conduct other activities as requested by the PIU's and PCU.

173. Specific outputs to be produced under the consultant's contract include:

- Based on surveys, and feasibility studies, identify and produce a written assessment of 4–6 cultural - ecotourism products that will be developed under the project in each subproject site/province;
- Produce a step-by-step ecotourism development handbook for selected ecotourism products, which will be used by the PIU's and private-sector operators in the implementation of this project;
- Produce a report with detailed recommendations and suggested design on all small-scale ecotourism-related infrastructure that will be constructed under the subprojects;
- Working with the social and environmental specialists, design a protocol to monitor the socio-economic, environmental and cultural impacts of ecotourism in subproject areas; and
- Produce a manual on how to use ecotourism for the conservation of the environment, culture and poverty reduction for tour operators and guides.

174. **Required Qualifications and Experience:** The consultant will have relevant technical experience and background to advise and assist the PIU's plan and carry forth work programs under the project. A minimum of 10 years professional experience is required, preferably working on ecotourism related projects in the country or in the GMS region. The consultant must have the ability to speak, read and write the English language on a professional level.

175. **Tourism Supply Chain Development and Training Specialist:** The consultant will be responsible for designing studies and data collection instruments that will be used to perform detailed analysis of supply-chains in the provinces included in the pro-poor tourism subprojects. These studies will quantify the positive and negative economic benefits of tourism in target provinces and identify areas where the subproject can intervene to increase the benefits of tourism to the poor. Results of the studies and assessments undertaken by the Tourism Specialist will be used by the project implementation team to effectively program subproject resources with an aim to involve a wider range of villages in the tourism economy by providing outlets for value added goods that they are capable of producing. The expert will be located at the Project Office and PIU's including frequent field trips to subproject sites. Specific tasks that will be undertaken by the consultant include:

- Conduct a study of supply chain linkages in the selected subprojects to examine the extent of which local communities are supplying food, flowers, beverages, furniture, handicrafts, casual labor, skilled and semi-skilled labor to the accommodation sector, and the extent to which employment in the sector is providing local jobs and alleviating poverty;
- In the seven tourism subprojects, undertake an analysis of inputs into the pro-poor aspects of village-based excursions including home-stays, provision of food, lodging, transportation and handicrafts by villagers or the payment of fees directly to villages. Identify and report on areas where communities could gain greater benefits from these ventures;

- Conduct an analysis of the handicraft sector in two sample provinces to identify the source, pricing and quality of raw materials used in local craft production, sources of labor, margins on sample products, supply and demand analysis for select handicrafts that are being produced by villages outside existing tourism supply chains. Investigate the role of traders, wholesalers and retailers at the district and provincial level and how they figure into the local craft industry;
- In close consultation with the PPMU and tourism specialists, identify and make recommendations on the design, location and operation of small-scale infrastructure such as handicraft markets, access roads, electricity or machinery that will assist local communities gain greater benefits from the opportunities presented by involvement in the tourism economy;
- Conduct a training needs assessment regarding handicraft design, production methods, marketing and promotion for participating countries; and
- Establish baseline production and benefit indicators in the seven subprojects and design a protocol to monitor the extent by which communities that are involved in the project are benefiting from the pro-poor supply chain intervention.

176. Specific outputs to be produced under the consultant's contract include:

- A report on the results of the pro-poor supply chain studies for each subproject;
- Produce a report detailing the methodology by which the PIU's can go about helping a greater number of poor producers to gain economic benefits from the tourism economy;
- Produce a report with detailed recommendations and suggested design for small-scale infrastructure that will that will assist local communities gain greater benefits from tourism; and
- Working with the PISC specialists, establish baseline production and benefit indicators in the two sample provinces and design a monitoring protocol to measure the extent by which communities that are involved in the project benefit from pro-poor supply chain interventions.

177. **Required Qualifications and Experience:** The consultant will have relevant technical experience and background to advise and assist the PIU's plan and carry forth work programs under the project. A minimum of 10 years professional experience is required, preferably working on small business development and/or pro-poor tourism related projects in the GMS region. The consultant must have the ability to speak, read and write the English language on a professional level, and preferably speak the national language.

178. **Transport and trade Planner**

179. **Socio-economic Planner and Trainer**

180. **Unallocated Specialists:** This item is intended to provide resources for as yet unidentified areas of technical expertise that might be needed for the implementation of the project. Detailed TORs are to be developed by NPMO with the support of PIC.

c) Output 1: Detailed Design Consulting Firm (DDCF) Roads

181. A DDCF will be recruited by the EA using national recruitment procedures. Each DDCF will have preferably seven (7) years of corporate experience in infrastructure development in the road sector. The inputs will cover disciplines such as road engineer/team leader, geotechnics/materials, structural, hydrology and any other needed to complete the detailed designs and tender documents.

182. **Implementation Arrangements:** The PPMUs will make available to the DDCF all relevant data, maps and reports, and ensure access to all equipment purchased under the project at no cost to the DDCF. PPMUs will provide counterpart and support staff to work with each DDCF, and will arrange necessary introductions to concerned government organizations, ministries and their departments.

183. **Scope:** The scope of services will include:

- Review of feasibility studies;
- Field assessment of condition of existing assets;
- Initial consultations with stakeholders such as PPMU, DPI, DOT, and PIC;
- Close cooperation with PIC on the updating of all safeguard documents and the implementation of their requirements, as well as ensuring compliance with the gender action plan;
- Topographic survey and geotechnical investigation – survey to be conducted at an accuracy that will enable the preparation of cadastral maps to the quality required by PONRE;
- Preparation of detailed designs, drawings, bidding documents, bills of quantity, specifications and contract documents, cadastral maps of all command areas; and final design reports;
- Consultations with all stakeholders on the designs, including presentations/workshops at the field, and provincial levels; and
- Coordinating all aspects of bidding process and contract award, in close cooperation with PISC and PPMU.

184. PIC will oversee all work as the Executing Agency/Employer's Representative, and each DDCF will report to PPMU through PIC. DDCF will work in accordance with an agreed Quality Assurance framework, which will be monitored by PIC.

185. **Reporting and Deliverables:** DDCF will produce the following reports in English:

- A detailed workplan within one month of mobilization;
- Topographic survey and geotechnical investigation reports; and
- Design reports, drawings, specifications, bills of quantity and bidding documents – up to 10 sets per batch depending on the number of bidders.

d) Output 1: Construction Supervision Consulting Firm (CSCF) Roads

186. A CSCF will be recruited by the EA using ADB QCBS recruitment procedures on an output based contract. Each CSCF will have preferably seven (7) years of corporate experience in infrastructure development in the road sector. All staff will have a minimum of five years road

construction supervision. The CSFB will carry out the supervision and perform all tests and investigations required by the Government of Viet Nam to ensure the roads are constructed to the appropriate standard and specifications.

187. **Implementation Arrangements:** The PPMUs will make available to the CSCF all relevant detailed designs, tender documents, data, maps and reports, and ensure access to all equipment purchased under the project at no cost to the DDCF. PPMUs will provide counterpart and support staff to work with each CSCF, and will arrange necessary introductions to concerned government organizations, ministries and their departments.

188. **Scope:** The scope of services will include:

- Review the detailed designs;
- Contract administration and construction supervision of the road sections under its responsibility, including the processing and certification of all payment certificates;
- Perform all required due diligence for materials, construction practices and construction quality;
- Ensure all contractors provide as-built drawings; and
- Issuance of completion certificate.

189. CSCF will oversee all work as the Executing Agency/Employer's Representative, and each CSCF will report to PPMU through PISC. CSCF will work in accordance with an agreed Quality Assurance framework, which will be monitored by PISC.

190. **Reporting and Deliverables:** CSCF will produce the following reports in English:

- Monthly reports on progress of all construction work;
- A draft subproject completion report to be submitted to PPMU two months before the completion of the subproject; and
- Submit a final subproject completion report within one month of receipt of comments from PPMU.

191. **Output 1: Road Safety Training:** Road safety is a major concern in Viet Nam and particularly in the mountain areas where the geography is generally challenging. A natural consequence of the upgrading of roads will be an increase in the volume of traffic traveling at higher speeds than were previously possible. This raises hazards for people living along and using the road, especially children traveling to school, as well as farm livestock, a valuable part of each family's assets. A specialized entity will be recruited by the CPMU using consultant qualification selection (CQS) procedures to assist the district and commune governments to address this problem. The entity will carry out activities to protect vulnerable road users including:

- promotion of road safety at primary schools within road upgrading subproject areas using known programs;
- sponsoring media broadcasts on road safety to the general population of the subproject areas; and
- raising road safety in public meetings prior to, during and after rural road construction.

e) Output 2: Detailed Design Consulting and Supervision Firm (DDSF) Tourism

192. An ECF will be recruited by the EA for each of the seven PRI subprojects using CQS procedures (national). Each ECF will have preferably seven (7) years of corporate experience in infrastructure development in the sector, preferably in irrigation. The inputs for the ECF will vary depending on the number of PRI subprojects in each batch. The EC inputs will be around 300 person-months (intermittent) and covering disciplines such as irrigation/team leader, geotechnics/materials, hydrology, contract administration and construction supervision.

193. **Implementation Arrangements:** The project period from loan approval to the loan closing date is five (5) years and six (6) months. Within this period, the contract period for each EA is expected to be no more than 24 months for each batch, with work running in parallel to the extent possible across the batches. Each ECF will be expected to undertake their work from their home office, but will also be required to periodically spend time in each of the participating provinces. NPMO and PPMOs will make available to each EC all relevant data, maps and reports, and ensure access to all equipment purchased under the Overall project at no cost to the ECF. NPMO and PPMOs will provide counterpart and support staff to work with each ECF, and will arrange necessary introductions to concerned government organizations, ministries and their departments.

194. **Scope:** The scope of services for each batch will include:

- Review of feasibility studies;
- Field assessment of condition of existing assets;
- Initial consultations with water user groups and other stakeholders such as DAFO, PAFO, NPMO and PIC;
- Close cooperation with PIC on the updating of all safeguard documents and the implementation of their requirements, as well as ensuring compliance with the gender action plan;
- Topographic survey and geotechnical investigation – survey to be conducted at an accuracy that will enable the preparation of cadastral maps to the quality required by PONRE;
- Preparation of detailed designs, drawings, bidding documents, bills of quantity, specifications and contract documents, cadastral maps of all command areas; and final design reports;
- Consultations with all stakeholders on the designs, including presentations/workshops at the field, district and central levels;
- Coordinating all aspects of bidding process and contract award, in close cooperation with PIC and NPMO;
- Contract administration and construction supervision of the batches under its responsibility, including the processing and certification of all payment certificates;
- Ensure all contractors provide as-built drawings; and
- Issuance of completion certificate.

195. PIC will oversee all work as the Executing Agency/Employer's Representative, and each ECF will report to NPMO through PIC. ECF will work in accordance with an agreed Quality Assurance framework, which will be monitored by PIC.

196. **Reporting and Deliverables:** ECF will produce the following reports in English:

- A detailed workplan within one month of mobilization;
- Topographic survey and geotechnical investigation reports;
- Design reports, drawings, specifications, bills of quantity and bidding documents – up to 10 sets per batch depending on the number of bidders;
- Cadastral maps acceptable to DONRE for use in the land titling process;
- Monthly reports on progress of all design work and construction work;
- A draft PRI subproject completion report to be submitted to NPMO/PIC two months before the end of the PRI subproject; and
- Submit a final PRI subproject completion report within one month of receipt of comments from NPMO/PIC.

197. **Implementation Arrangements:** The PPMUs will make available to the DDCF all relevant data, maps and reports, and ensure access to all equipment purchased under the project at no cost to the DDCF. PPMUs will provide counterpart and support staff to work with each DDCF, and will arrange necessary introductions to concerned government organizations, ministries and their departments.

198. **Scope:** The scope of services for each batch will include:

- Review of feasibility studies;
- Field assessment of condition of existing assets;
- Initial consultations with stakeholders such as PPMU, DPI, DOT, and PIC;
- Close cooperation with PISC on the updating of all safeguard documents and the implementation of their requirements, as well as ensuring compliance with the gender action plan;
- Topographic survey and geotechnical investigation – survey to be conducted at an accuracy that will enable the preparation of cadastral maps to the quality required by PONRE;
- Preparation of detailed designs, drawings, bidding documents, bills of quantity, specifications and contract documents, cadastral maps of all command areas; and final design reports;
- Consultations with all stakeholders on the designs, including presentations/workshops at the field, and provincial levels; and
- Coordinating all aspects of bidding process and contract award, in close cooperation with PIC and PPMU.

199. PIC will oversee all work as the Executing Agency/Employer's Representative, and each DDCF will report to PPMU through PIC. DDCF will work in accordance with an agreed Quality Assurance framework, which will be monitored by PISC.

200. **Reporting and Deliverables:** DDCF will produce the following reports in English:

1. A detailed workplan within one month of mobilization;
2. Topographic survey and geotechnical investigation reports;

3. Design reports, drawings, specifications, bills of quantity and bidding documents – up to 10 sets per batch depending on the number of bidders;
4. Contract administration and construction supervision of the batches under its responsibility, including the processing and certification of all payment certificates;
5. Ensure all contractors provide as-built drawings; and
6. Issuance of completion certificate.

f) Financial Audit

Audit TOR

201. **Introduction:** A description of the project will be provided with a focus on: (i) the purpose for which the funds are intended, which is consistent with broad project objectives and budget, (ii) a description of the executing and implementing agencies, (iii) loan amount and project cost (by ADB, co-financier(s), and government counterpart), (iv) accounting and financial management practices, financial reporting periods to be audited (whether it is the first or last audit), and (v) other relevant information that should be brought to the attention of the auditors.

202. **Management's responsibility for preparing project financial statements:** The management is responsible for preparing and fairly presenting the project financial statements, and for maintaining sufficient internal controls to ensure that the financial statements are free from material misstatement, whether due to fraud or error. In addition, management is responsible for ensuring that funds were used only for the purpose(s) of the project, for compliance with financial covenants (where applicable), and for ensuring that effective internal controls, including over the procurement process, are maintained. In this regard, management must:

- (i) Prepare and sign the Project Financial Statements. (**Annex C1**).
- (ii) Prepare and sign a Statement of Compliance. (**Annex C2**)

203. **Objectives:** The objectives of the audit of the project financial statements is to enable the auditor to (i) express an independent and objective opinion as to whether the project financial statements present fairly, in all material respects, or give a true and fair view of the project's financial position, its financial performance and cash flows, and (ii) provide a reasonable assurance opinion over certain specific representations made in the Statement of Compliance. (Refer to Annex C2).

204. **Auditing Standards:** The audit is required to be conducted in accordance with the Standards promulgated by the International Auditing and Assurance Standards Board (IAASB), including: (i) International Standards on Auditing (ISA); and (ii) International Standards on Assurance Engagements (ISAE). These standards require that the auditor comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the project financial statements are free from material misstatement.

205. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the project financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the project financial statements whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of the project financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

206. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the project financial statements. The auditor also note the impact on APFS arising from any material deviations from the agreed accounting standards and comment on any accounting policy changes during a financial year or from one year to another.

207. In complying with ISA, the auditor will pay particular attention to the following standards:

- (i) ISA 800: Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks. Where the audit report has been issued under ISA 800, it shall include the mandatory Emphasis of Matter paragraph alerting users of the audit report that the project financial statements are prepared in accordance with a special purpose framework and that, as a result, the project financial statements may not be suitable for another purpose. The auditor shall include this paragraph under an appropriate heading;
- (ii) ISA 240: The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements;
- (iii) ISA 250: Consideration of Laws and Regulations in an Audit of Financial Statements.
- (iv) ISA 260: Communication With Those Charged with Governance;
- (v) ISA 265: Communicating Deficiencies in Internal Control To Those Charged with Governance and Management; and
- (vi) ISA 330: The Auditor’s Responses to Assessed Risks.

208. Audit Deliverables:

- (i) The auditor must verify that the project financial statements have been prepared under modified-cash basis accounting in accordance with the ADB’s reporting requirements as detailed in **Annex C1**. An auditor’s opinion providing reasonable assurance over the project financial statements.
- (ii) The auditor will provide a reasonable assurance opinion following ISAE 3000 “Assurance Engagements other than Audits or Reviews of Historical Financial Information” for the following assertions by Management in the Statement of Compliance (see **Annex C2**) that:
 - a. the proceeds of the loan were used only for the purpose(s) of the project; and
 - b. the borrower or executing agency was in compliance with the financial covenants of the loan agreement(s), where applicable.

208. The auditor needs to outline the degree of compliance for each of the financial covenants in the loan agreement.

209. Where reasonable assurance has been provided using ISAE 3000 (on the use of loan proceeds and compliance with financial covenants), the assurance report must contain, among others:

- (i) A title that clearly indicates the report is an independent assurance report;
- (ii) An addressee;
- (iii) An identification and description of the subject matter information and, when appropriate, the subject matter;
- (iv) Identification of the criteria;
- (v) A statement that the engagement was performed in accordance with ISAE;
- (vi) A summary of the work performed; and
- (vii) The auditors’ conclusion.

210. **Management letter:** The auditor will provide a management letter containing, at a minimum, the following:

- (i) Any weaknesses in the accounting and internal control systems that were identified during the audit, including any irregularity in the use of the imprest fund and statement of expenditures (SOE) procedures (where applicable);
- (ii) Any identified internal control weaknesses related to the procurement process such as, over the bidding, evaluation and contract management domains;
- (iii) Recommendations to rectify identified weaknesses;
- (iv) Management's comments on the audit recommendations along with the timeframe for implementation;
- (v) The status of significant matters raised in previous management letters;
- (vi) Any other matters that the auditor considers should be brought to the attention of the project's management; and
- (vii) Details of any ineligible expenditure identified during the audit. Expenditure is considered ineligible if it refers to (i) expenditures incurred for purposes other than the ones intended under the legal agreement(s); (ii) expenditures not allowed under the terms of the legal/financing agreements; and (iii) expenditures incurred in violation of applicable government regulations. If the auditor reports any ineligible expenditure in the management letter, the details of the findings should include the funding source to which the observation relates.

211. **Specific Considerations:** The auditor will, during the course of the audit, pay particular attention to the following:

- (i) The use of external funds in accordance with the relevant legal and financing agreements;
- (ii) The provision of counterpart funds in accordance with the relevant agreements and their use only for the purposes intended;
- (iii) The maintenance of proper books and records;
- (iv) The existence of project fixed assets and internal control related thereto;
- (v) Project's accounting policies, and confirm the extent to which the agreed project accounting policies have been applied. In particular, the impact on the APFS arising from any material deviations from the agreed accounting standards. Comments on any accounting policy changes, either during a financial year, or from one year to another;
- (vi) On the imprest fund procedure (where applicable), audit procedures are planned and performed to ensure (a) the imprest account (and any sub-accounts) has been managed in accordance with ADB's Loan Disbursement Handbook, (b) the cash balance of the imprest account (and any sub-accounts) is supported by evidence, (c) the expenditures paid from the imprest account (and any sub-accounts) comply with the approved project purpose and cost categories stipulated in the loan agreement, and (d) the amount of expenditures paid from the imprest account (and any sub-accounts) comply with disbursement percentage stipulated in the loan agreement;
- (vii) On the SOE procedure (where applicable), audit procedures are planned and performed to ensure that (a) the SOEs have been prepared in accordance with ADB's Loan Disbursement Handbook, (b) the individual payments for expenditures stated in the SOE are supported by evidence, (c) the expenditures stated in the SOEs comply with the approved project purpose and cost categories stipulated in loan agreement, (d) the amount of expenditures stated in the SOEs comply with disbursement percentages stipulated in the loan agreement, (e) adequate supporting

documentation has been maintained to authenticate claims stated in the SOE for reimbursement of eligible expenditures incurred and liquidation of advances provided to the imprest account; and

- (viii) Any weakness in internal controls. Review and evaluate the system of internal controls in effect, including internal audit procedures, to determine the degree of reliance that may be placed upon them and to determine the extent of testing of actual transactions needed to assure the auditor of the accuracy of the accounting records

212. **Audit Deliverables:** All reports must be presented in the English language within 06 months following the end of the fiscal year. The Auditor's reports on the projects financial statements should be prepared in 08 hard copies.

213. **Public disclosure:** Public disclosure of the project financial statements, including the auditor's opinion on the audited project financial statements, will be guided by ADB's Public Communications Policy 2011.⁴⁴ After review, ADB will disclose the audited project financial statements and the opinion of the auditor on the audited project financial statements no later than 14 calendar days of ADB's confirmation of their acceptability by posting them on ADB's website. The management letter and the additional auditor's opinions will not be disclosed.

214. **Qualifications of Audit Firm:** The following are the requirements on the qualification of auditing firms for auditing ADB funded projects in Viet Nam. It must be authorized to practice in Viet Nam and be capable of applying established procedures and reliable methodology in conformity with ISA and ISAE. The detailed requirements on the qualification of auditing company are:

- (i) Be a legal entity with business license granted by the competent authority, as requested by Vietnamese law; having business registration or set up business in the fields relevant to the requirements of the TORs;
- (ii) Must be impartial and independent from all aspects of management or financial interests in the EA/IA being audited. In particular, the auditor should be independent of the control of the entity;
- (iii) Be included in the most updated list of authorized auditing companies and auditors which is approved by Ministry of Finance and published on website: www.mof.gov.vn;
- (iv) Have adequate staff, with appropriate professional qualifications and suitable experience in finance/financial management in ODA funded projects or Government projects/ programs, including experience in auditing the Enterprise Financial system (EFS) comparable in nature, size and complexity to the entity whose audit they are to undertake;
- (v) Notify and get written endorsement of the executing agency every time an engagement team member is substituted; and
- (vi) Subcontracting of audit services is not permitted

215. The following are the requirements on the qualification of Individual auditor for each proposed position in the audit: The auditor must be authorized to practice in the country and be capable of applying the agreed auditing standards. The auditor should have appropriate professional qualifications and suitable experience, including experience in auditing the accounts of projects or entities comparable in nature, size and complexity to the project or entity whose audit they are to undertake. To this end, the auditor is required to provide curriculum vitae (CV) of

⁴⁴ Public Communications Policy: <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

the personnel who will provide the opinions and reports, together with the CVs of managers, supervisors and key personnel likely to be involved in the audit work. These CVs should include details of audits carried out by these staff, including ongoing assignments.

216. The auditor will be impartial and independent from any aspects of management or financial interest in the entity or project under audit. In particular, the auditor should be independent of the control of the entity. The auditor should not, during the period covered by the audit, be employed by, or serve as director for, or have any financial or close business relationship with the entity. The auditor should not have any close personal relationships with any senior participant in the management of the entity. The auditor must disclose any issues or relationships that might compromise their independence.

The following are the outline TOR of each position⁴⁵:

217. Audit Engagement Partner (X national expert):

- a. Holding the highest responsibility for the audit engagement, the Partner will be responsible for:
 - (i) Provide directives for the whole audit team from the planning, implementation of the audit and issuing audit opinions.
 - (ii) Take responsibility for the overall quality of the audit. Assure the audit is carried out in compliance with the Firm's quality standards and procedures and with the requirements of clients.
 - (iii) Developing an understanding of client's business and becoming a "functional expert" in the area.
- b. Minimum Qualifications:
 - (i) A university graduate (preferably with a post-graduate degree) in accounting, auditing, finance, or related fields;
 - (ii) Holder of the Audit practitioner certificate granted by the Vietnamese MoF and, preferably, an internationally recognized professional certificate to practice audit or accounting, such as ACCA, CPA Australia, etc.;
 - (iii) Professional experience for 15 years or above working in financial, advisory or audit services, with 08 years or more providing audit services since being granted with Vietnamese or international auditor certificate, of which at least 04 years in directing auditing teams;
 - (iv) Experience as Audit Director or Partner for at least 03 audit contracts for projects funded by ADB, the World Bank, or large international donors;
 - (v) Experience working for a Big4 or large regional accounting firm is a plus; and
 - (vi) Fluent English is compulsory.

218. Audit Manager (X national expert):

- (a) The Manager will be responsible for:
 - (i) Receive the instructional directives from Partner and give detailed guidance to all team members;

⁴⁵ The TOR must indicate clearly how many international and national experts required for the assignment.

- (ii) Monitor the audit fieldwork of engagement team, reviews staff work and ensure that it meet professional standards and the internal audit department's guidelines;
- (iii) Take responsibility for the quality of the audit before submitting to the engagement partner;
- (iv) To be the contact point with project management regarding key issues identified, audit adjustments; and
- (v) Monitor the progress of the audit and monitor the adherence to the committed deadline

(b) Minimum Qualifications:

- (i) A university graduate (preferably with a post-graduate degree) in accounting, auditing, finance, or related fields;
- (ii) Holder of the Audit practitioner certificate granted by the Vietnamese MoF and/or an internationally recognized professional certificate to practice audit or accounting, such as ACCA, CPA Australia, etc.;
- (iii) At least 10 years of experience providing audit services, of which 05 years or more in managing the audit team;
- (iv) Audit experience for projects funded by ADB, the World Bank, or large international donors in Vietnam would be an advantage;
- (v) Experience working for a Big4 or large regional accounting firm is a plus; and
- (vi) Fluent English is compulsory.

219. Senior Auditors (X national experts):

(a) The Senior Auditors will be responsible for:

- (i) Follow the instructions from Engagement Partner and Manager;
- (ii) Keep the Partner and Manager updated on the key issues or audit adjustments on a regular basis;
- (iii) Being responsible for the audit quality of the whole team in front of Manager;
- (iv) Being responsible for the compliance with auditing firm quality standards and procedures and with the requirements of this TOR.

(b) Minimum Qualifications:

- (i) A university graduate in accounting, auditing, finance, or related fields;
- (ii) Preferably holder of the Audit practitioner certificate granted by the Vietnamese MoF and/or an internationally recognized professional certificate to practice audit or accounting, such as ACCA, CPA Australia, etc.;
- (iii) At least 05 years of experience in providing audit services;
- (iv) Audit experience for projects funded by ADB, the World Bank, or large international donors in Vietnam would be an advantage; and
- (v) English proficiency is preferable.

220. Junior Auditors (X national experts):

(a) The Junior Auditors will be responsible for:

- (i) Implement audit procedures, audit assigned sections in the agencies, be responsible for the data and issues related to the audit engagement;
- (ii) Support the preparation of the audit report; draft the minutes of audit; report to the Audit Seniors regarding the issues related to the audit.

(b) Minimum Qualifications:

- (i) A university graduate in accounting, auditing, finance, or related fields;
- (ii) Preferably holder of the Audit practitioner certificate granted by the Vietnamese MoF and/or an internationally recognized professional certificate to practice audit or accounting, such as ACCA, CPA Australia, etc.;
- (iii) At least 02 years of experience working in providing audit services;
- (iv) Audit experience for projects funded by ADB, the World Bank, or large international donors in Vietnam would be an advantage; and
- (v) English proficiency is preferable.

221. **Locations to be audited:** The audit fieldwork shall be carried out in the PPMUs. Since the Project is implemented in provinces and districts, the auditors may have to travel to those provinces to do audit and randomly choose the locations to be visited.

222. **Phasing of the Audit:** The TORs must specify in the following table when the report will be submitted in draft and in final format:

Table 19: Month of fiscal year (FY) and report submission

Period	FY start	FY End	Report Submission to ADB	Remarks
1	01/01/2017	31/12/2017	30/06/2018	
2	01/01/2018	31/12/2018	30/06/2019	
3	01/01/2019	31/12/2019	30/06/2020	
4	01/01/2020	31/12/2020	30/06/2021	
5	01/01/2021	31/12/2021	30/06/2022	

223. Although the auditing firm will be contracted for the mentioned audit phases (maximum three years per contract), it must submit the financial proposal in US\$ in a format indicating the amount for each financial year independently: (i) If performance is not satisfactory in one year then the client will not be bound for subsequent year's audits; and (ii) If the performance is satisfactory, the auditor may participate in bidding process for the next fiscal years, but the total assignment should be up to 6 years for one project.⁴⁶ The audited phases need to cover the period from loan effective date to the end of 04 months grace period (if any) succeeding the loan closing date.

224. **Available Information to be Provided to the Auditor:**

- (i) The auditor should have full and complete access, at all reasonable times, to all records and documents including books of account, legal agreements, bank records, invoices and any other information associated with the project and deemed necessary by the auditor. The auditor will also obtain confirmation of amounts disbursed and outstanding at ADB. The Auditor shall have the right of access to banks and depositories, consultants, contractors and other persons or firms engaged by the

⁴⁶ In case project wants to lengthen the contract with Auditor, after the first three years contract, but not through re-bidding, the project management is required to discuss the matter with ADB Team leader.

project. In case access has been restricted, the auditor must note this in the management letter;

- (ii) The auditor will be provided with full cooperation by all employees of the entity and the project implementing units, whose activities involve, or might be reflected in, the annual project financial statements. The auditor will be assured rights of access to banks and depositories, consultants, contractors, and other person or firms hired by the employer; and
- (iii) ADB can request access to the auditors unedited audit working papers. If necessary, the auditing company can be requested, free of charge, to participate in a wrap-up session for the Ministry of Finance (MOF), the EA/IAs and ADB to share common findings across projects being audited and provide recommendations for addressing bottlenecks in preparation for the next audit.

225. Reporting Relationships

- (i) The audit services will be contracted by PPMU, and the Auditor shall report to: the Project Director and Chief Accountant.
- (ii) The Auditor should maintain and file the work papers and provide them to the Government and/or ADB when requested.