

Project Administration Manual

Project Number: 48289-002

Loan Number: {LXXXX}

June 2017

Pakistan: Peshawar Sustainable Bus Rapid Transit
Corridor Project

ABBREVIATIONS

ADB	=	Asian Development Bank
DCO	=	Deputy Commissioner Office
DMF	=	design and monitoring framework
EA	=	executing agency
EMP	=	environmental management plan
GAP	=	gender action plan
IA	=	implementing agency
KPUMA	=	Khyber Pakhtunkhwa Urban Mobility Authority
LARP	=	land acquisition and resettlement plan
LRP	=	livelihood restoration plan
PAM	=	project administration manual
PDA	=	Peshawar Development Authority
PIU	=	project implementation unit
PMU	=	project management unit
QCBS	=	quality- and cost based selection
SPS	=	Safeguard Policy Statement
TOR	=	terms of reference
TMTD	=	Transport and Mass Transit Department

CONTENTS

I.	PROJECT DESCRIPTION	1
II.	IMPLEMENTATION PLANS	1
	A. Project Readiness Activities	1
	B. Overall Project Implementation Plan	3
III.	PROJECT MANAGEMENT ARRANGEMENTS	4
	A. Project Implementation Organizations: Roles and Responsibilities	4
	B. Key Persons Involved in Implementation	5
	C. Project Organization Structure	4
IV.	COSTS AND FINANCING	8
	A. Cost Estimates Preparation and Revisions	8
	B. Key Assumptions	8
	C. Summary Cost Estimates and Financing Plan	9
	D. Detailed Cost Estimates by Expenditure Category	10
	E. Allocation and Withdrawal of Loan Proceeds	11
	F. Detailed Cost Estimates by Financier	12
	G. Detailed Cost Estimates by Outputs	14
	H. Detailed Cost Estimates by Year	15
	I. Contract and Disbursement S-Curve	16
	J. Fund Flow Diagram	17
V.	FINANCIAL MANAGEMENT	18
	A. Financial Management Assessment	18
	B. Disbursement	19
	C. Accounting	21
	D. Auditing and Public Disclosure	21
VI.	PROCUREMENT AND CONSULTING SERVICES	22
	A. Advance Contracting and Retroactive Financing	22
	B. Procurement of Goods, Works, and Consulting Services	22
	C. Procurement Plan	23
	D. Consultant's Terms of Reference	23
VII.	SAFEGUARDS	23
	A. Land Acquisition and Resettlement	23
	B. Environment	25
	C. Indigenous Peoples	26
VIII.	GENDER AND SOCIAL DIMENSIONS	26
IX.	PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION	29
	A. Project Design and Monitoring Framework	29
	B. Monitoring	31
	C. Evaluation	32
	D. Reporting	33
	E. Stakeholder Communication Strategy	33
X.	ANTICORRUPTION POLICY	34
XI.	ACCOUNTABILITY MECHANISM	35
XII.	RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL	35

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 the policies and procedures of the government and Asian Development Bank (ADB). The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The executing agency, Khyber Pakhtunkhwa Urban Mobility Authority (KPUMA), and implementing agencies, Peshawar Development Authority and TransPeshawar The Urban Mobility Company (TransPeshawar), are wholly responsible for the implementation of the project, as agreed jointly between the borrower and ADB, and in accordance with the policies and procedures of the government and ADB. ADB staff is responsible for supporting implementation including compliance by executing and implementing agencies 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. 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 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

1. The proposed project will help develop a sustainable urban transport system in Peshawar, through the delivery of the city's first integrated bus rapid transit (BRT) corridor, directly benefiting a population of 0.5 million.¹ The project will consist of two interlinked outputs: (i) construction of a 26 kilometer (km) BRT corridor, following international best practices and quality standards; and (ii) effective project management and sustainable BRT operations through institutional and organizational developments. The project is economically justified by major time savings for future BRT passengers, vehicle operating cost savings, better air quality and savings in carbon emissions which will in turn help improve the health of Peshawar's citizens and mitigate climate change. The project will also help make Peshawar more livable and safe, boost private sector investment, and foster gender equity.

2. The project is aligned with the following impacts: (i) safe, affordable, comfortable, and environment-friendly transport system in Peshawar achieved; and (ii) quality of life in Peshawar improved.² The project will have the following outcome: quality of public transport in Peshawar improved, benefiting half a population of half a million.

3. The project outputs are (i) Peshawar's first sustainable BRT corridor and associated facilities constructed and (ii) effective project management and sustainable BRT operations established.

II. IMPLEMENTATION PLANS

A. Project Readiness Activities

Indicative Activities	2017							Responsible Unit
	Mar	Apr	May	Jun	Jul	Aug	Sep	
Advance contracting actions	Δ	Δ	Δ	Δ	Δ	Δ	Δ	ADB
Retroactive financing actions				Δ	Δ	Δ	Δ	ADB , KPUMA
Establish project implementation arrangements	Δ	Δ						ADB, TMTD/KPUMA
ADB Board approval				Δ				ADB
Loan signing					Δ			ADB, EAD
Government budget inclusion						Δ		MOF
Government legal opinion provided							Δ	MOJ
Loan effectiveness							Δ	ADB

ADB = Asian Development Bank, EAD = Economic Affairs Division, KPUMA = Khyber Pakhtunkhwa Urban Mobility Authority, MOF = Ministry of Finance, MOJ = Ministry of Justice, TMTD = Transport and Mass Transit Department. Sources: Asian Development Bank and Transport and Mass Transit Department.

¹ An estimated 519,000 people (17.5% of Peshawar total population) live within a 1-kilometer (km) radius from a BRT station and can potentially benefit from the system.

² Government of Khyber Pakhtunkhwa. 2014. *Integrated Development Strategy 2014-2018*. Peshawar.

Table 1: Project Readiness Filters

#	Key Project Preparation Elements	Stage of Project Preparation			Remarks
		Fact-finding	Negotiations	Within 1 month of Effectiveness	
1	Project priority				High priority project by GoKPK
2	PPTA implementation	Final Report in Jan 2017			
3	Concept Paper clearance				Concept approved on 15 Dec 2014
4	PDA implementation				All consultants mobilized
5	PC-I	Submitted to PDWP for approval	PC-I approved by CDWP on 2 May; Final approval by ECNEC pending	Final approval by ECNEC	
6	PAM	PAM drafted and discussed with EA	{Confirmed}		
7	Counterpart Funds	Funds for first year of implementation confirmed			
8	PMU and PIU establishment	PMU and PIU with key personnel established		PMU and PIU fully staffed	
9	Project Implementation Plan	Drafted and approved			
10	Procurement Plan	Approved by government and OSFMD	{Confirmed}		
11	Cost and Financing	Confirmed	Finalized		
12	Categorization	Categorization forms approved by SDES			
13	EIA	EIA reviewed by SDES and disclosed on ADB website on 27 Feb 2017	Updated documents based on DED	EMPs ready	
14	LARP	LARP reviewed by SDES		ongoing LARP implementation	
15	GAP	GAP reviewed by CWOD-PSG	{Confirmed}		
16	Audit Arrangements and TOR	TOR Agreed	{Confirmed}		
17	Detailed Engineering Design	DED prepared for Road Sections 1 and 3. Preparation for Section 2 ongoing.	Full DED finalized and approved by the government		
18	Bid documents and advertisement	Draft bid documents prepared for Package 1 (Sections 1 and 3)	IFB issued for Package 1. Draft BD for other packages submitted for ADB's review	Contracts negotiated	Procurement process under advance action. Contracts to be signed at loan effectiveness.
19	Consultant recruitment	TORs drafted for construction supervision consultants	SSS confirmed; or TORs and RFP issued	Selection concluded; Contract negotiated	Selection process under advance action. Contract signed at loan effectiveness.

ADB = Asian Development Bank, BD = bidding documents, CDWP-ECNEC = Central Development Working Party Executive Committee of National Economic Council, DED = detailed engineering design, EA = executing agency, EIA = environmental impact assessment, IFB = invitation for bids, GAP = gender action plan, GoKPK = Government of Khyber Pakhtunkhwa, IA = implementing agency, LARP = land acquisition and resettlement plan, PAM = project administration manual, PDWP = Provincial Development Working Party, PPTA = project preparatory technical assistance, PIU = project implementation unit, PMU = project management unit, TOR = terms of reference.

B. Overall Project Implementation Plan

Table 2: Project Implementation Plan

Indicative Activities		2017												2018												2019												
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Implementation of Project Design Advance																																						
	Mobilization of EPCM, PMCCB and ODBM consultants and completion of tasks																																					
A. DMF																																						
Output 1	Peshawar's first BRT corridor is constructed																																					
	1.1 Conduct climate risk and vulnerability assessment																																					
	1.2 Prepare detailed design under PDA and tender documents																																					
	1.3 Complete land acquisition and obtain environmental clearances																																					
	1.4 Bid process for civil works																																					
	1.5 Engineering supervision consultant selection process																																					
	1.6 Award contracts for civil works and supervision consultants																																					
	1.7 Complete full restructuring of Peshawar BRT corridor																																					
Output 2	Effective Project Management leading to sustainable BRT operations																																					
	2.1 Recruit staff and prepare business models of KPUMA and TransPeshawar																																					
	2.2 Conduct capacity building program for staff KPUMA and TransPeshawar																																					
	2.3 Complete the BRT operations' and communication's plans																																					
	2.4 Procure (2017) and install ITS as part of the BRT infrastructure																																					
	2.5 Procure (2017) the BRT fleet (447 buses) to be operated in the BRT network																																					
	2.6 Conduct negotiations with existing private bus operators																																					
	2.7 Set up compensation mechanism for excluded private operators																																					
	2.8 Services contracts prepared and signed with private company(ies) to run BRT operations																																					
	2.9 Train bus drivers and test BRT operations																																					
	2.10 Start BRT operations																																					
	2.11 Conduct awareness campaigns on traffic rules and safety in BRT																																					
	2.12 Conduct socio-economic and perception surveys																																					
	2.13 Draft urban development strategy and revise land-use plans along corridor																																					
B. Management Activities																																						
	Environment management plan key activities																																					
	Gender action plan key activities																																					
	Communication strategy key activities																																					
	Annual and midterm loan review																																					
	Project completion report (Year 2021)																																					

Recruitment / Design and Bid Period

Implementation

Recruitment / Design and Bid Period

Implementation

BRT = bus rapid transit, EPCM = Engineering, Procurement and Construction Management, KPUMA = Khyber Pakhtunkhwa Urban Mobility Authority, ODBM= Operations Design and Business Model, PDA = project design advance, PMCCB = Project Management, Coordination and Capacity Building.

Sources: Asian Development Bank and Transport and Mass Transit Department.

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations: Roles and Responsibilities

Project Implementation Organizations	Management Roles and Responsibilities
Economic Affairs Division under Ministry of Finance	Representative of Borrower
Khyber Pakhtunkhwa Urban Mobility Authority (KPUMA)	<ul style="list-style-type: none"> ➤ Executing Agency • KPUMA's Board of Directors will act as the overall Project Steering Committee • TMTD will provide administrative and secretariat support to KPUMA through the PMU and with support of the PMCCB consultants • Responsible for overall coordination of the project • Ensure availability and timely release of counterpart funds
Peshawar Development Authority	<ul style="list-style-type: none"> ➤ Implementing Agency • Review and approve inputs of EPCM consultants under the PDA loan • Establish a PIU for project coordination, account maintenance, loan disbursement, safeguards implementation, audit and reporting to ADB • Oversee procurement of civil works and consultant recruitment activities under the Project loan • Implement construction phase of project implementation, including compliance with safeguards requirements • Peshawar Development Authority (PDA) and Deputy Commissioner's Office (DCO), on behalf of KPUMA, implement the project land acquisition and resettlement plan, including environmental safeguards due diligence, in accordance with ADB's Safeguard Policy Statement (2009) and local requirements. PMU will submit required safeguards monitoring reports during project implementation. • Prepare and submit withdrawal applications to ADB • Prepare and submit quarterly project progress report to ADB with copy to KPUMA
TransPeshawar BRT Company ³	<ul style="list-style-type: none"> ➤ Implementing Agency • Review and approve inputs of ODBM consultants under the PDA • Establish a PIU for project coordination, account maintenance, loan disbursement, audit, and reporting to ADB • Oversee procurement of bus fleets and intelligent transport system equipment • Prepare and submit withdrawal applications to ADB • Prepare and submit quarterly project progress report to ADB with copy to KPUMA • Implement operations of BRT
Asian Development Bank	<ul style="list-style-type: none"> ➤ Provide financing • Guide the EA, IAs, PMU and PIUs during project implementation • Review and approve all procurement and consultant recruitment actions • Conduct regular loan review missions, including midterm and project completion missions • Monitor compliance with all loan covenants, including safeguards • Review annual audit reports and follow-up on audit recommendations

³ TransPeshawar BRT was established as a public company in January 2017. The PDA will help prepare the company's business model.

European Investment Bank and Agence Française de Développement	➤ Provide cofinancing
--	-----------------------

ADB = Asian Development Bank, EA = executing agency, EPCM = Engineering, Procurement and Construction Management, IA = implementing agency, ITS = intelligent transportation system, ODBM = Operations Design and Business Model, PMCCB = Project Management, Coordination and Capacity Building, PIU = project implementation unit, PMU = project management unit, TMTD = Transport and Mass Transit Department
Sources: Asian Development Bank and Transport and Mass Transit Department.

B. Key Persons Involved in Implementation

Executing Agency

Khyber Pakhtunkhwa Urban
Mobility Authority

Officer's Name: Sajjad Khan
Position: Project Director (PMU)
Telephone: +92 342 9800360
Email address: s.khan@outlook.com

Implementing Agency

Peshawar Development
Authority

Officer's Name: Muhammad Saleem Hassan Wattoo
Position: Director General
Telephone: +92 91 921 9217035
Email address: dqpdahst@gmail.com

Implementing Agency

TransPeshawar

Officer's Name: Javed Iqbal
Position: Chairman
Telephone:
Email address: javed.iqbal@asp.org.pk

ADB

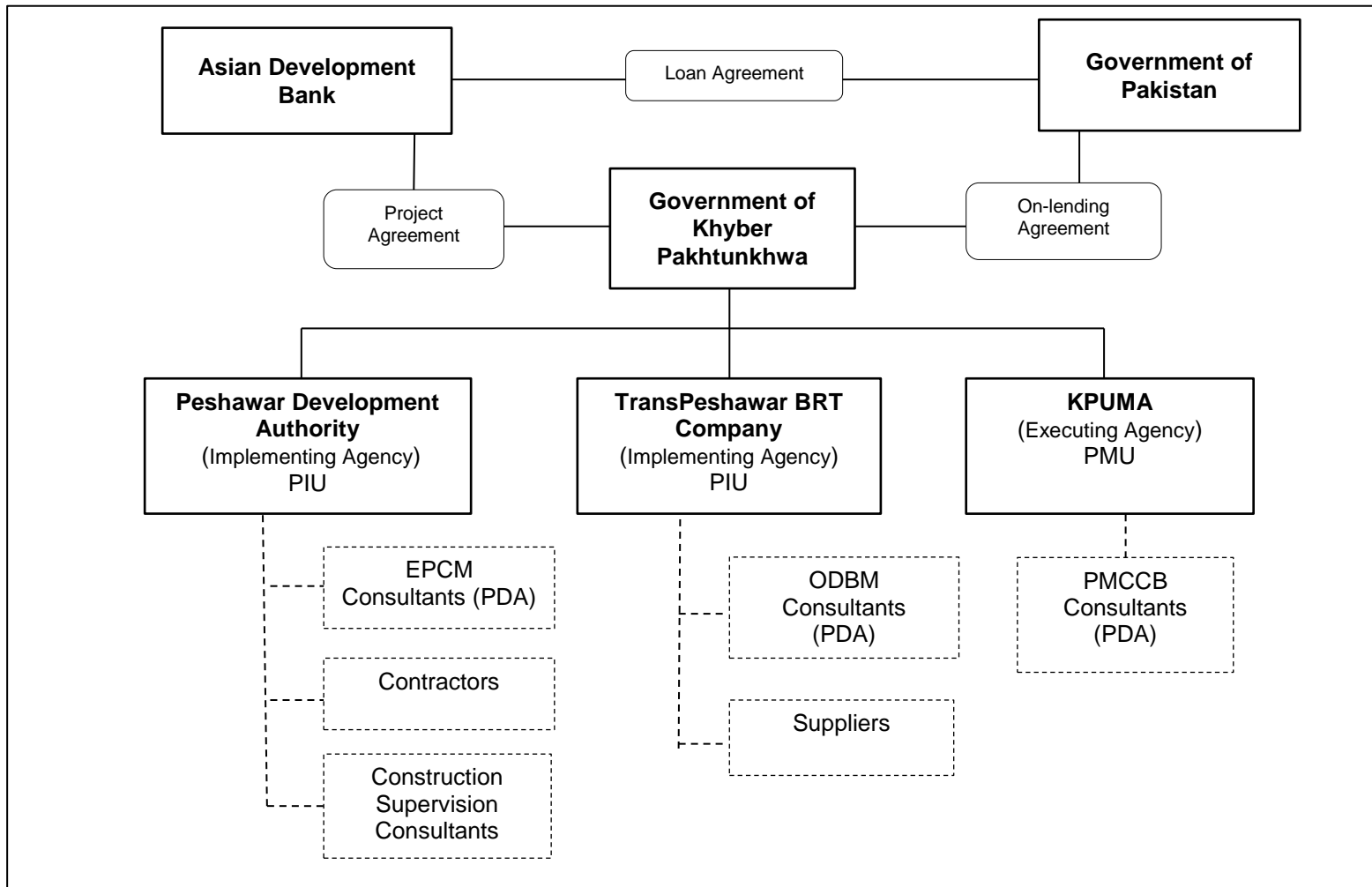
Urban Development and Water
Division

Staff Name: Yong Ye
Position: Director
Telephone: +632 632 4444
Email address: yyong@adb.org

Mission Leader

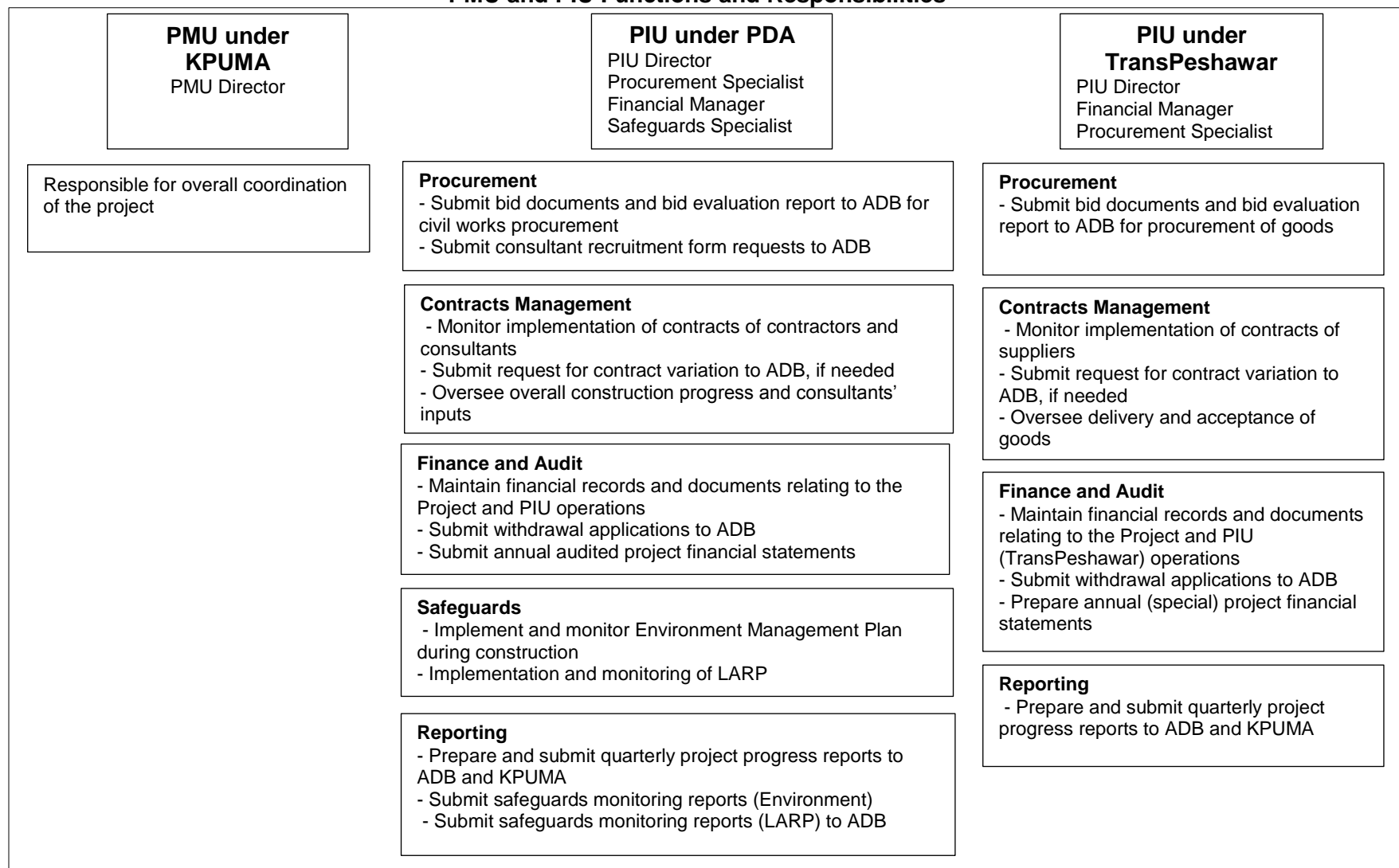
Staff Name: David Margonsztern
Position: Senior Urban Development Specialist
(Transport)
Telephone: +632 632 4444
Email address: dmargonsztern@adb.org

C. Project Organization Structure



EPCM = Engineering, Procurement and Construction Management, ODBM = Operations Design and Business Model, PDA = project design advance, PIU = project implementation unit, PMCCB = Project Management, Coordination and Capacity Building, PMU = project management unit.
Source: Asian Development Bank.

PMU and PIU Functions and Responsibilities



Note: Only key positions are listed in the diagram.

ADB = Asian Development Bank, KPUMA = Khyber Pakhtunkhwa Urban Mobility Authority, LARP = land acquisition and resettlement plan, PIU = project implementation unit, PMU = project management unit.

Source: Asian Development Bank.

IV. COSTS AND FINANCING

4. The total cost of the project is \$587 million, inclusive of price and physical contingencies, taxes and duties, and financial charges. The government has requested a regular loan of \$335 million from ADB's OCR to help finance the project. The loan will have a 25-year term, including a grace period of 5 years; an annual interest rate determined in accordance with ADB's London interbank offered rate-based lending facility; a commitment charge of 0.15% per year (interest and other charges during construction to be capitalized in the loan); and such other terms and conditions set forth in the draft loan and project agreements. Based on the straight-line method, the average loan maturity is 15.97 years, and the maturity premium payable to ADB is 0.10% per year. ADB funds will be on-lent to the Government of Khyber Pakhtunkhwa (GoKPK), on standard relending terms, with the same loan repayment schedule and grace period.

5. **Cofinancing.** The government has also requested two loans, of \$75 million equivalent each, from the AFD and EIB to finance civil works and equipment costs jointly. The AFD and EIB have confirmed their interest in providing this cofinancing for the project. ADB, the AFD, and the EIB will jointly finance relevant contract packages and expenditure categories on a cost-sharing basis. ADB procurement guidelines will apply along with universal procurement for all jointly financed packages.⁴ ADB will partially administer the AFD funds, while the EIB funds will not be administered.⁵ ADB and the AFD will conclude a cofinancing agreement, while ADB and the EIB will conclude an aide-mémoire detailing the cofinancing arrangements.

6. The summary financing plan is in Table 4. ADB will finance expenditures relating to (i) civil works, (ii) equipment, (iii) environmental and social impact mitigation measures, (iv) consulting services, (v) TransPeshawar's full operating costs for 3 years, and (vi) financing charges during implementation. The government will finance expenditures relating to taxes and duties, land acquisition and resettlement, and project incremental administration costs. Detailed cost estimates by expenditure category and financier are in Section C and D.

A. Cost Estimates Preparation and Revisions

7. The cost estimates were prepared based on the preliminary design and technical analysis by the project preparatory technical assistance consultants and were refined by ADB project team and Transport and Mass Transit Department (TMTD), on behalf of Khyber Pakhtunkhwa Urban Mobility Authority (KPUMA), during fact-finding. The cost estimates were based on current market prices. The final estimates were reviewed by ADB and endorsed by TMTD, on behalf of KPUMA.

B. Key Assumptions

8. The following key assumptions underpin the cost estimates and financing plan:
- (i) Exchange rate: PKR104.83 = \$1.00 (as of 14 March 2017)
 - (ii) Price contingencies were calculated based on price inflation data sourced from ADB's Economic and Research Department.

⁴ The blanket waiver of the member country procurement eligibility restrictions for cofinanced OCR operations approved by the Board in 2015 pursuant to the Enhancing Operational Efficiencies paper applies in this case. ADB. 2015. *Enhancing Operational Efficiency of the Asian Development Bank*. Manila.

⁵ ADB administration will comprise oversight with respect to procurement, safeguards, and disbursement.

C. Summary Cost Estimates and Financing Plan

Table 3: Summary Cost Estimates
(\$ million)

	Item	Amount ^a
A.	Base cost^b	
1	Utility relocation	20.4
2	Construction of BRT corridor: Section 1 (Chamkani-Bala to Hisar Fort), Section 2 (Malik Saad Shaheed Road to Aman Chowk), and Section 3 (Aman Chowk to Hayatabad)	268.2
3	Construction of (i) Hayatabad Bus Depot and Park and Ride, (ii) Chamkani Bus Depot, Park and Ride, TransPeshawar office and BRT Control Center (iii) Dabgari Staging Facility, Commercial Area and Park and Ride	36.3
4	Construction of Multi-storey parking plaza for Lady Reading Hospital	5.7
5	Rolling stock (BRT Fleet)	107.6
6	Bikesharing facility at University of Peshawar	1.2
7	Other Equipment (ITS, fare collection, control center)	14.0
8	Environment and Social Mitigation	33.3
9	Construction Supervision	5.8
02	Project Design Advance	12.4
11	Operating Costs	11.0
	Subtotal (A)	515.9
B.	Contingencies^c	56.5
C.	Financing Charges During Implementation^d	14.5
	Total Project Cost (A+B+C)	587.0

Note: Numbers may not sum precisely because of rounding off.

^a Includes taxes and duties of \$76.7 million to be financed by the government, partly through exemption, partly through cash contribution. Such amount does not represent an excessive share of the project cost.

^b In 2017 current prices. Inclusive of \$10 million project design advance.

^c Physical contingencies are estimated at about 10% of the cost of works. Price contingencies computed at average of 3.7% on foreign exchange costs and 11.9% on local currency costs. These include a provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

^d Includes interest and commitment charges. Interest during construction for the ordinary capital resources loan has been computed at the 3-year United States dollar fixed swap rate, plus an effective contractual spread of 0.5% and maturity premium of 0.1%. Commitment charges for the OCR loan are 0.15% per year to be charged on the undisbursed loan amount. The financing charges of the ADB loan during implementation will be capitalized to the loan account.

Table 4: Financing Plan

Source	Amount	Percent to Total
Asian Development Bank (OCR) ^a	335.00	57%
Agence Francaise de Development	75.00	13%
European Investment Bank	75.00	13%
Government	102.00	17%
TOTAL	587.00	100%

OCR = ordinary capital resources.

^a Inclusive of \$10 million project design advance.

Source: Asian Development Bank.

D. Detailed Cost Estimates by Expenditure Category

Item		Foreign Exchange	Local Currency	Total Cost	% of Total Base Cost
A. <u>Investment Costs</u>					
1	Civil Works	0.00	273.70	273.70	53.1%
2	Utility Relocation	0.00	18.00	18.00	3.5%
3	Equipment	88.00	0.00	88.00	17.1%
	a. Rolling Stock	75.00	0.00	75.00	
	b. Bike sharing system in University	1.00	0.00	1.00	
	c. Other Equipment (ITS, fare collection, control center)	12.00	0.00	12.00	
4	Environment and Social Mitigation	0.00	33.25	33.25	6.5%
	a. Environmental Plan	0.00	0.65	0.65	
	b. Resettlement Plan	0.00	0.60	0.60	
	c. Compensation and fleet scrapping program	0.00	10.00	10.00	
	d. Land acquisition	0.00	22.00	22.00	
5	Consultants	10.00	5.00	15.00	2.9%
	a. Construction supervision	0.00	5.00	5.00	
	b. Project Design Advance	10.00	0.00	10.00	
6	Taxes	0.00	76.70	76.70	14.9%
	Subtotal (A)	98.00	406.65	504.65	
B. <u>Operating Costs</u>		0.00	11.00	11.00	2.1%
1	TransPeshawar	0.00	8.50	8.50	
2	PIU	0.00	1.50	1.50	
3	PMU	0.00	1.00	1.00	
	Subtotal (B)	0.00	11.00	11.00	
	Total Base Cost	98.00	417.65	515.65	100%
C. <u>Contingencies</u>		5.60	50.90	56.50	
1	Physical	0.00	38.00	38.00	
2	Price	5.60	12.90	18.50	
D. <u>Financing Charges During Implementation</u>		14.60	0.00	14.60	
1	Interest During Implementation	13.50	0.00	13.50	
2	Commitment Charges	1.10	0.00	1.10	
	Total Project Cost (A+B+C+D)	118.00	469.00	587.00	

Notes: Numbers may not sum precisely because of rounding.

Sources: Asian Development Bank and Transport and Mass Transit Department estimates.

E. Allocation and Withdrawal of Loan Proceeds

ADB ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS				
Number	Item	Total Amount Allocated for ADB Financing (\$)		Percentage and Basis for Withdrawal from the ADB Loan Account
		Category	Subcategory	
1	Civil Works ^{a/}	181,440,000		100% of total expenditures claimed*
2	Equipment	51,440,000		
2a	Rolling Stock ^{a/ b/}		42,970,000	100% of total expenditures claimed*
2b	Other equipment ^{a/ b/}		8,470,000	100% of total expenditures claimed*
3	Utility Relocation	18,000,000		100% of total expenditures claimed*
4	Consultant	5,000,000		100% of total expenditures claimed*
5	Environment and Social Mitigation	10,650,000		100% of total expenditures claimed*
6	TransPeshawar Operating Cost ^{b/}	8,500,000		100% of total expenditures claimed*
7	Project Design Advance (PDA)	10,500,000		
7a	PDA Principal		10,000,000	100% of amount due
7b	PDA Interest		500,000	100% of amount due
8	Interest and Commitment Charges	9,780,000		100% of amount due
9	Unallocated	39,690,000		
	Total	335,000,000		

* Exclusive of taxes and duties imposed within the territory of the Borrower.

^a For these two categories (Civil Works and Equipment) which will be jointly financed by ADB, AFD and EIB, the indicated percentage and basis for withdrawal from the ADB loan account is based on the fact that all three loans will not be made effective in the same time. ADB loan will be the first to be made effective, and AFD and EIB loan effectiveness will follow within a few months. During the time when only ADB loan is effective, ADB will finance 100% (exclusive of taxes and duties) of these two categories. Once AFD and EIB loans have been made effective, the respective percentages for ADB, AFD and EIB financing will be revised, based on the remaining amounts to be financed for these two categories at the date of effectiveness of AFD and EIB loans.

^b No withdrawals shall be made from the Loan Account for (i) TransPeshawar Operating Costs; and (ii) Goods and Equipment to be procured by TransPeshawar; until TransPeshawar has appointed a Chief Financial Officer with qualifications and experience acceptable to ADB.

AFD ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS				
Number	Item	Total Amount Allocated for ADB Financing (\$)		Percentage and Basis for Withdrawal from the ADB Loan Account
		Category	Subcategory	
1	Civil Works ^{a/}	46,100,000		0%* of total expenditures claimed
2	Equipment	18,270,000		
	Rolling Stock ^{a/}		16,010,000	0%* of total expenditures claimed
	Other equipment ^{a/}		2,260,000	0%* of total expenditures claimed
3	Interest and Commitment Charges	2,180,000		100% of amount due
4	Unallocated	8,450,000		
	Total	75,000,000		

* Exclusive of taxes and duties imposed within the territory of the Borrower.

^a See footnote a under table above.

F. Detailed Cost Estimates by Financier

		ADB		AFD		EIB		Government			Total Cost	
		Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	Tax Amount	Total	% of Cost Category	
A.	<u>Investment Costs</u>											
1	Civil Works	181.40	59%	46.10	15%	46.10	15%	0.00	36.36	36.36	12%	309.96
2	Utility Relocation	18.00	88%	0.00	0%	0.00	0%	0.00	2.39	2.39	12%	20.39
3	Equipment	51.44	42%	18.27	15%	18.27	15%	0.00	34.84	34.84	28%	122.82
	a. Rolling Stock	42.97	40%	16.01	15%	16.01	15%	0.00	32.63	32.63	30%	107.62
	b1. Bike sharing system in University	0.65	56%	0.17	15%	0.17	15%	0.00	0.17	0.17	15%	1.16
	b2. Other Equipment (ITS, fare collection, control center)	7.82	56%	2.09	15%	2.09	15%	0.00	2.04	2.04	15%	14.04
4	Environment and Social Mitigation	10.65	32%	0.00	0%	0.00	0%	22.60	0.00	22.60	68%	33.25
	a. Environmental Plan	0.65	100%	0.00	0%	0.00	0%	0.00	0.00	0.60	0%	0.65
	b. Resettlement Plan	0.00	0%	0.00	0%	0.00	0%	0.60	0.00		100%	0.60
	c. Compensation and fleet scrapping program	10.00	100%	0.00	0%	0.00	0%	0.00	0.00	0.00	0%	10.00
	d. Land acquisition	0.00	0%	0.00	0%	0.00	0%	22.00	0.00	22	100%	22.00
5	Consultants	15.00	83%	0.00	0%	0.00	0%	0.00	3.10	3.10	17%	18.10
	a. Construction supervision	5.00	87%	0.00	0%	0.00	0%	0.00	0.75	0.75	13%	5.75
	b. Project Design Advance	10.00	81%	0.00	0%	0.00	0%	0.00	2.35	2.35	19%	12.35
	Subtotal (A)	276.49	55%	64.37	13%	64.37	13%	22.60	76.69	76.69	20%	504.52
	Operating Costs ^{/a}	8.50	77%	0.00	0%	0.00	0%	2.50	0.00	2.5	23%	11.00
										0.00		
B.	1 TransPeshawar Project Implementation	8.50	100%	0.00	0%	0.00	0%	0.00	0.00		0%	8.50
	2 Unit	0.00	0%	0.00	0%	0.00	0%	1.50	0.00	1.50	100%	1.50

		ADB		AFD		EIB		Government			Total Cost	
		Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	Tax Amount	Total	% of Cost Category	
3	Project Management Unit	0.00	0%	0.00	0%	0.00	0%	1.00	0.00	1.00	100%	1.00
Subtotal (B)		8.50	77%	0.00	0%	0.00	0%	2.50	0.00	2.50	23%	11.00
Total Base Cost		284.99	55%	64.37	12%	64.37	12%	25.10	76.69	101.79	20%	515.52
C.	Contingencies	39.68	70%	8.41	15%	8.45	15%	0.00	0.00	0.00	0%	56.54
1	Physical	26.67	70%	5.65	15%	5.68	15%	0.00	0.00	0.00	0%	38.00
2	Price	13.01	70%	2.76	15%	2.77	15%	0.00	0.00	0.00	0%	18.54
D.	Financing Charges During Implementation	10.29	70%	2.18	15%	2.18	15%	0.00	0.00	0.00	0%	14.65
1	Interest During Implementation	9.50	70%	2.01	15%	2.01	15%	0.00	0.00	0.00	0%	13.52
2	Commitment Charges	0.79	70%	0.17	15%	0.17	15%	0.00	0.00		0%	1.13
Total Project Cost (A+B+C+D)		335.00	57%	75.00	13%	75.00	13%	25.10	76.69	101.79	17%	587.00

Note: Numbers may not sum precisely because of rounding.

Sources: Asian Development Bank and Transport and Mass Transit Department estimates.

a/ Including mainly salaries and benefits of staff, recurrent administrative and logistical costs (rent, utilities, stationaries), and office equipment.

G. Detailed Cost Estimates by Outputs

Item	Total Cost (\$ million)	Output 1		Output 2	
		Amount (\$ million)	% of Cost Category	Amount (\$ million)	% of Cost Category
A. Investment Costs					
1 Civil Works	273.71	273.71	100%	0.00	0%
2 Utility Relocation	18.00	18.00	100%	0.00	0%
3 Equipment	88.00	0.00	0%	88.00	100%
a. Rolling Stock	75.00	0.00	0%	75.00	100%
b. Bike sharing system in University	1.00	0.00	0%	1.00	100%
c. Other Equipment (ITS, fare collection, cost center)	12.00	0.00	0%	12.00	100%
4 Environment and Social Mitigation	33.25	0.00	0%	33.25	100%
a. Environmental Plan	0.65	0.00	0%	0.65	100%
b. Resettlement Plan	0.60	0.00	0%	0.60	100%
c. Compensation and fleet scrapping program	10.00	0.00	0%	10.00	100%
d. Land acquisition	22.00	0.00	0%	22.00	100%
5 Consultants	15.00	5.00	33%	10.00	67%
a. Construction supervision	5.00	5.00	100%	0.00	0%
b. Project Design Advance	10.00	0.00	0%	10.00	100%
6 Taxes	76.69	38.30	49.9%	38.39	50.1%
Subtotal (A)	504.65	335.01	66%	169.64	34%
B. Operating Costs	11.00	1.50	14%	9.50	86%
1 TransPeshawar	8.50	0.00	0%	8.50	100%
2 Project Implementation Unit	1.50	1.50	100%	0.00	0%
3 Project Management Unit	1.00	0.00	0%	1.00	100%
Subtotal (B)	11.00	1.50	14%	9.50	86%
Total Base Cost	515.65	336.51	65%	179.14	35%
C. Contingencies	56.49	45.25	80%	11.24	20%
1 Physical	37.97	29.30	77%	8.67	23%
2 Price	18.52	15.95	86%	2.57	14%
D. Financing Charges During Implementation	14.64	10.47	72%	4.17	28%
1 Interest During Implementation	13.52	9.67	72%	3.85	28%
2 Commitment Charges	1.12	0.80	71%	0.32	29%
Total Project Cost	587.00	392.00	67%	195.00	33%
(A+B+C+D)					

Note: Numbers may not sum precisely because of rounding.

Sources: Asian Development Bank and Transport and Mass Transit Department estimates.

H. Detailed Cost Estimates by Year

Item		Total Cost (\$ million)	Year 1	Year 2	Year 3	Year 4
A. Investment Costs						
1	Civil Works	273.71	177.00	96.71	0.00	0.00
2	Utility Relocation	18.00	18.00	0.00	0.00	0.00
2	Equipment	87.50				
	a. Rolling Stock	75.00	0.00	75.00	0.00	0.00
	b. Bike sharing system in University	1.00	0.00	1.00	0.00	0.00
	c. Other Equipment (ITS, fare collection, cost center)	12.00	0.00	12.00	0.00	0.00
3	Environment and Social Mitigation	33.25				
	a. Environmental Plan	0.65	0.33	0.33	0.00	0.00
	b. Resettlement Plan	0.60	0.60	0.00	0.00	0.00
	c. Compensation and fleet scrapping program	10.00	0.00	10.00	0.00	0.00
	d. Land acquisition	22.00	22.00	0.00	0.00	0.00
4	Consultants	15.00				
	a. Construction supervision	5.00	1.50	3.50	0.00	0.00
	b. Project Design Advance	10.00	5.00	5.00	0.00	0.00
5	Taxes	76.69	38.34	38.34	0.00	0.00
	Subtotal (A)	505.65				
B. Operating Costs		11.00				
1	TransPeshawar	8.50	2.81	2.81	2.81	0.00
2	PIU	1.50	0.75	0.75	0.00	0.00
3	PMU	1.00	0.50	0.50	0.00	0.00
	Subtotal (B)	11.00				
	Total Base Cost	515.65				
C. Contingencies		56.30				
1	Physical contingency	37.97	18.93	18.93	0.00	0.00
2	Price contingency	18.52	7.41	11.04	0.00	0.00
D. Financing Charges During Implementation		14.64				
	Interest During					
1	Implementation	13.52	3.38	6.76	3.38	0.00
2	Commitment Charges	1.12	0.28	0.56	0.28	0.00
Total Project Cost (A+B+C+D)		587.00	297.00	283.00	7.00	0.00
% Total Project Cost		100%	51%	48%	1 %	-

Note: Numbers may not sum precisely because of rounding.

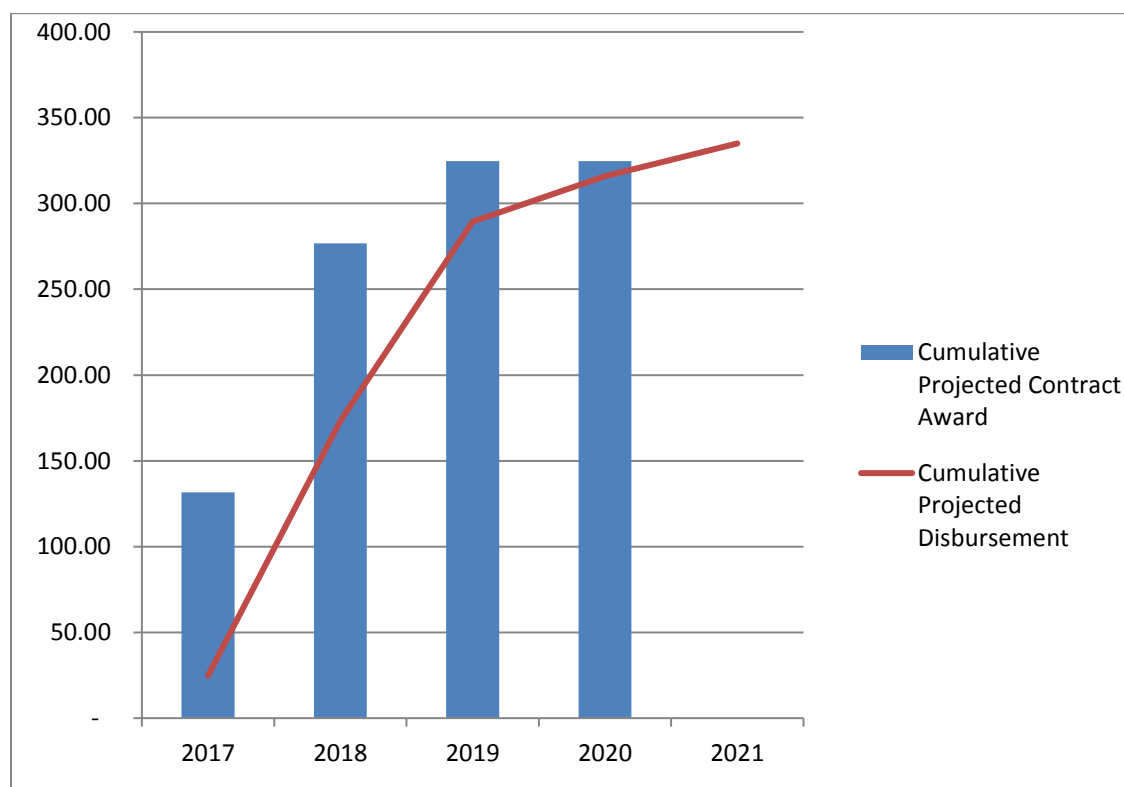
Sources: Asian Development Bank and Transport and Mass Transit Department estimates.

I. Contract and Disbursement S-Curve⁶

Contract Awards (in \$ million)						Disbursements (in \$ million)					
Year	Q1	Q2	Q3	Q4	Total	Year	Q1	Q2	Q3	Q4	Total
2017	9.30	0.00	97.80	24.52	131.62	2017	0.00	0.93	10.98	12.93	24.84
2018	64.11	60.97	18.47	1.50	145.05	2018	12.54	33.86	50.37	51.88	148.65
2019	2.55	2.55	2.55	40.38	48.03	2019	21.00	36.71	37.72	20.60	116.03
2020	0.00	0.00	0.00	0.00	0.00	2020	8.83	7.13	5.40	5.11	26.47
2021	0.00	0.00	0.00	0.00	0.00	2021	4.75	4.75	4.75	4.76	19.01
Total					324.70	Total					335.0

Note: Contract award projection excludes interest during construction (\$14.64 million) while total disbursement projection account for the total loan amount, hence, the S-curve shows higher disbursement compared to contract award.

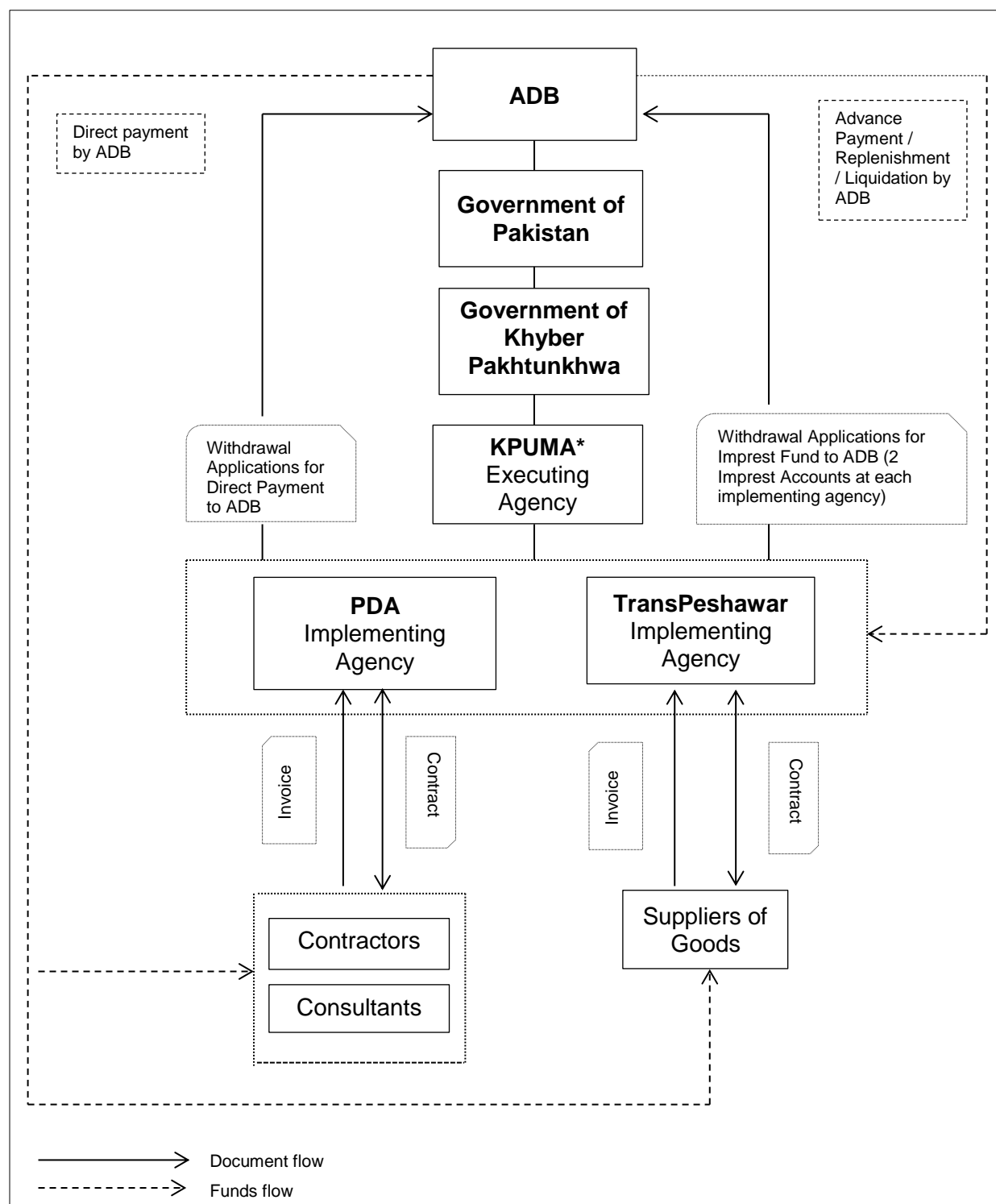
Projected Contract Award and Disbursement Projection



Source: Asian Development Bank.

⁶ Projections include contract award and disbursement amounts of project design advance. The amount in Q1 2017 is the actual contract award under the project design advance.

J. Fund Flow Diagram



* PMU at KPUMA will not be financed by ADB. KPUMA will have overall responsibility and oversight but will not have financial and procurement activities.

ADB = Asian Development Bank, PDA = Peshawar Development Authority, KPUMA = Khyber Pakhtunkhwa Urban Mobility Authority.

Source: Asian Development Bank.

V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

9. The financial management assessment (FMA) was conducted in March 2017 by an ADB FMA consultant, in accordance with ADB's *Guidelines for the Financial Management and Analysis of Projects* and the *Financial Due Diligence: A Methodology Note*. The FMA considered the capacity of the implementing agencies, including fund flow arrangements, staffing, accounting and financial reporting systems, financial information systems, and internal and external auditing arrangements.

10. Based on the assessment, the key financial management risks identified are: (i) compliance risk due to lack of knowledge by Peshawar Development Authority (PDA) and TransPeshawar on ADB policies and procedures; (ii) implementation risk due to delays in availability of counterpart funding; (iii) execution risk due to staff not having understanding of financial management requirements; (iv) outdated and incomplete accounting manual of Peshawar Development Authority will increase likelihood of errors and omissions; and (v) risk of errors and inappropriate adjustments due manual system of book keeping. While considering the present internal control environment, present staffing, agencies' experience in implementing development projects, supervisory procedures and technical and financial capability, it is concluded that the overall project financial management pre-mitigation risk is '**Substantial**'.

11. The borrowers, KPUMA, PDA, and TransPeshawar, have agreed to implement an action plan as key measures to address the deficiencies. The financial management action plan is provided in Table 6.

Table 5: Financial Management Action Plan

Action	Responsibility	Resources	Timeline
1. Adopt Financial Management Manual and tailor it accordingly to the need of the project	PIU PDA	Director Finance (PIU)	Within 1 month after effectiveness
	TransPeshawar	CFO	Within 1 month after hiring of CFO TransPeshawar
2. Dedicate full-time staff to PIU for executing project-related activities	PDA	Director General	Within 1 month after effectiveness
3. Timely opening of imprest accounts	TransPeshawar	CFO TransPeshawar	Start opening procedure upon effectiveness
4. Deployment of software to ensure cost control in project management	PMCCB Consultants	CFO	Within 12 months after CFO appointment

CFO = Chief Financial Officer, PDA = Peshawar Development Authority, PIU = project implementation unit, PMCCB = Project Management, Coordination and Capacity Building.

Source: Asian Development Bank.

B. Disbursement

1. Disbursement Arrangements for ADB Funds

12. The ADB and AFD 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.⁷ Project staff are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control.

13. **Direct payment procedure.** This procedure will be used for payment to contractors, suppliers of goods, and supervision consultants. There are 4 anticipated large civil works contracts which will be administered by Peshawar Development Authority (PDA). The contractors will submit an invoice along with an interim progress certificate showing the completed civil works for the period. The construction supervision consultants will review the interim progress certificate against the contract and endorse the invoice to PDA. Upon satisfactory review, PDA's Project implementation unit (PIU) will prepare a withdrawal application (WA) for direct payment to the contractor, for signature of loan authorized signatories. ADB will make payment to the contractor based on the submitted WA.

14. Direct payment procedure will generally be used for payment to consultants. There is one construction supervision consultant contract which will be administered by PDA. The supervision consultants will submit their invoices to PDA for verification. Once the invoices and inputs are verified, PDA's PIU will prepare a WA for direct payment, for signature of the loan authorized signatories. ADB will make direct payment to the account of the consultant based on the WA.

15. The contracts for supply of equipment and vehicles will be administered by TransPeshawar. The suppliers will prepare their invoices according to the conditions in the contract and submit these to TransPeshawar for approval. Upon approval, TransPeshawar PIU will prepare a WA for direct payment to the supplier, for signature of the loan authorized signatories.

16. **Commitment letter procedure.** Under the commitment procedure, ADB, at the request of the Borrower, irrevocably agrees to reimburse a commercial bank for payments made or to be made to a supplier against a letter of credit opened by the IA. The letter of credit issued by the IA's bank (letter of credit issuing bank) becomes operative only if and when ADB issues its Commitment Letter to the advising or negotiating bank.

17. **Imprest fund procedure.** This procedure will be used for small payments of eligible project expenditures. A separate imprest account will be established at the National Bank of Pakistan for TransPeshawar (implementing agency), in accordance with "Revised Accounting Procedure for Revolving Fund Account (Foreign Aid Assignment Account) dated 2 August 2013 issued by the Finance Division, Government of Pakistan. TransPeshawar will be responsible for administering its imprest account. The currency of the imprest account is US dollar. The imprest account is to be used exclusively for ADB's share of eligible expenditures. Separate imprest accounts should be established and maintained by TransPeshawar for any different funding source. TransPeshawar who established imprest account in its name is accountable and responsible for proper use of advances to the imprest account. As KPUMA will have overall oversight of the project, TransPeshawar will copy all WAs to KPUMA.

⁷ Disbursement eLearning. http://wpqr4.adb.org/disbursement_elearning

18. 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, equivalent to estimated 6-month expenditure or 10% of the loan amount in aggregate, whichever is lower. TransPeshawar may request for initial and additional advance to the imprest account based on an Estimate of Expenditure Sheet setting out the estimated expenditures to be financed through the account for the forthcoming 6 months.⁸ Supporting documents should be submitted to ADB or retained by TransPeshawar in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time) when liquidating or replenishing the imprest account.

19. **Statement of expenditure (SOE) procedure.**⁹ The SOE procedure may be used for reimbursement of eligible expenditures or liquidation of advances to the imprest account. The ceiling of the SOE procedure is the equivalent of \$100,000 per individual payment. Supporting documents and records for the expenditures claimed under the SOE should be maintained and made readily available for review by ADB's disbursement and review missions, upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit. Reimbursement and liquidation of individual payments in excess of the SOE ceiling should be supported by full documentation when submitting the withdrawal application to ADB. ADB disbursement unit at Pakistan Resident Mission (PRM) will conduct frequent SOE checking or spot checking of supporting documents until it becomes satisfied with the capacity of the IAs. The Financial Management Specialist at PRM will also provide training to the PIUs on ADB's financial management requirements.

20. PDA's PIU and TransPeshawar PIU will be responsible for: (i) preparing disbursement projections, (ii) requesting budgetary allocations for counterpart funds, (iii) collecting and retaining supporting documents, and (iv) preparing and sending withdrawal applications to ADB.

21. Before the submission of the first withdrawal application, the borrower should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the government, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is \$100,000 equivalent. Individual payments below this amount should be paid (i) by PDA and TransPeshawar and subsequently claimed to ADB through reimbursement; or (ii) through the imprest fund procedure, unless otherwise accepted by ADB.

22. **Conditions for withdrawal.** No withdrawals shall be made from the Loan Account for TransPeshawar Operating Costs and for Goods until TransPeshawar has appointed a Chief Financial Officer with qualifications and experience acceptable to ADB.

23. Payments to be administered by TransPeshawar are those relating to payment of goods (suppliers) and TransPeshawar PIU imprest account.

2. Disbursement Arrangements for Cofinancing funds

24. Procedures for disbursement of cofinancing loan proceeds will be outlined in the PAM once the cofinancing agreement has been finalized and implementation arrangements duly agreed. AFD will request for ADB's partial administration of disbursement. The IAs will send both WAs to ADB (one for the ADB portion, and one for the AFD portion) and will send a copy to AFD for information. ADB will review the WAs and advise AFD to make the necessary disbursement.

⁸ ADB. 2015. *Loan Disbursement Handbook*.10B.

⁹ SOE forms are available in Appendix 9B and 9C of ADB's *Loan Disbursement Handbook* (2015, as amended).

C. Accounting

25. PDA and TransPeshawar will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project following International Public Sector Accounting Standard for cash-based accounting. PDA's PIU and TransPeshawar's PIU will prepare project financial statements in accordance with the government's accounting laws and regulations which are consistent with international accounting principles and practices.

D. Auditing and Public Disclosure

26. PDA and TransPeshawar will cause the project financial statements to be audited in accordance with International Standards for Supreme Audit Institutions by an independent auditor acceptable to ADB, such as the Auditor General of Pakistan. The audited project financial statements together with the auditor's opinion will be presented in the English language to ADB within 6 months from the end of the fiscal year by PDA and TransPeshawar.

27. TransPeshawar will also cause the entity-level financial statements to be audited in accordance with International Standards on Auditing, by an independent auditor acceptable to ADB. The audited entity-level financial statements, together with the auditors' report and management letter, will be submitted in the English language to ADB within one month after their approval by the relevant authority. **(Starting financial year ended 30 June 2019 and onward).**

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

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

30. The government, PDA and TransPeshawar have been made aware of ADB's approach to delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements. ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the borrower), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that ADB's financing share is used in accordance with ADB's policies and procedures.¹⁰

¹⁰ ADB's approach and procedures regarding delayed submission of audited project financial statements:

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

31. Public disclosure of audited project financial statements, including the auditor's opinion on project financial statements, will be guided by ADB's Public Communications Policy 2011.¹¹ 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 audit management letter will not be disclosed.¹²

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting and Retroactive Financing

32. All advance contracting and retroactive financing will be undertaken by Peshawar Development Authority and TransPeshawar in conformity with ADB *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). The issuance of invitations to bid under advance contracting and retroactive financing will be subject to ADB approval. The borrower, Peshawar Development Authority (PDA) and TransPeshawar have been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the project.

33. **Advance contracting.** Advance contracting will be undertaken for the construction of the BRT corridor and buildings, specifically Package 1 (Lot 1: Chamkani to Bala Hisar Fort; and Lot 2: Aman Chowk to Hayatabad), Package 2 (Cinema Road to Aman Chowk), Package 3 (Lot 1: Hayatabad bus depot and Park and Ride; Lot 2: Chamkani bus depot, Park and Ride, TransPeshawar and KPMUA office and BRT control center; and Lot 3: Dabgari staging facility, commercial area, and Park and Ride), and Package 4 (multi-storey parking plaza for Lady Reading Hospital). Prior to loan effectiveness (i) bid documents will be drafted and agreed, (ii) invitation for bids will be advertised and (iii) evaluation of proposals will be carried out.

34. **Retroactive financing.** Retroactive financing will be applied for payment of the maximum amount of eligible expenditures up to \$97 million, the equivalent of 20% of the total ADB loan, incurred for a period not exceeding 12 months before loan signing.

B. Procurement of Goods, Works, and Consulting Services

35. All procurement of goods and works will be undertaken in accordance with ADB's *Procurement Guidelines* (2015, as amended from time to time), including works and goods to be financed from cofinancing funds. PAM will be updated to outline the detailed arrangements for procurement to include agreements with the co-financiers.

36. International competitive bidding procedures will be used for civil works contracts estimated to cost \$15 million or more, and supply contracts valued at \$2 or higher. Shopping will be used for contracts for procurement of works and equipment worth less than \$0.10 million.

37. Before the start of any procurement, ADB and the government will review the public procurement laws of the central and state governments to ensure consistency with ADB's *Procurement Guidelines* (2015, as amended from time to time).

¹¹ Public Communications Policy: <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>.

¹² 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).

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

39. All consultants will be recruited according to ADB's *Guidelines on the Use of Consultants* (2013, as amended from time to time).¹³ The terms of reference for all consulting services are detailed in Section D.

40. The terms of reference of the consultants for engineering design, procurement and construction management (EPCM) under the project design advance loan indicate that Phase 2 of the EPCM assignment will include construction supervision of the civil works in the ensuing loan. To conduct the Phase 2 assignment, the use of the single source selection (SSS) method has been requested by the government to recruit the same consulting firm as the one selected for Phase 1, subject to satisfactory performance of such firm under Phase 1. Otherwise, quality and cost-based selection method will be used to recruit the supervision consultants with a quality-cost ratio of 90:10. An estimated 396 person-months (108 international, 288 national) of consulting services are required to supervise the quality of civil works under the project.

C. Procurement Plan

41. The Procurement Plan is detailed in Attachment 1.

D. Consultant's Terms of Reference

42. The auditor and supervision consultants' terms of reference are in Attachment 2.

VII. SAFEGUARDS

A. Land Acquisition and Resettlement

43. The project is categorized as A for Involuntary Resettlement. The government through Peshawar Development Authority (PDA) and the Deputy Commissioner's Office (DCO), on behalf of KPUMA and the project management unit (PMU), shall ensure that the design of the Peshawar BRT minimizes land acquisition and resettlement impacts by exploring design alternatives that limits most works within the existing right of way and unencroached sections and all other activities under the project are carried out in full compliance with all applicable laws and regulations of Pakistan, ADB's Safeguards Policy Statement (SPS) 2009, and the approved resettlement plan and livelihood restoration plan (LRP). PDA and DCO shall ensure that:

- (i) the final and implementation-ready land acquisition and resettlement plan (LARP) and detailed LRP following the detailed design is submitted to ADB for review prior to awarding of civil works contracts;
- (ii) the final and implementation ready LARP and LRP duly endorsed by PDA and DCO are disclosed to affected persons in their local language in accordance with ADB's SPS;
- (iii) handling over of site/commencing of civil works in sections/civil work packages with involuntary resettlement impacts is made only upon completion of LARP implementation as verified by an external monitor;
- (iv) all land and rights of way required by the project shall be cleared and made available in a timely manner (in accordance with the schedule as agreed in the relevant civil works contract);

¹³ ADB. 2013. *Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers*. Manila.

- (v) without limiting the application of the Involuntary Resettlement Safeguards or the LARP, PDA and DCO shall ensure that no land shall be acquired for the purpose of the project under the emergency acquisition provisions of Pakistan's Land Acquisition Act (1894), as amended from time to time;
- (vi) the activities of the civil works contractor for the project are in compliance with the approved LARP and no physical displacement or economic displacement shall occur and section or part of a section is handed over to the civil works contractor until: (a) compensation at full replacement cost has been paid to all affected persons in accordance with the final LARP for relevant civil works contract packages or sections that are ready to be constructed; (b) other entitlements listed in the updated and final LARP have been provided to affected persons; and (c) LARP implementation report is submitted to ADB and determined as satisfactory;
- (vii) ensure that alternative sites and replacement stalls at overpasses are constructed and sufficient time is provided to relocating shops at the two underpasses to move and re-establish their shops in the new location prior to demolition of underpasses.

44. Any unanticipated land acquisition and resettlement (LAR) impacts encountered during implementation of project will be dealt in accordance with the ADB approved LARP and ADB's SPS 2009 requirements. However, change to the scope, location or alignment of the project shall be avoided and if during design review or implementation of the project, any such change to the scope, location or alignment of the project is identified, shall not be made without prior approval of ADB. Any new LAR-related impacts as a result of final detail engineering design or changing in project scope, location or alignment will require a new LARP which should be submitted to ADB for its approval. The additional plan should be prepared following ADB's SPS and its required guidelines. No construction activities shall be commenced in the sections with new/additional LAR impacts before full implementation of ADB approved LARP is confirmed and cleared by ADB. PDA and DCO, with support from the Construction Supervision Consultants, will implement the LARP livelihood restoration plan, and corrective actions, as needed. PDA and DCO will build necessary capacity for supervising LARP management and internal monitoring of its implementation. At least two specialists under the PMU, a Social and Resettlement Specialist (SRS) and an Environment Specialist (ES) will be engaged. These specialists will oversee implementation and conduct internal monitoring of social and environment safeguard instruments LARP, gender action plan (GAP) and environment management plan (EMP), livelihood restoration program (LRP) and grievance redress mechanism (GRM) by all concerned parties of the project, throughout project operations and ensure the quality of services provided by CSC. Staff with relevant qualification and experience will be hired on SRS and ES posts and will eventually be absorbed in the TransPeshawar. The SRS will work jointly with IRC and NRC under CSC consultants throughout the project implementation of LARP.

45. **Grievance Redress:** PDA and DCO shall ensure (i) efficient grievance redress mechanisms are in place and functional prior starting LARP implementation and contractor's mobilization to assist affected persons resolve queries and complaints, if any, in a timely manner; (ii) all complaints are registered, investigated and resolved in a manner consistent with the provisions of Grievance Redress Mechanism as agreed in the ADB approved resettlement plan; (iii) the complainants/aggrieved persons are kept informed about status of their grievances and remedies available to them; and (iv) adequate staff and resources are available for supervising and monitoring the implementation progress of the LARP and LRP.

46. **Information Disclosure and Stakeholder Participation:** PDA and DCO shall ensure that the resettlement plan and monitoring reports are disclosed by: (i) uploading the draft and ADB approved final LARP on PDA and ADB websites, (ii) placing hard copies of approved resettlement

plan translated into Urdu in the offices of Planning and Development Department, KPUMA, District Revenue Department, PDA and representatives of displaced persons (DPs), and (iii) translating the executive summary of ADB approved resettlement plans, bearing information on project impacts, asset valuation, entitlements, compensation budget and provisions with institutional arrangements in place and providing to the affected community.

47. A continued process of consultation and participation of stakeholders particularly with DPs will be followed to ensure transparency in implementation of LARP and to keep the stakeholders informed and receiving and incorporating their feedback at various stages of project implementation. It will provide a good measure to improve the social acceptability of the project and ensure effective participation of the stakeholders especially DPs in the process of LARP implementation, and the Project. Public consultation will assist obtaining cooperation from informed DPs and other stakeholders, to avoid cost and time in dealing with complaints. KPUMA and PIU will continue the public consultation process by taking following steps (Details on the consultation plan is provided in the approved LARP):

- (i) PDA and DCO, and EPCM consultant's National Resettlement Consultant and other staff will keep a close liaison with the stakeholders including women, particularly with DPs; record and address their concerns relating to the implementation of LARP and construction related works.
- (ii) The project will engage a female social staff to ensure on-going consultations with women and address their issues, and to ensure that women and girls are equally benefitted from the project. During the LARP implementation, PDA and DCO will consider women and young girl's views as a result of planned consultations.
- (iii) Consultations with male and female of AHs for formulating and implementing detailed LRP involving activities related to improving access to project-related jobs, training, development and relocation of affected businesses to new/alternative market sites, and other related activities.
- (iv) Organize public meetings particularly with DPs and AHs and appraise them about implementation progress of LARP, particularly payment of compensation, resettlement and rehabilitation assistance, and other social activities.
- (v) Make extra efforts to ensure that vulnerable DPs understand the process and their entitlements, and mitigation measure will be taken by the project authorities to address DPs and other stakeholder concerns in accordance with the ADB SPS 2009 and ADB PCP 2011.
- (vi) Detail and outcome of all consultation activities will be included in Bi-Annual and Annual Monitoring Reports.
- (vii) Disclose all monitoring reports of the LARP implementation in the same manner as that of the LARP at PDA websites and to the DPs, and other stakeholders.

B. Environment

48. The project is categorized as A for environment safeguards. Following ADB's SPS 2009, environmental impact assessment (EIA) has been prepared by the implementing agency (IA), PDA, which meets the requirements of the SPS pertaining to the environment safeguards, objectives and implementation procedures, the KPK Environmental Protection Act (2014), and the Pakistan EPA Review of EIA/IEE Rules 2000.

49. To ensure compliance with the ADB's SPS 2009 and the country environmental legislation, PDA and DCO, through the PMU, will follow the EIA and environmental management plan (EMP). The PIU will ensure that:

- (i) updated EIA report, and EMPs are prepared for the detailed design as required under the SPS, the KPK Environmental Protection Act (2014), and other provincial environmental rules and regulations;
- (ii) the environmental impact assessment reports are submitted to the KPK Environmental Protection Agency and environmental approval is sought thereof before starting civil works;
- (iii) updated EIA reports are submitted to ADB for review and disclosure;
- (iv) the EMPs are included in bidding documents for all contracts;
- (v) all contractors prepare, and submit to the PIU for approval at least 10 days before taking possession of any work site, and implement site-specific EMPs;
- (vi) no access to the site will be allowed until the site specific EMPs is approved by PIU;
- (vii) implementation of the site-specific EMPs is regularly monitored through PIU, and ADB consultants;
- (viii) non-compliance notice will be issued to the contractor if the PIU requires action to be taken. The contractor is required to prepare a corrective action plan which is to be implemented by a date agreed with the PIU;
- (ix) the environment-related documents, specifically EIA, EMP and Environmental Monitoring Reports, are disclosed on the project website;
- (x) in case of unpredicted environmental impacts occurring during project implementation, corrective action plans are prepared and implemented; and
- (xi) semi-annual safeguard monitoring reports are submitted to ADB within 1 month after the reporting period.

C. Indigenous Peoples

50. The project will not adversely affect people classified as indigenous people as defined by the ADB's SPS 2009.

51. **Prohibited investment activities.** Pursuant to ADB's SPS 2009, ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the SPS 2009.

VIII. GENDER AND SOCIAL DIMENSIONS

52. The project is classified as effective gender mainstreaming (EGM) and has outlined concrete actions and targets that increase women's share in BRT ridership, institute measures to ensure women's security and safety, and improve women's meaningful participation in BRT operations, among others. The project's gender action plan (GAP) details specific measures that will ensure a social and gender-inclusive BRT operation. A full-time social and gender specialist will be hired as part of the staff of TransPeshawar Company to ensure the timely and quality implementation of the GAP. Technical gender support may be provided by PRM-based gender specialist consultant and HQ-based gender specialist, as needed. Regular consultation meetings with various stakeholders will be done throughout project implementation. Progress towards the achievement of gender targets in the DMF as well as those in the GAP will be monitored and reported regularly by the social and gender specialist and included in regular monitoring reports, with a distinct section that provides sex-disaggregated data demonstrating the extent of implementation of gender activities, and describing challenges met and actions taken to overcome them. The cost of implementing the GAP is included in the project's Cost and Financing section.

GENDER ACTION PLAN

Activities	Targets	Responsibility	Timeframe
Outcome: Quality of public transport is improved along BRT corridor			
0.1 Conduct public information / awareness raising campaigns on the advantages of the BRT system, encouraging the public, especially women, and other vulnerable groups, to use the BRT.	0.1 At least 3 types of multi-media information campaign demonstrating ease of access, safety, comfort, and other advantages of the BRT system, developed and disseminated	Trans Peshawar Company, Project Director, PIU Social and Gender staff, PMCCB Consultants	0.1 After 50% of BRT is completed and within the 1 st year of BRT operation – Q4 of 2018
0.2a Establish a “Safe Travel Program” within the BRT system addressing issues of sexual harassment, theft, bullying, and other security issues including all forms of harassment against women, elderly, children, persons with disabilities, and other vulnerable groups.	0.2a At least 2 multi-media campaigns are viewed by 500,000 targeted riders, that include posters and audio visual ads played in TV monitors demonstrating “zero tolerance” for sexual and other forms of harassment, theft, bullying, and other security issues especially experienced by women, children, elderly, persons with disabilities, and other vulnerable groups		0.2 After 50% of BRT is completed, and continuing while the BRT is in operation
0.2b Put in place mechanisms to address complaints / incidents (reported, observed by others, or directly experienced) of harassment	0.2b Each BRT station and bus displays a flow chart, helplines, and instructions on what to do when experiencing or observing cases of harassment or any safety threat, in Urdu, Pashto and Hindko. Each BRT station has (i) visible desks /rooms staffed by trained women and men, where victims of harassment and other safety crimes can report; (ii) a system of recording cases handled by these desks (whether on a computer or logbook); and (iii) direct lines to nearest police stations for immediate request for police help		
0.3 Conduct a rapid survey on the size and diversity (sex, age group, ability) of BRT ridership.	0.3 Female ridership increased to 20% within the first 2 years of operation (<i>Baseline 2016: 15% of riders of current old public buses are females</i>)		0.3 Within the first 2 years of operation: 2020-2021
0.4 Conduct at least 1 satisfaction survey for each of the 3 classifications of passengers -- males, females, and elderly/persons with disabilities (PWDs)	0.4 60% of each type of passengers (males, females, and elderly/PWDs) have positive perceptions of the BRT in terms of its affordability, safety, reliability, connectivity, comfort, and responsiveness to the needs of all types of passengers (<i>Baseline 2016: 90% of women interviewed do not feel safe travelling in public transport; Baseline 2014: 50% with positive perception on current bus system; 75% felt that the bus system did not cater to the women's needs; 85% believed that it did not meet the requirements of the elderly and disabled</i>)		0.4 Project end or 2 nd year of BRT operation
0.5 Conduct a study on the impact of the BRT on the lives of Peshawar residents, with specific impacts on men, women, children, elderly, and PWDs, analyzed	0.5a Report on BRT impact on the city of Peshawar in general, and of the residents in particular submitted to TransPeshawar with a copy to ADB 0.5b At least 1 video documentary capturing the pre and post-BRT experiences and perceptions of equal number of male and female interviewees.		0.5a Year 2 of BRT operations 0.5b Pre-BRT video: Q3 of 2018; Post video: Year 2 of BRT operation

Output 1: Peshawar's first BRT corridor is constructed			
<p>1.1 Construct BRT corridors and stations as per design and following international quality standards</p> <p>1.2 Construct bike lanes and walkways approaching all BRT stations to ensure convenient and safe access of all kinds of passengers, especially women.</p> <p>1.3 Ensure all BRT stations are socially and gender-inclusive</p> <p>1.4 Ensure all buses have demarcated sections for women, elderly and PWDs</p> <p>1.5 Establish commercial spaces for small women entrepreneurs in BRT system, prioritizing those in affected household</p>	<p>1.1 BRT stations include platform level boarding and safety design features for women, children, elderly and PWDs</p> <p>1.2a Approaches to each BRT station include lighted NMT lanes, with accessible bike parks, and sidewalks with accessibility ramps</p> <p>1.2b Bike sharing system modeled in University of Peshawar with at least 20% of bikes built and allocated for women users</p> <p>1.3 Each BRT station is adequately lighted and has (i) separate restrooms for men and women, (ii) priority e-ticketing counters for the elderly and PWDs, and separate ticketing counters and vending machines for women, (iii) CCTV facilities, (iv) instruction boards with helpline numbers & color-coded directional signs, in local languages strategically placed, and (v) visible reporting desks to address incidents of harassment of women, children, boys and girls, and other crimes</p> <p>1.4 All buses have clearly demarcated sections for women, children, elderly, and PWDs enforced by the bus staff</p> <p>1.5 At least 15% of allocated commercial spaces in BRT stations and depots, allocated for women entrepreneurs</p>	<p>Head of Trans Peshawar, Social/Gender Specialist, Project Director and PIU and relevant staff of PMCCB Consultants</p>	<p>All throughout construction stage until the first year of operation</p>
Output 2: Effective project management and sustainable BRT operations are established.			
<p>2.1 Ensure hiring of women staff in TransPeshawar, KPUMA, and for BRT operations and maintenance</p> <p>2.2 Hire women staff in PIU</p> <p>2.3 Hire Social and Gender specialist as part of the TransPeshawar staff</p> <p>2.4 Conduct trainings on gender sensitivity and social inclusion for all EA/IA staff, and implementation consultants,</p> <p>2.5 Train all staff with direct client interaction (e.g., station staff, ticket staff, bus drivers, guards, etc.) in the timely and effective handling of sexual harassment and other crimes that threaten the safety of passengers</p> <p>2.6 Institutionalize social and gender responsive policies and procedures</p>	<p>2.1 10% women staff in TransPeshawar, and in BRT operations and maintenance (Baseline 2016: 0)</p> <p>2.2 At least 10% of PIU staff are women</p> <p>2.3 A social and gender specialist hired in TransPeshawar supported by PMCCB team</p> <p>2.4 At least 2 trainings held on gender and social inclusion for staff of TransPeshawar, KPUMA, PIU and PMCCB to ensure that the project is implemented in a social and gender-responsive manner.</p> <p>2.5a All male and female staff with direct client interaction trained on the timely and effective handling of cases of harassment and other security threats</p> <p>2.5b At least 2 annual refresher trainings conducted to all staff with direct client orientation</p> <p>2.6 TransPeshawar operation policies and procedures incorporate social and gender inclusiveness that address the needs and safety of passengers, especially women and vulnerable groups</p>	<p>Trans Peshawar Company, Project Director and relevant staff of PIU</p>	<p>2.1 – 2.4 Year 1 of project implementation</p> <p>2.5 Three months before BRT operations and continues after start of service</p> <p>2.6 Year 1 of project implementation</p>

ADB = Asian Development Bank, BRT = bus rapid transit, CCTV= closed circuit television, EA = executing agency, IA= implementing agency, KPUMA = Khyber Pakhtunkhwa Urban Mobility Authority, PIU= project implementation unit, PMCCB=Project Management Communication and Capacity Building Consultants, PWD = persons with disabilities. Source: Asian Development Bank.

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION

A. Project Design and Monitoring Framework

Impacts the Project is Aligned with: A safe, affordable, comfortable, and environment-friendly transport system in Peshawar achieved ^a Quality of life in Peshawar improved ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
Outcome Quality of public transport in Peshawar improved, benefiting 0.5 million of the city's inhabitants	By 2021: a. Modern BRT buses operating at a maximum 5-minute headway over a network 80 km in length (2017 baseline: 0) b. BRT daily ridership reaches 480,000 passengers, of whom 20% are women (2017 baseline: 607,000 daily passengers of informal public transport, of whom 15% are women) c. Annual GHG emissions (CO ₂ , methane, nitrous oxide, and halocarbons) reduced by 31,000 metric tons due to public transport vehicles' modernization (2017 baseline: X)	a–b. TransPeshawar and bus service providers' progress reports c. KPUMA statistics	Public transport users do not utilize BRT at projected levels.
Outputs 1. Peshawar's first sustainable BRT corridor and associated facilities constructed	By 2019: 1a. 26 km of BRT infrastructure, including 31 stations and dedicated lanes, completed as designed and scored at a "gold" quality standard (2017 baseline: 0) 1b. Universal accessibility criteria scored maximum points, i.e., 100% of BRT stations achieve universal accessibility for women, children, and PWDs (2017 baseline: 0) 1c. Mixed traffic lane(s), sidewalks, green areas, on-street parking, and street lights rebuilt over the whole length of the corridor (general improvement of the 2017 baseline) 1d. Bicycle lanes built (2017 baseline: 0) 1e. Two depots and one staging facility built, including park-and-ride facilities and commercial areas (2017 baseline: 0) 1f. One office building built for the KPUMA, TransPeshawar, and BRT control center (2017 baseline: 0) 1g. 100 bus stops installed over 54 km of bus routes off the BRT corridor (2017 baseline: 0) 1h. One parking plaza built at Lady Reading Hospital (2017 baseline: 0) 1i. 78 safe (bridge, tunnel or signalized if at-grade) pedestrian crossings installed along the BRT corridor (2017 baseline: 62, of which 50% are at-grade and unsafe)	1a–1b. BRT Standard ^b 1c–1i. PDA and KPUMA quarterly progress reports	Vested interests (shopkeepers along the BRT corridor, existing public transport operators, and others) try to undermine the project during implementation. Political pressure to fast-track project implementation before the mid-2018 general elections undermines the quality of the project design and implementation.

2. Effective project management and sustainable BRT operations established	<p>By 2020:</p> <p>2a. 447 modern BRT buses (either 9 m or 12 m in length) procured (2017 baseline: 0)</p> <p>2b. A distance-based fare collection system, BRT control center, and other ITSs procured and installed by TransPeshawar to operate BRT services (2017 baseline: 0)</p> <p>2c. TransPeshawar and the KPUMA are fully staffed (with 10% female staff), and the staff are trained as per their respective organizational development plans (2017 baseline: 0)</p> <p>2d. At least 10% of operation and maintenance staff are women (2017 baseline: 0)</p> <p>2e. A subsidy for BRT operation and maintenance costs is not required (2017 baseline: 0% subsidy for public transport)</p> <p>2f. Average bus commercial speeds on the BRT corridor increased to 25.0 km/hour (2017 baseline: 12.2 km/hour)</p> <p>2g. Multimedia behavior campaigns regarding the safety of all passengers including women, children, the elderly, and PWDs, reached at least 480,000 riders (2017 baseline: 0)</p>	<p>2a–2b. TransPeshawar semiannual progress reports</p> <p>2c–2g. KPUMA and TransPeshawar staffing plans and semiannual reports</p>	KPUMA and TransPeshawar have difficulties hiring qualified staff to run BRT operations
<p>Key Activities with Milestones</p> <p>1. Peshawar's first sustainable BRT corridor and associated facilities are constructed</p> <p>1.1 Conduct climate risk vulnerability assessment (Q2 2017)</p> <p>1.2 Prepare detailed design under the project design advance and tender bid documents (Q1–Q2 2017)</p> <p>1.3 Complete land acquisition and obtain environmental clearances (Q3 2017)</p> <p>1.4 Award civil works contracts (Q4 2017)</p> <p>1.5 Complete full restructuring of the Peshawar BRT corridor (Q1 2019)</p> <p>2. Sustainable and effective BRT operations are established</p> <p>2.1 Recruit staff and prepare the business models of the KPUMA and TransPeshawar (Q2–Q3 2017)</p> <p>2.2 Conduct a capacity building program for staff at the KPUMA and TransPeshawar (Q3 2017–2018)</p> <p>2.3 Complete the BRT operational plan and the BRT communication plan (Q3 2017)</p> <p>2.4 Procure (2017) and install ITSs as part of the BRT infrastructure (Q4 2018)</p> <p>2.5 Procure (2017) the BRT fleet (447 buses) to be operated in the BRT network (Q4 2018)</p> <p>2.6 Monitor the 2-year maintenance contract with the bus supplier (Q1 2019–Q1 2021)</p> <p>2.7 Negotiate with existing private bus operators (Q2 2017–2018)</p> <p>2.8 Set up a compensation mechanism and fleet scraping program for excluded operators (Q1 2018)</p> <p>2.9 Prepare and ensure the signing of service contracts with private company(ies) to run BRT operations (Q4 2018)</p> <p>2.10 Train bus drivers and test BRT operations (Q1 2019)</p> <p>2.11 Begin BRT operations (Q1 2019)</p> <p>2.12 Conduct awareness campaigns on traffic rules and BRT safety (2017–2019)</p> <p>2.13 Conduct socioeconomic and perception surveys (Q1 2020)</p> <p>2.14 Draft an urban development strategy and revise land use plans along the corridor (Q4 2018)</p>			

Project Management Activities

Conduct all primary and baseline data surveys (Q2 2017)

Set up a project monitoring and evaluation system, and project performance management system with a gender indicator (Q2 2017)

Inputs

ADB: \$335 million (loan)

AFD: \$75 million (loan), partially administered by ADB

Government of Khyber Pakhtunkhwa: \$102 million

Assumptions for Partner Financing

EIB: \$75 million (loan), not administered by ADB

ADB = Asian Development Bank, AFD = Agence Française de Développement, BRT = bus rapid transit, CO₂ = carbon dioxide, EIB = European Investment Bank, GHG = greenhouse gas, ITS = intelligent transport system, km = kilometer, KPUMA = Khyber Pakhtunkhwa Urban Mobility Authority, m = meter, PDA = Peshawar Development Authority, PWD = person with disabilities, Q = quarter.

^a Government of Khyber Pakhtunkhwa. 2014. *Integrated Development Strategy 2014–2018*. Peshawar.

^b Institute for Transportation and Development Policy. 2016. *The BRT Standard*. New York.

The BRT Standard is an evaluation tool for BRT corridors based on international best practices. It is also the centerpiece of a global effort by leaders in BRT design to establish a common definition of BRT and to ensure that BRT corridors more uniformly deliver world-class passenger experiences, significant economic benefits, and positive environmental impacts. The standard functions as a planning tool, scoring system, and means of achieving a common definition of BRT.

Source: Asian Development Bank.

B. Monitoring

53. **Project performance monitoring.** The quarterly progress report will include progress monitoring of the following indicators: physical progress of BRT corridor construction in km, bus stops built in number, status of staffing recruitment for TransPeshawar (gender-disaggregated), business model developed for TransPeshawar, capacity building activities conducted for TransPeshawar and KPUMA, BRT operations' and communication's plans development, and results of socio-economic and perception surveys (gender-disaggregated).

54. Disaggregated baseline data for output and outcome indicators gathered during project processing will be updated and reported quarterly through the EA and IAs quarterly progress reports and after each ADB review mission. These quarterly reports will provide information necessary to update ADB's project performance reporting system.¹⁴

55. **Compliance monitoring.** Loan covenants—policy, legal, financial, economic, environmental, and others—will be monitored during review and mid-term review missions.

56. **Safeguards monitoring.** For monitoring of environment safeguards, ADB will ensure that:

- (i) monitoring and supervision activities are carried out on an ongoing basis until a project completion report is issued;
- (ii) project review missions visit project sites to ascertain the status of implementing the EMP with detailed review by ADB's safeguard specialists, and/or consultants
- (iii) updated environmental impact assessment reports are timely reviewed and disclosed on the ADB website; and
- (iv) semi-annual safeguard monitoring reports are timely reviewed to disclosed on the ADB web-site.

¹⁴ ADB's project performance reporting system is available at <http://www.adb.org/Documents/Slideshows/PPMS/default.asp?p=evaltool>

57. For monitoring social safeguards monitoring, the internal monitoring of LARP and LRP implementation will be the responsibility of the KPUMA and PMU through SRS and with the support of resettlement staff under EPCM consultants. The KPUMA shall submit the LARP internal monitoring reports to ADB on 6-monthly basis during LARP and LRP implementation. The PMU will engage the services of a firm/NGO or an individual expert, with approval of ADB, to undertake semi-annual external monitoring of LARP implementation. An evaluation of outcomes of the LARP will be carried out after completion of LARP implementation to assess whether activities achieved their objectives. All resettlement monitoring reports will be disclosed to the public. The monitoring reports may cover LARP and LRP implementation progress with implementation gaps, identified social issues (if any) and recommended corrective actions to ensure implementation of the project is fully in consonance with the loan covenants on social safeguards and ADB's SPS requirements as outlined IR safeguards requirement-II. Specific monitoring benchmarks for LAR monitoring include (i) information campaign and consultation with affected persons; (ii) status of grievance/complaints recorded and grievances redressed during monitoring period; (iii) compensation for affected structures and other assets; (iv) relocation of affected persons; (v) payments for loss of income; and (vi) living standard and income restoration activities.

58. **Gender and social dimensions monitoring.** Progress towards the achievement of gender targets in the design and monitoring framework as well as those in the GAP will be monitored and reported regularly by the social and gender specialist and included in regular monitoring reports, with a distinct section that provides sex-disaggregated data demonstrating the extent of implementation of gender activities, and describing challenges met and actions taken to overcome them. The cost of implementing the GAP is included in the project's Cost and Financing section.

C. Evaluation

59. After the loan is declared effective, ADB will field an inception mission to discuss the PAM in detail, orient the PMU and PIUs on its roles and responsibilities, discuss implementation arrangements, procurement processes, disbursement arrangements, audit, and reporting requirements for the project.

60. ADB will field review missions during the duration of project implementation to review the project progress and address issues, if needed, to ensure that the project is completed as planned.

61. A midterm review mission will be fielded by ADB between the first and second year of implementation to assess whether attainment of the project's immediate objective (design and monitoring framework) is still likely to be achieved and if changes in project may be needed.

62. A project completion review mission will be fielded by ADB to prepare ADB's project completion report. Within 6 months of physical completion of the project, KPUMA/ TMTD will submit the government's project completion report to ADB.¹⁵

¹⁵ Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

D. Reporting

63. Peshawar Development Authority will provide ADB with (i) quarterly progress reports in a format consistent with ADB's project performance reporting system, including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions, (c) updated procurement plan, and (d) updated implementation plan for the next 12 months. TransPeshawar will submit to ADB semi-annual progress reports of similar outline. KPUMA will provide ADB with a project completion report within 6 months of physical completion of the project. To ensure that projects will continue to be both viable and sustainable, project accounts and TransPeshawar audited financial statement together with the associated auditor's report, should be adequately reviewed.

E. Stakeholder Communication Strategy

64. During project design, extensive dialogues and negotiations were held with potentially disposed persons and affected households in the project to address resettlement issues and resolve them amicably. In the preliminary design of BRT, adjustments have been made to minimize displacement and resettlement of people. Potentially disposed persons and stakeholders' concerns and suggestions have been incorporated in the LARP, EMP and GAP. Consultations were continued during fact-finding and will be continued and reported during project implementation.

Project information and activities to be communicated	Means of communication	Who will provide information	Target audience	Frequency
Project information on advantages of the BRT system and encouraging the general public, especially women, to use the BRT, are disseminated.	Public information / awareness raising campaigns; various media (such as video on social media)	KPUMA, TransPeshawar Company, PMU Director, PMU Social and Gender Expert	General public	During project design and implementation
Project team presentation of project preliminary design and impacts on stakeholders	Face to face dialogues	ADB PDA	Project stakeholders (public, private entities, concerned government entities)	During project design
Consultations and negotiations to address resettlement issues	Dialogues with potentially displaced persons and project affected households	PDA and DCO on behalf of KPUMA, until KPUMA is fully established	General public	During project conceptualization , design and implementation prior to start of civil works
Results of satisfaction survey on use of BRT Results of satisfaction survey for women on safety of BRT	Survey tools	PIU TransPeshawar	General Public	During first year of operation

EIA Report	ADB website, PDA and DCO website, public consultation and leaflets for affected persons	ADB PDA and DCO	General public and project affected persons	EIA posted on ADB website on 27 February 2017. Monitoring reports are updated semi-annually. EMP will be prepared before civil works and implemented during construction period.
LARP	ADB website, PDA and DCO websites, public consultation and leaflets for affected persons	ADB PDA and DCO on behalf of KPUMA, until KPUMA is fully established	General public and project affected persons	LARP posted on ADB website on ____ April 2017
Project RRP	ADB website		Posted no later than 14 days from ADB Board approval	General public
Project legal agreements	ADB website		Posted no later than 14 days from ADB Board approval	General public
Project Administration Manual	ADB website		Posted no later than 14 days from ADB Board approval	General public

ADB = Asian Development Bank, BRT = bus rapid transit, EIA = Environmental Impact Assessment, EMP = environmental management plan, LARP = land acquisition and resettlement plan, KPUMA = Khyber Pakhtunkhwa Urban Mobility Authority, PIU = project implementation unit, PMU = project management unit, RRP = report and recommendation of the President.

X. ANTICORRUPTION POLICY

65. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project.¹⁶ All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all project contractors, suppliers, consultants, and other service providers. Individuals and/or entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the project.¹⁷

66. To support these efforts, relevant provisions are included in the loan agreement and the bidding documents for the project. ADB reserves the right to investigate directly any alleged corrupt, fraudulent, collusive, or coercive practices relating to 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 records and accounts of the EA, IAs, and all contractors, suppliers and consultants.

¹⁶ Anticorruption Policy: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

¹⁷ ADB's Integrity Office web site: <http://www.adb.org/integrity/unit.asp>

XI. ACCOUNTABILITY MECHANISM

67. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make an effort in good faith to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.¹⁸

XII. RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL

68. Following are all revisions and updates of the PAM during implementation of the project.

¹⁸ Accountability Mechanism. <http://www.adb.org/Accountability-Mechanism/default.asp>

Procurement Plan

Basic Data

Project Name: Peshawar Sustainable Bus Rapid Transit Corridor Project	
Project Number: 48289-002	Approval Number:
Country: Pakistan	Executing Agency: Khyber Pakhtunkhwa Urban Mobility Authority (KPUMA)
Project Procurement Classification: B	Implementing Agencies: Peshawar Development Authority (PDA) TransPeshawar (The Urban Mobility Company)
Procurement Risk: High	
Project Financing Amount: \$587 million ADB Financing: \$335 million ¹⁹ Cofinancing (ADB administered): \$75 million Cofinancing (non-administered): \$75 million Non-ADB Financing: \$102 million	Loan Closing Date: 30 December 2021
Date of First Procurement Plan: 22 March 17	Date of this Procurement Plan: 30 May 2017

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

1.1 Procurement and Consulting Methods and Thresholds

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

Procurement of Goods and Works

Method	Threshold	Comments
International Competitive Bidding (ICB) for Works	\$15,000,000 and above	Prior Review
International Competitive Bidding for Goods	\$2,000,000 and above	Prior Review
National Competitive Bidding (NCB) for Works	Below \$15,000,000	Prior Review
National Competitive Bidding for Goods	Below \$2,000,000	-do-
Shopping for Works	Below \$100,000	
Shopping for Goods	Below \$100,000	

Consulting Services	
Method	Comments
Least Cost Selection	Audit Services package
Single Source Selection or Quality Cost-Based Selection	Construction Supervision Consultants package

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

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

¹⁹ Includes PDA amount of \$10 million.

Package Number	General Description	Estimated Value* (\$ million)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
Works							
Package 1: PSBRT-Works-Road	Lot 1: Chamkani to Bala Hisar Fort, Km 0+000 – Km 7+800 (7.8 Km approx.)	180.15	ICB	Prior	1S2E	Q2/2017	Procurement under advance action. ADB Standard Bidding Documents (SBD) for Large Works to be used. Prequalification of Bidders and domestic preference will not apply.
	Lot 2: Aman Chowk to Hayatabad Km 15+000 – Km 25+800 (10.8 Km approx.)						
Package 2: PSBRT-Works-Road	Malik Saad Shaheed Road to Aman Chowk, Km 7+800 – Km 14+000 (6.2 Km approx.)	119.24	ICB	Prior	1S2E	Q2/2017	Procurement under advance action. ADB SBD for Large Works to be used. Prequalification of Bidders and domestic preference will not apply.
Package 3: PSBRT-Works-Bldg-	Lot 1: Hayatabad Bus Depot and Park & Ride	36.25	ICB	Prior	1S2E	Q2/2017	Procurement under advance action. ADB SBD for Large Works to be used. Prequalification of Bidders will not apply.
	Lot 2: Chamkani Bus Depot, Park & Ride, TransPeshawar & KPUMA office, and BRT control center						
	Lot 3: Dabgari Staging Facility, Commercial Area, and Park & Ride						
Package 4: PSBRT-Works-Bldg	Multi Storey Parking Plaza for Lady Reading Hospital	5.66	NCB	Prior	1S2E	Q2/2017	Procurement under advance action. ADB SBD for Large Works will be used. Prequalification of Bidders will not apply.

Goods							
Fleet Procurement							
PSBRT-Goods-Fleet-1	Procurement of the BRT fleet (mix of 9-meter and 12-meter buses)	107.63	ICB	Prior	1S2E	Q3/2017	Customized bidding documents for a supply-maintenance contract will be used
ITS Procurement							
PSBRT-Goods-ITS-1	Operation and Dispatching System	1.985	NCB	Prior	1S2E	Q4/2017	ADB SBD for Goods will be used.
PSBRT-Goods-ITS-2	AFC system	0.93	NCB	Prior	1S2E	Q4/2017	ADB SBD for Goods will be used.
PSBRT-Goods-ITS-3	Automatic door	5.42	ICB	Prior	1S2E	Q4/2017	ADB SBD for Goods will be used.
PSBRT-Goods-ITS-4	Control center	2.64	ICB	Prior	1S2E	Q4/2017	ADB SBD for Goods will be used.
PSBRT-Goods-ITS-5	Passenger information	0.66	NCB	Prior	1S2E	Q4/2017	ADB SBD for Goods will be used.
PSBRT-Goods-ITS-6	Smart card	1.59	NCB	Prior	1S2E	Q4/2017	ADB SBD for Goods will be used.
Bike sharing System at University of Peshawar							
PSBRTCS-Goods-Bike-1	Bike sharing System at University of Peshawar	1.17	ICB	Prior	1S2E	Q2/2017	ADB SBD for Goods will be used.

* Including taxes, excluding contingencies.

Note: Invitations for bids for Bus fleet and ITS Equipment shall also be done through specialized advertising (such as advertisement in relevant international journals and websites) to attract international bidders, in addition to advertisement on ADB website and national advertisement.

1.3 Consulting Services Contracts Estimated to Cost \$100,000 or More

1. 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
PSBRT-Cons-1	Construction Supervision	\$5.0	SSS or QCBS	NA	Q2 2017 (if any)	FTP	The Terms of Reference of the EPCM consultants under the Project Design Advance loan provides for possible continuity of services (subject to good performance) of EPCM, for supervision of construction works under the Project loan.

1.4 Goods and Works Contracts Estimated to Cost Less than \$1 Million

Package Number	General Description	Estimated Value (\$ million)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
NIL	-	-	-	-	-	-	

Package Number	General Description	Estimated Value (\$ million)	Number of Contracts	Procurement Method	Review [Prior / Post/Post (Sample)]	Bidding Procedure	Advertisement Date (quarter/year)
PSBRT-Goods-Shopping	Equipment and vehicles for TransPeshawar	Below 100,000	Multiple	Shopping	Post	1S1E	Q3/2017

1.5 Consulting Services Contracts Less than \$100,000 (Smaller Value Contracts)

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.

Consulting Services								
Package Number	General Description	Estimated Value	Number of Contracts	Recruitment Method	Review (Prior / Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
PBRT-Cons	Audit services	\$0.07	1	LCS	Prior	3Q/2017	BTP	ADB standard Request for proposal to be used.

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

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

3. National Competitive Bidding

General

The procedures to be followed for national competitive bidding shall be those set forth in the Khyber Pakhtunkhwa Public Procurement of Goods, Works and Services Rules, 2014 (Khyber Pakhtunkhwa Act No. XI of 2012) issued on the 3rd Feb 2014 under the Government of the Khyber Pakhtunkhwa, Finance Department with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of the ADB Procurement Guidelines.

Registration

- (i) Bidding shall not be restricted to pre-registered firms and such registration shall not be a condition for participation in the bidding process.
- (ii) Where registration is required prior to award of contract, bidders: (i) shall be allowed a reasonable time to complete the registration process; and (ii) shall not be denied

registration for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through post-qualification.

Prequalification

Normally, post-qualification shall be used unless prequalification is explicitly provided for in the loan agreement/procurement plan. Irrespective of whether post qualification or prequalification is used, eligible bidders (both national and foreign) shall be allowed to participate.

Bidding Period

The minimum bidding period is twenty eight (28) days prior to the deadline for submission of bids.

Bidding Documents

Procuring entities shall use the applicable standard bidding documents for the procurement of goods, works and services acceptable to ADB.

Preferences

No domestic preference shall be given for domestic bidders and for domestically manufactured goods.

Advertising

Invitations to bid shall be advertised in at least one widely circulated national and international daily newspaper or freely accessible, nationally-known website allowing a minimum of twenty eight (28) days for the preparation and submission of bids. NCB contracts estimated to cost \$500,000 or more for goods and related services and \$1,000,000 or more for civil works will be advertised on ADB's website via the posting of the Procurement Plan.

Invitations to bids for Bus fleet and ITS procurement shall also be advertised in relevant international journals to attract international bidders.

Bid Security

Where required, bid security shall be in the form of a bank guarantee or call-deposit receipt (CDR) from a reputable bank.

Bid Opening and Bid Evaluation

- (i) Bids shall be opened in public.
- (ii) Evaluation of bids shall be made in strict adherence to the criteria declared in the bidding documents and contracts shall be awarded to the lowest evaluated bidder.
- (iii) Bidders shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.
- (iv) No bidder shall be rejected on the basis of a comparison with the employer's estimate and budget ceiling without the ADB's prior concurrence.
- (v) A contract shall be awarded to the technically responsive bid that offers the lowest evaluated price and no negotiations shall be permitted.

Rejection of all Bids and Rebidding

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

Participation by Government-owned enterprises

Government-owned enterprises in the Islamic Republic of Pakistan shall be eligible to participate as bidders only if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the contracting authority. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

ADB Member Country Restrictions

The blanket waiver of the member country procurement eligibility restrictions for cofinanced OCR operations approved by the Board in 2015 pursuant to the Enhancing Operational Efficiencies paper applies to this project due to expected cofinancing from AFD and EIB.²⁰ Therefore, there will be no country restriction.

²⁰ ADB. 2015. *Enhancing Operational Efficiency of the Asian Development Bank*. Manila.

TERMS OF REFERENCE

CONSTRUCTION SUPERVISION ENGINEERING SERVICES

1. The terms of reference of the consultants for engineering design, procurement and construction management (EPCM) under the project design advance loan indicate that Phase 2 of the assignment will include construction supervision of the civil works in the ensuing loan. To conduct the Phase 2 assignment, the use of the Single Source Selection (SSS) method may be considered to recruit the same consulting firm as the one selected for Phase 1, if the performance of such firm under Phase 1 has been assessed as satisfactory. Otherwise, quality and cost-based selection method will be used to recruit the supervision consultants. Details of the requested outputs and scope of work, deliverables and reporting requirements, indicative staffing, consultant positions, qualifications and key tasks, and contract administration and reporting for this Contract are provided in the following sections.

I. INDICATIVE OUTPUTS AND SCOPE OF WORK

2. The **Phase 2** consulting services will be implemented over a **construction period of 12 months** (Q3 2017 to Q2 2018). During this period, the Consultant will supervise the implementation of the works in the role of Engineer (as defined by FIDIC), leading to successful completion of the works and a recommendation to issue the completion certificate for the works. Payments will not be made based on services performed. The scope of work of these services is described below.

3. The objective of these services is to ensure that the Works are carried out in accordance with the Contract and that the highest possible construction quality is achieved within the budget allocated. This will be done through strict supervision of the Contractor's activities to ensure that all work is carried out in full compliance with the engineering designs, technical specifications and other contract documents, as well as to effectively assist the Government to carry out its supervision responsibilities.

4. The Consultant will be responsible for assisting the Client with the construction supervision of the Works contract, and specifically to act as the "Engineer" as defined in Works contract documents.

5. During construction supervision the Engineer may delegate some of his authority to a site resident engineer, who will act as "the Engineers Representative". The road works contract will be supervised by a team with the appropriate professional skills as mentioned in the job descriptions.

6. The scope of the consultant services will generally be as follows:

- (i) Assist the PIU in all activities required of the Engineer and Engineer's Representative to the Contract (as defined in the Contract) and assist the Engineer to administer the execution of the construction contract in accordance with Conditions of Contract. Prepare certificates of payments as required by the Contract. Maintain full and complete records of progress payments;
- (ii) Provide such information as is necessary for the Contractor to set out the works and check that the setting out is correct
- (iii) Review and approve the Contractor's work proposals, working drawing drawings etc. to the extent required by the Contract, advise modifications where necessary and approve these proposals;

- (iv) Review and approve the Contractor's work program and, where necessary, request revisions of this to account for the current status of the works and ensure adherence to the construction schedule;
- (v) Agree with the Contractor on systems of measurement for interim payment certificates and verify the quantities for such certificates;
- (vi) Make recommendations to the Client on the Contractor's claims for additional payment, extension of time and other matters, based on the Consultant's interpretation of the Contract documents, the relevant site conditions and the Contractor's detailed submissions,
- (vii) In the event of variations to the works being required, prepare the necessary documents, negotiate these with the Contractor and submit these to the Client for approval;
- (viii) Through inspectors of works and other site staff as may be required, supervise the day-to-day operations of the Contractor to ensure quality of workmanship and compliance with the Contract, including day-to-day monitoring of environmental compliance;
- (ix) Oversee and verify laboratory and field tests undertaken by the Contractor during the construction period;
- (x) Maintain detailed daily diaries, photographs and documents concerning relevant events and activities, call and keep minutes of routine site meetings between the parties to the Contract;
- (xi) Review for accuracy the 'As Built' drawings prepared by the Contractor for all the works and translate such documents into a format suitable for the Client's asset management system;
- (xii) Prepare progress reports for the Contract in a form acceptable to ADB and the Client. These reports will include, as a minimum, details of the physical and financial status of the Contract, details of delays and the budgetary effect of particular problems with suggested solutions;
- (xiii) Carry out final inspections of the works and recommend the issue of completion certificate;
- (xiv) Check the Contractor's final accounts and certify them correct for payment;
- (xv) Prepare completion reports in a form acceptable to ADB and the Client;
- (xvi) Advise the Client with respect to carrying out the works following any appeal to arbitration or litigation related to the works; and
- (xvii) Provide any other specialized services as may be necessary and agreed upon.

Social and Environmental Safeguards

7. In addition to the engineering services described above, the Consultant is also to provide training and monitor compliance with social and environmental safeguards, as described below.

Construction Site Management – EMP.

8. The Consultant shall:
- (i) Supervise and monitor construction of all project components and ensure implementation of EMP;
 - (ii) Use non-conformance documentation with sufficient details to record and inform the contractors of improvements needed to mitigation measures;
 - (iii) Respond to Contractors proposals and prepare corrective action plans and ensure that Contractors take corrective actions where necessary and report corrective actions regularly, at least monthly; and
 - (iv) Facilitate the resolution of public complaints through grievance redress mechanism.

Social, Environmental, Community Participation, Gender Issues and Information Dissemination.

9. The Consultant shall:
 - (i) Monitor compliance of Resettlement Plan or any other social development issue identified during feasibility study/detailed design phase in co-ordination with PIU, NGO, and other stakeholders;
 - (ii) Monitor compliance of environmental management plan as well as any other environmental issues in co-ordination with PIUs and other stakeholders;
 - (iii) Provide training to SPO, contractors and PIUs personnel for environmental management and monitoring during construction and operation;
 - (iv) Work with selected NGOs for community participation, awareness generation, social inclusion, and implementation of gender action plan;
 - (v) Assist PIUs and the NGO, engaged under the Project to implement the Community Awareness and Participation Plan (CAPP), in disseminating information on the Project to various stakeholders of the Project;
 - (vi) Assist the NGO in designing and implementing activities for meaningful consultation, people's participation, awareness generation and public education with emphasis on water conservation, health & hygiene, safeguards issues, etc., as required for sustained awareness of community during construction period; and
 - (vii) Assist PIUs in addressing community complaints and grievances.

II. INDICATIVE DELIVERABLES, REPORTING REQUIREMENTS AND CONTRACT ADMINISTRATION

Reporting - Construction Supervision

10. The consulting services for Construction Supervision are to be provided under a time-based contract. The Consultant is required to produce the standard reports (described below) associated with such contracts. Payments for services will be made against monthly invoices.

11. **Monthly Reports.** The Engineer shall prepare, at the end of each month, a brief progress report summarizing the work accomplished by the supervision team during the reporting period. The report will also outline any problems encountered (administrative, technical (including environmental), or financial) and give recommendations on how these problems may be overcome. A brief summary of the progress of the Works will be prepared outlining problems encountered and recommended solutions.

12. **Quarterly and Periodic Reports.** The Engineer shall prepare a comprehensive report summarizing all activities of the Project at the end of each quarter, and at other times when considered necessary, by either the Engineer or the Employer, because of delays in the construction works or of the occurrence of technical or contractual difficulties. Such reports shall summarize not only the activities of the Engineer and the Engineer's Representative but also the progress of the Contracts, all contract variations, change orders, the status of Contractor claims, if any, brief descriptions of the technical and contractual problems being encountered and other relevant information for all the ongoing contracts. The quarterly report shall also summarize training activities and the performance by national staff of the supervision activities.

13. **Final Completion Reports.** The Engineer shall prepare a comprehensive Final Completion Report for the construction contract when it reaches a stage of substantial completion during the period of the services. This report, which must be submitted immediately after the provisional hand-over of the works, shall summarize the method of construction, the construction supervision performed, recommendations for future projects of similar nature to be undertaken by the Employer summarizing the construction activities, total effect of contract changes, claims or dispute or any other substantive matters having an effect on the amount, cost, and progress of the work.

III. INDICATIVE STAFFING, CONSULTANT POSITIONS, QUALIFICATIONS AND KEY TASKS

14. The indicative staffing requirement for the construction supervision activity as outlined in paragraphs above is shown in the **Table 1** below. The qualifications and key tasks of these positions are described in **Table 2**.

Table 1: Construction Supervision – Indicative Staffing Requirement

International Consultants	Person Months	National Consultants	Person Months
"The Engineer" /Team Leader	12		
Engineers Representative	18		
Quality Control Engineer	18		
Site Supervision Engineers x3	54	Site Supervision Teams (3) x 4 persons	216
Environmental Specialist	6	Environmental Specialist x 3	54
		Resettlement Specialist	12
		Social Development Specialist	6
Total	108	Total	288

Note: Person-months based on a civil works contract length of 18 months.

Table 2: Indicative Staffing for Construction Supervision

Position	Qualifications and Experience	Key Tasks
"The Engineer" / Construction Supervision Team Leader <i>International</i> <i>12 person-months</i>	Civil Engineering degree (internationally recognized professional qualification) Preferably 20 years of professional experience with 15 years working in road and bridge construction, including specific experience in BRT project(s) Preferably 5 years in a senior management position and previous experience as "The Engineer"	The international consultant will be responsible for assisting the Client with the construction supervision of the civil works contracts, and specifically to act as "The Engineer" as defined in the FIDIC Based contract documents. The consultant will be responsible for preparing completion reports in a form acceptable to ADB and the Client, and making the recommendation to issue the completion certificate for the works.
Engineer's Representative <i>International</i> <i>18 person-months</i>	Civil Engineering degree (internationally recognized professional qualification) Preferably 15 years of professional experience with 10 years working in road and bridge construction.	The Engineer's Representative will have the overall responsibility for managing site supervision teams. The responsibilities of the Engineer's Representative and his/her staff are, under the overall control of the Engineer, to supervise construction of the work and to test or order to test and examine any materials to be used or workmanship employed in connection with the works.
Quality Control Engineer <i>International</i> <i>18 person-months</i>	Bachelor degree in related disciplines Preferably 2 years working in similar assignments/positions	The responsibilities of the Engineer focus on verifying that the following meet the specifications or other requirements of the civil works contract: <ul style="list-style-type: none"> • Contractors' sources of construction materials and stone crushing procedures • Contractors' proposed asphalt mix design

		<ul style="list-style-type: none"> • Contractors' concrete production plant and concrete trial mixes • All pavement materials for both rigid and flexible pavements • Laboratory and field tests undertaken by the Contractor
Site Supervision Engineers <i>International</i> 60 person-months (3 persons * 18p-m)	Civil Engineering degree (internationally recognized professional qualification) Preferably 5 years of relevant experience in road and bridge construction (specific experience in BRT project(s) is desirable)	The three engineers are each assigned to one major contract or group of contracts to supervise construction of the work and to test or order to test and examine any materials to be used or workmanship employed in connection with the works. These engineers will also direct the work of the local site supervision teams.
Site Supervision Teams <i>National</i> 240 person-months (3 teams of 4 experts * 18 p-m)	Tertiary qualification in a relevant discipline (nationally recognized professional qualification) Preferably 5 years of professional experience, of which 2 years working in similar assignments/ positions	The consultant is free to propose the composition of three site teams, however it is expected that the team will require expertise in the areas of quality control, road alignment and pavement engineering, laboratory analysis, and building construction.
Environmental Specialists <i>International</i> 6 person-months <i>National</i> 60 person-months (3 experts * 18 p-m)	Bachelor degree in a related discipline Preferably 5 years' experience working in similar assignments/positions Knowledge of ADB or other IFI, and GoP's requirements and procedures is desirable Bachelor degree in a related discipline Preferably 2 years' experience working in similar assignments/positions Knowledge of ADB or other IFI, and GoP's requirements and procedures is desirable	During the construction stage, the specialist will have to provide an equivalent of 6 p.m. inputs, and will have to review all monitoring reports of national consultants and advises on corrective actions, and monitors the environmental performance of the IA. During the construction stage, a total of three national environmental specialists, providing each an equivalent of 18 p.m. inputs, will supervise the implementation of the site specific EMP by the Contractors, and prepare and submit to SMTA monthly environmental monitoring reports in collaboration with PIU's environmental officers.
Resettlement Specialist <i>National</i> 12 person-months	Bachelor degree in a related discipline Preferably 2 years' experience working in similar assignments/positions. Knowledge of ADB or other IFI, and GoP's requirements and procedures is desirable	During the construction stage, he/she will have to provide an equivalent of 12 p.m. inputs, and will supervise and monitor RP implementation, and will prepare monthly monitoring reports
Social Development Specialist <i>National</i> 6 person-months	Preferably a Bachelor degree in a related discipline Preferably 2 years' experience working in similar assignments/positions Knowledge of ADB or other IFI, and GoP's requirements and procedures is desirable	During the construction stage, the expert will have to provide an equivalent of 6 p.m. inputs, and will have to assist the IA and the NGO on activities related to social measures.

ADB = Asian Development Bank, BRT = bus rapid transit, EMP = environmental management plan, GoP = Government of Pakistan, IA = implementing agency, IFI = international financial institutions, NGO = non-government organization, PIU = project implementation unit.

TERMS OF REFERENCE

[ENTITY NAME: XYZ] **AUDITED PROJECT FINANCIAL STATEMENTS (APFS)** **STATEMENT OF AUDIT NEEDS (AUDITOR'S TERMS OF REFERENCE²¹)**

I. INTRODUCTION

1. *[A description of the project will be provided with a focus on the purpose for which the funds are intended consistent with broad project objectives and budget. A description of the executing and implementing agencies will be included along with the related accounting and financial management practices, loan amount, financial reporting periods to be audited, and other relevant information that should be brought to the attention of the auditors.]*

II. MANAGEMENT RESPONSIBILITY FOR PREPARING PROJECT FINANCIAL STATEMENTS

2. 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 Audited Project Financial Statements.*
 - (ii) Prepare and sign a Statement of Compliance.*
3. *Management must include the following in the Statement of Compliance:*
 - (i) That project financial statements are free from material misstatements including omissions and errors, and are fairly presented;*
 - (ii) That the borrower or executing agency has utilized the proceeds of the loan only for the purpose(s) of the project;*
 - (iii) That the borrower or executing agency was in compliance with the financial covenants of the legal agreement(s) (where applicable);*
 - (iv) That the imprest fund procedure, where applicable, has been operated in accordance with the Asian Development Bank's (ADB) Loan Disbursement Handbook;*
 - (v) That adequate supporting documentation has been maintained to authenticate claims stated on the statement of expenditures (SOE), where applicable, for reimbursement of eligible expenditures incurred and liquidation of advances provided to the imprest account; and*
 - (vi) That effective internal control, including over the procurement process, was maintained.]*

²¹ This statement of audit needs was developed to guide project teams and executing and implementing agencies in communicating the Asian Development Bank's (ADB) auditing requirements to private auditors. This statement of audit needs may also be used as a guide when communicating auditing requirements with supreme audit institutions, where applicable.

III. OBJECTIVES

4. 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. *(please refer to para 10).*

IV. AUDITING STANDARDS

5. The *[statutory]* audit is required to be conducted in accordance with *[specify the relevant auditing standards]*. 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. 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. 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.

6. The standards to be applied will be documented in the project/loan documents, and will include:

[Option A: Standards promulgated by the International Auditing and Assurance Standards Board (IAASB):

1. *International Standards on Auditing (ISA); and*
2. *International Standards on Assurance Engagements (ISAE).*

Option B: Standards promulgated by the International Organisation of Supreme Audit Institutions (INTOSAI):

1. *International Standards of Supreme Audit Institutions (ISSAI).*

Option C: National Auditing Standards:

The auditing standards promulgated by {national authority}.]

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

- ISA 800/ISSAI 1800 – Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks.
- ISA 240/ISSAI 1240 – The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements.
- ISA 250/ISSAI 1250 – Consideration of Laws and Regulations in an Audit of Financial Statements.
- ISA 260/ISSAI 1260 – Communication With Those Charged with Governance.
- ISA 265/ISSAI 1265 – Communicating Deficiencies in Internal Control To Those Charged with Governance and Management.
- ISA 330/ISSAI 1330 – The Auditor's Responses to Assessed Risks.

V. PROJECT FINANCIAL REPORTING FRAMEWORK

8. The auditor will verify that the project financial statements have been prepared in accordance with *[International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), International Public Sector Accounting Standards (IPSAS) promulgated by the International Public Sector Accounting Standards Board (IPSASB), or national equivalents]*. The executing agency and/or implementing agency are responsible for preparing the project financial statements, not the auditor.

VI. AUDIT DELIVERABLES

A. Audited Project Financial Statements

9. An auditor's opinion providing reasonable assurance over the project financial statements, and project financial statements comprising the following:

Table 1: Content of the Project Financial Statements

For Cash-Based Financial Statements	For Accrual-Based Financial Statements
A statement of cash receipts and payments	A statement of financial position (balance sheet)
A statement of budgeted versus actual expenditures	A statement of financial performance (income statement)
A statement of imprest account (where applicable)	A statement of cash flows
A summary statement of expenditures (where applicable)	A statement of changes in net assets/equity (where applicable)
Significant accounting policies and explanatory notes	A statement of imprest account (where applicable)
Any additional schedules agreed (e.g., a summary of assets)	Significant accounting policies and explanatory notes
	Statement of budgeted versus actual expenditures
	Summary statement of expenditures (where applicable)
	Any additional schedules agreed

B. Reasonable Assurance Opinion over the Use of Loan Proceeds and Compliance with Financial Covenants

10. The auditor will provide a reasonable assurance opinion following *[ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" or ISSAI 4200 "Compliance Audit Related to the Audit of Financial Statements"]* for the following confirmations provided by Management in the Statement of Compliance:

- (i) That the proceeds of the loan were used only for the purpose(s) of the project; and
- (ii) That the borrower or executing agency was in compliance with the financial covenants of the legal agreement(s), where applicable.

11. The auditor will outline the degree of compliance for each of the financial covenants in the loan agreement.

C. Management Letter

12. 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 expenditure²² 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.

D. Specific Considerations

13. 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 controls related thereto;
 - (v) Where the audit report has been issued under ISA 800 or ISSAI 1800, 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;
 - (vi) Where reasonable assurance has been provided using ISAE 3000 or ISSAI 4200, the assurance report must contain, among others:
 - A statement that the engagement was performed in accordance with ISAE 3000 or ISSAI 4200;
 - Subject matter;
 - Criteria for measurement;
 - A summary of the work performed; and
 - The auditor's conclusion.
 - (vii) 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 percentages stipulated in the loan agreement;
 - (viii) 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 (where applicable);
 - (ix) 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

²² 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.

- 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, and (d) the amount of expenditures stated in the SOEs comply with disbursement percentages stipulated in the loan agreement; and
- (x) Any weaknesses in internal controls over the procurement process.

14. All reports must be presented in the English language within 6 months following the end of the fiscal year.

15. 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). 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 disclosed²³.

VII. OTHER MATTERS

A. Statement of Access

16. The auditor will have full and complete access, at all reasonable times, to all records and documents including books of account, legal agreement(s), bank records, invoices and any other information associated with the project and deemed necessary by the auditor.

17. The auditor will be provided with full cooperation by all employees of [XYZ] and the project implementing units, whose activities involve, or may be reflected in, the annual project financial statements. The auditor will be assured rights of access to banks and depositories, consultants, contractors and other persons or firms hired by the employer.

B. Independence

18. 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.

C. Auditor Experience

19. The auditor must be authorized to practice in the country and be capable of applying the agreed auditing standards. The auditor should have adequate staff, with 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 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 assignment.

²³ 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).