

Project Administration Manual

Project Number: 48402

Loan and Grant Numbers: (L3300-PAK, G0440-PAK, LXXXX-PAK, GXXXX-PAK)

10 May 2016

Islamic Republic of Pakistan: National Motorway M-4
Gojra–Shorkot–Khanewal Section Project

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1. Terms of Reference for Civil Works Supervision Consultants
2. Environment Management Plan
3. Bi-annual Environmental Monitoring Report
4. Progress Report Templates

Project Administration Manual Purpose and Process

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

The National Highway Authority (NHA) is wholly responsible for the implementation of ADB financed projects, as agreed jointly between the borrower and ADB, and in accordance with Government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by NHA 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.

Abbreviations

ADB	=	Asian Development Bank
AFS	=	audited financial statements
CAREC	=	Central Asia Regional Economic Cooperation
DMF	=	design and monitoring framework
EIA	=	Environmental Impact Assessment
EMP	=	environmental management plan
ICB	=	international competitive bidding
km	=	kilometer
LARP	=	land acquisition and resettlement plan
NGOs	=	nongovernment organizations
NHA	=	National Highway Authority
PAM	=	project administration manual
PIU	=	project implementation unit
PM	=	person month
QCBS	=	quality- and cost based selection
RRP	=	report and recommendation of the President to the Board
SPS	=	Safeguard Policy Statement
SPRSS	=	summary poverty reduction and social strategy
TOR	=	terms of reference

I. PROJECT DESCRIPTION

1. The transport sector contributes about 10% to Pakistan's GDP and more than 6% to the country's overall employment. Road transport dominates Pakistan's transport system, accounting for almost 96% of freight traffic in ton-kilometers and 92% of passenger traffic in passenger-kilometers. Pakistan's domestic investment and trade flows concentrate along one major north-south transport corridor that connects key business centers in the country. Comprising national highways and motorways, it runs from the port city of Karachi in the south, passes through primary production and population centers including Khanewal, Multan, Muzaffargarh, Lahore, Faisalabad, Islamabad and Peshawar, before finishing at Torkham, on the northern border with Afghanistan. The economy of the area served by the corridor accounts for 80-85% of Pakistan's GDP. The current project will construct the 62 kilometer (km) Gojra-Shorkot section of the Motorway M-4, a key part of the transport corridor. The additional financing will support an increase in the scope of the current project by constructing the last missing 64-km Shorkot-Khanewal section. This will facilitate north-south connectivity, improve quality and efficiency of road transport service, and promote inclusive economic growth.

2. As a result of Pakistan's accession to the Central Asia Regional Economic Cooperation (CAREC) Program in 2010, this north-south transport corridor now forms an integral part of the CAREC Corridors 5 and 6, opening a vital trading link between landlocked Central Asian nations and the country's warm water ports of Gwadar, Karachi, and Port Qasim, on the Arabian Sea. A section of the motorway M-4 passing through Punjab Province has been operational since 16 March 2015. The Punjab has approximate 56% of the country's population and 59% of the country's GDP. When complete, the motorway will become a 241 km long, 4-lane access controlled motorway, providing an alternative to the existing narrow and congested routes. This will be essential in providing relief for the heavily trafficked Faisalabad and Khanewal-Multan-Muzaffargarh areas, which also have a large share of non-motorized vehicles.

3. The national highway N-5 is part of the north-south transport corridor and Pakistan's longest and most important highway. Its section between Lahore and Multan is a 4-lane road that passes through highly urbanized areas. Currently, the majority of long distance traffic from Karachi to Islamabad and onwards leaves the N-5 after Multan using the local road network until reaching the M-2. These 2-lane roads are unsafe with at-grade accesses from local dwellings and businesses throughout. The completed M-4 will attract most of this long distance traffic and also divert traffic from the N-5 which will help alleviate congestion on that road. Overall, M-4 will provide an efficient international link between the north of Pakistan and beyond, and southern Punjab, Sindh, and the ports of Karachi and Gwadar in southern Pakistan.

4. **Impact and Outcome.** Impact of the project is aligned with modernization of transportation infrastructure and greater regional connectivity to support a vibrant and growing economy, as highlighted in the Pakistan Vision 2025. The project outcome will be an efficient and safer transport corridor between Islamabad, Faisalabad and Multan ensuring enhanced connectivity between the various parts of the country.

5. **Outputs.** The project outputs will be (i) a new 62 km of four-lane access controlled motorway connecting Gojra and Shorkot constructed and operational; (ii) strengthened safeguard and contract administration capacity of NHA ; and (iii) a new 64 km of four-lane, access-controlled motorway connecting Shorkot and Khanewal constructed and operational (additional financing).

II. IMPLEMENTATION PLANS

A. Project Readiness Activities

Indicative Activities	2015				2016			Responsible
	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	
Recruitment of supervision consultant through SSS and obtain ADB's clearance					Feb			NHA/ADB
Approve and disclose safeguards documents (current project and additional financing)								NHA/ADB
Disclose resettlement plan			Jul		Feb			NHA/ADB
Disclose EIA (draft posted in June 2014)			Jul		Mar			NHA/ADB
ADB Board approval			Sep					ADB
Loan signing				Oct				EAD/ADB
Civil Works Contract Award				Dec				NHA
Government legal opinion provided				Nov				EAD
Loan effectiveness				Dec				ADB
ADB Board approval (additional financing)						Jun		ADB
Loan effectiveness (additional financing)							Sep	EAD/ADB

ADB = Asian Development Bank, EAD = Economic Affairs Division; EIA = environmental impact assessment, LARP = land acquisition and resettlement plan, NHA = National Highway Authority, SSS = single source selection.

B. Overall Project Implementation Plan

	2015				2016				2017				2018				2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
A. DMF																								
126 km of four-lane, access-controlled motorway connecting Gojra, Shorkot and Khanewal constructed and operational																								
Construction supervision consultants mobilized by 25 February 2016																								
Civil works contract for Gojra-Shorkot section awarded by 31 Dec 2015																								
Civil works contract for Shorkot-Khanewal section awarded by 31 Jul 2016 (Added)																								
Civil works for Gojra-Shorkot section completed by 30 April 2019 (Added, including one-year DLP)																								
Civil works for Shorkot-Khanewal section completed by 30 April 2019 (Added, including one-year DLP)																								
Strengthened safeguard and contract administration capacity of NHA																								
Social Safeguard Management Consultant mobilized by 25 Feb 2015																								
A comprehensive project performance monitoring system established by 31 October 2016																								
Three FIDIC contract management workshops held for NHA by 31 October 2019																								
B. Management Activities																								
Procurement plan key activities to procure contract packages																								
Consultant selection procedure																								
Environmental management plan key activities																								
Communication strategy key activities																								
Annual/Mid-term review																								
Project completion report																								

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations – Roles and Responsibilities

Project implementation organizations	Management Roles and Responsibilities
Project Steering Committee	<ul style="list-style-type: none"> ➤ Provide guidance on and oversight to the overall implementation and performance of the project. ➤ Resolve issues and conflicts that would compromise quality of results, investment cost or project completion time. ➤ Approve the annual activity plan. ➤ Review implementation progress and resolve issues. ➤ Depute/appoint staff for project implementation unit. ➤ Review performance of consultants and contractors. ➤ Convening meeting on quarterly basis or as and when required.
National Highway Authority (Executing Agency)	<ul style="list-style-type: none"> ➤ Overall project management; finalizing surveys, designs, bidding documents, and contract awards. ➤ Overall construction supervision with the consultants, quantity and quality validation of civil works. ➤ Ensuring timely agreed counterpart funds and approval of higher authorities for project activities. ➤ Monitoring and evaluating project activities and outputs, including periodic review, preparation of review and progress reports reflecting issues and time-bound actions taken (or to be taken), and their timely submission to ADB. ➤ Preparing regular periodic progress reports, monitoring and evaluation reports, and project completion report and their timely submission to ADB. ➤ Endorsing to ADB through EAD the authorized staff in EA with approved signatures for processing payments and maintaining the imprest account(s). ➤ Establishing a sound financial management system, submitting timely withdrawal applications to ADB, conducting timely financial audits as per agreed timeframe, submitting audited project account reports, and taking recommended actions. ➤ Processing and submitting to ADB any request, when required, for reallocating the loan proceeds. ➤ Involving community villages along the project roads and civil society representatives in designing community facilitation centers and implementing them. ➤ Publicly disclosing project outputs and procurement results. ➤ Quality assurance of works, and services of consultants and counterpart staff. ➤ Ensuring compliance with all loan covenants and reporting to ADB. ➤ Preparing, implementing, and monitoring safeguards in accordance with the Resettlement Plans and EIA, ADB's SPS (2009), and Loan and Project Agreements. ➤ Establishing a grievance redress mechanism with a dedicated grievance staff to address all subproject-related grievances. ➤ Ensuring projects' sustainability during post-implementation stage and reporting to ADB on the achieved development impacts.
ADB	<ul style="list-style-type: none"> ➤ Assisting NHA in providing timely guidance at each stage of the project implementation. ➤ Reviewing all the documents that require ADB approval. ➤ Conducting regular project review missions, a midterm review, and project completion mission. ➤ Processing withdrawal applications and releasing eligible funds. ➤ Updating regularly the project performance review reports with the assistance of NHA. ➤ Updating and posting on ADB website the project information for public disclosure, and the safeguards documents in accordance with the ADB SPS (2009).
Ministry of Finance/Economic Affairs Division (EAD)	<ul style="list-style-type: none"> ➤ Monitoring the project implementation and providing respective coordination and facilitation. ➤ Budgeting, allocating and releasing counterpart funds. ➤ Endorsing to ADB the authorized staff with approved signatures for WAs processing. ➤ Processing and submitting to ADB any request, when required, for reallocating the loan proceeds.

ADB = Asian Development Bank; EA = executing agency; EIA = environmental impact assessment; NHA = National Highway Authority; SPS = Safeguards Policy Statement; WA = withdrawal application.

B. Key Persons Involved in Implementation

Executing Agency

National Highway Authority
(NHA)

Shahid Ashraf Tarar
Chairman
Telephone: +92 51 9260417
Email address: chairman@nha.gov.pk

Borrower and Oversight Agency

Economic Affairs Division

Shahid Ahmed Vakil
Deputy Secretary, ADB
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ADB

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Mission Leader

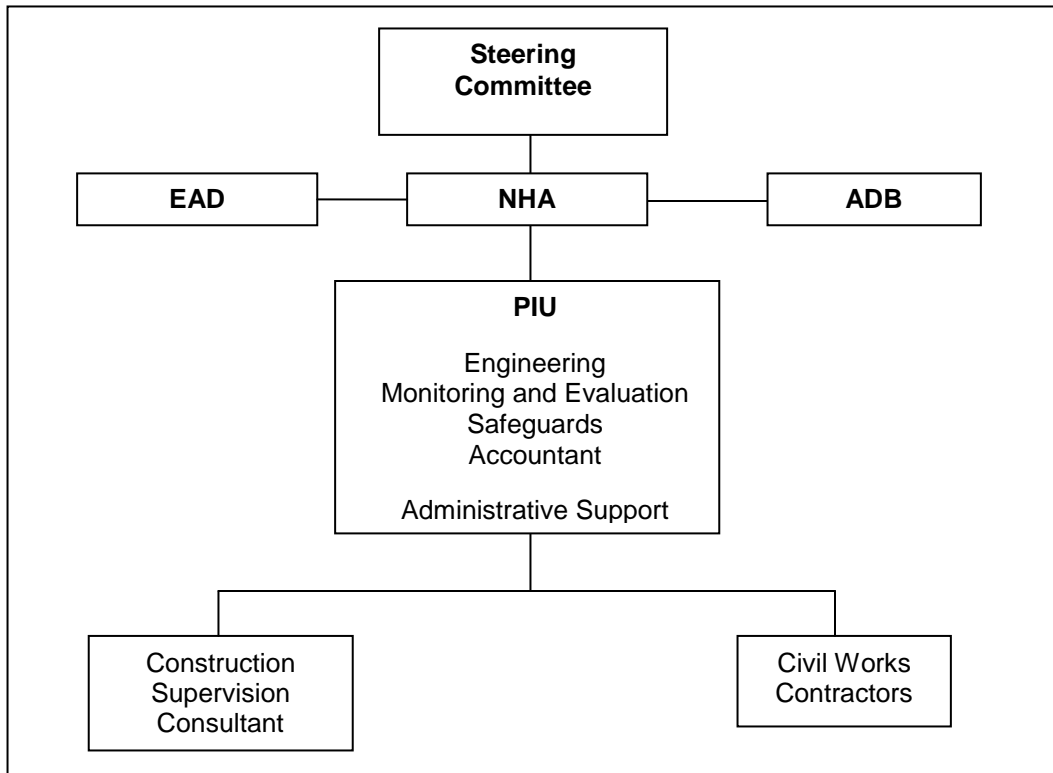
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C. Project Organization Structure

6. Figure 3.1 depicts the proposed organizational structure for implementation of the project. The steering committee constituted for the supervision of the MFF National Trade Corridor Highway Improvement Program will also act as the steering committee for the project playing the role spelled out in Section III-A.

7. NHA will be the executing agency (EA), which has the mandate for planning, designing and implementing transport projects for national highways as well as policy and regulatory authority over the sector. The Project Implementation Unit (PIU), headed by a general manager and suitably qualified staff including project directors, engineers, financial and safeguard specialists, will be responsible for overall implementation of construction including supervision of contractors and supervision consultants and day-to-day monitoring of project implementation in accordance with the provisions of the PAM and related legal agreements.

Figure 3.1: Organization Chart



IV. COSTS AND FINANCING

8. The project is estimated to cost \$590 million (Table IV.1).

Table IV.1: Project Investment Plan (\$ million)

Item	Current Amount ^a	Additional Financing ^b	Total
A. Base Cost^c			
1. M-4 Gojra–Shorkot road (62km)	241.6	0.0	241.6
2. M-4 Shorkot–Khanewal road (64km)	0.0	245.7 ^e	245.7
3. Institutional strengthening	6.7	0.0	6.7
Subtotal (A)	248.3	245.7	494.0
B. Contingencies^d	59.7	17.0^e	76.7
C. Financing Charges during Implementation^f	9.0	10.3	19.3
Total (A+B+C)	317.0	273.0	590.0

^a Refers to the original amount. Including taxes and duties and land acquisition and resettlement of about \$27.0 million to be financed from government resources.

^b Includes taxes and duties and land acquisition and resettlement of about \$35.0 million to be financed from government resources.

^c In end-2015 prices for the additional financing portion.

^d Physical contingencies of 5% after additional financing. Price contingencies were estimated using ADB cost escalation factors, including provision for potential exchange rate fluctuation and price adjustment under the civil works contract.

^e Loan savings of approximately \$50 million under the ongoing M-4 Gojra-Shorkot road project (as a result of effective competition among international and national bidders) will be utilized to cover civil works and contingencies in relation to the M-4 Shorkot–Khanewal road section. Upon approval of the additional financing, the financing agreements for the current M-4 Gojra–Shorkot road section will be amended to permit such use.

^f Includes interest charges financed from the ADB and AIIB loan.

Sources: NHA and ADB estimates.

9. The financing plan is in Table IV.2.

Table IV.2: Financing Plan

Source	Current ^a		Additional Financing		Total	
	Amount (\$ million)	Share of Total (%)	Amount (\$ million)	Share of Total (%)	Amount (\$ million)	Share of Total (%)
Asian Development Bank Ordinary capital resources	178.0 ^b	56.2	100.0	36.6	278.0	47.1
Government of the United Kingdom (grant) ^c	92.0 ^d	29.0	34.0	12.5	126.0	21.4
Asian Infrastructure Investment Bank (loan)	-	-	100.0	36.6	100.0	16.9
Government of Pakistan	47.0	14.8	39.0	14.3	86.0	14.6
Total	317.0	100.0	273.0	100.0	590.0	100.0

^a Refers to the original amount and any previous additional financing.

^b Of this amount, approximately \$50 million (reflecting the amount of loan savings as a result of effective competition among international and national bidders) will be applied toward financing civil works and contingencies of the M-4 Shorkot–Khanewal road section. Upon approval of the additional financing, the financing agreements for the current M-4 Gojra–Shorkot road section will be amended accordingly.

^c Administered by the Asian Development Bank. Amount includes bank charges.

^d The original financing of UK grant is £58.85 million, which is equivalent to \$84.7 million due to currency fluctuation (£1=\$1.4385 on 30 March 2016). Any shortfall in project funds resulting from depreciation of the British Pound shall be at the risk of the Government.

Source: NHA and ADB estimates.

A. Detailed Cost Estimates by Expenditure Category

Current Loan3300/Grant 0440-PAK

	(PKR '000)			(USD '000)			% Total Base Cost
	Foreign	Local	Total	Foreign	Local	Total	
A. Investment Cost^a							
1 Land and Resettlement Cost	-	1,223.04	1,223.04	-	12.00	12.00	5%
2 Civi Works	3,504.84	19,860.78	23,365.62	34.44	195.14	229.58	92%
3 Consultant	349.13	349.13	698.26	3.34	3.34	6.67	3%
Subtotal (A)	3,853.97	21,432.94	25,286.91	37.77	210.48	248.25	100%
Total Base Cost	3,853.97	21,432.94	25,286.91	37.77	210.48	248.25	100%
B. Contingencies^b							0%
1 Physical	298.85	1,661.97	1,960.82	2.93	16.32	19.25	8%
2 Price	628.74	3,496.61	4,125.36	6.16	34.34	40.50	16%
Subtotal (B)	927.59	5,158.58	6,086.18	9.09	50.66	59.75	24%
C. Financing Charges During Implementation^c							0%
1 Interest During Implementation and Commitment Charge	917.28	0	917.28	9.00	0	9.00	4%
Subtotal (C)	917.28	-	917.28	9.00	-	9.00	4%
Total Project Cost (A+B+C)	5,698.84	26,591.53	32,290.37	55.86	261.14	317.00	128%

^a In May 2015 prices.

^b Physical contingencies computed at 5% for civil works and consulting services. Price contingencies computed at 0.3-1.5% on foreign exchange costs and 5.0-6.0% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

^c Includes interest and commitment charges. Interest during construction for ADB loan(s) has been computed at the 5-year forward London interbank offered rate plus a spread of 0.5%. Commitment charges for an ADB loan are 0.15% per year to be charged on the undisbursed loan amount.

Source: NHA and ADB estimates.

Additional Financing

	(PKR '000)			(USD '000)			% Total Base Cost
	Foreign	Local	Total	Foreign	Local	Total	
A. Investment Cost^a							
1 Land and Resettlement Cost	-	2,173.50	2,173.50	-	20.70	20.70	8%
2 Civil Works	3,890.25	22,044.75	25,935.00	37.05	209.95	247.00	92%
3 Consultant	-	-	-	-	-	-	0%
Subtotal (A)	3,890.25	24,218.25	28,108.50	37.05	230.65	267.70	100%
Total Base Cost	3,890.25	24,218.25	28,108.50	37.05	230.65	267.70	100%
B. Contingencies^b							
1 Physical	179.47	1,117.28	1,296.75	1.71	10.64	12.35	5%
2 Price	474.47	2,953.78	3,428.25	4.52	28.13	32.65	12%
Subtotal (B)	653.95	4,071.05	4,725.00	6.23	38.77	45.00	17%
C. Financing Charges During Implementation^c							
1 Interest During Implementation and Commitment Charge	1,081.50	0	1,081.50	10.30	0	10.30	4%
Subtotal (C)	1,081.50	-	1,081.50	10.30	-	10.30	4%
Total Project Cost (A+B+C)	5,625.70	28,289.30	33,915.00	53.58	269.42	323.00	121%

^a In December 2015 price.

^b Physical contingencies of 5% after additional financing. Price contingencies were estimated using ADB cost escalation factors, including provision for potential exchange rate fluctuation and price adjustment under the civil works contract.

^c Includes interest and commitment charges. Interest during construction for ADB loan(s) has been computed at the 5-year forward London interbank offered rate plus a spread of 0.5%. Commitment charges for an ADB loan are 0.15% per year to be charged on the undisbursed loan amount. Interest during construction for AIIB loan has been computed in accordance with AIIB's Sovereign-Backed Loan Pricing, a commitment charge of 0.25% per year, and a one-time front-end fee of 0.25% charged on loan principal.

Source: NHA and ADB estimates.

B. Allocation and Withdrawal of Loan Proceeds

Current Loan3300/Grant 0440-PAK

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (National Motorway M-4 Gojra-Shorkot Section Project)			
Number	Item	Total Amount Allocated for ADB Financing (\$) Category	Basis for Withdrawal from the Loan Account
1	Civil Works	124,000,000	28% of total expenditure claimed ^a
2	Consulting Services	6,250,000	100% of total expenditure claimed ^b
3	Interest and Commitment Charge	9,000,000	100% of amount due
4	Unallocated	38,750,000	
	Total	178,000,000	

^a The percentage of ADB financing will be increased to 94% upon the UK Grant having been utilized in full in accordance with the terms of the Externally Financed Grant Agreement.

^b Exclusive of taxes and duties imposed within the territory of the Borrower.

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS (National Motorway M-4 Gojra-Shorkot Section Project)			
Number	Item	Total Amount Allocated for UK Financing (\$) Category	Basis for Withdrawal from the Grant Account
1	Civil Works	78,000,000	66% of total expenditure claimed
2	Unallocated*	14,000,000	
	Total	92,000,000	

* This amount also serves as a reserve for currency fluctuations and bank charges.

Loan3300/Grant 0440-PAK after proposed loan agreement amendment

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (National Motorway M-4 Gojra-Shorkot Section Project)			
Number	Item	Total Amount Allocated for ADB Financing (\$) Category	Basis for Withdrawal from the Loan Account
1	Civil Works for Gojra-Shorkot Section	94,000,000	28% of total expenditure claimed ^a
2	Civil Works for Shorkot-Khanewal Section	50,000,000	94% of total expenditure claimed ^b
3	Consulting Services	6,250,000	100% of total expenditure claimed ^c
4	Interest and Commitment Charge	9,000,000	100% of amount due
5	Unallocated	18,750,000	
	Total	178,000,000	

^a The percentage of ADB financing will be increased to 94% upon the UK Grant having been utilized in full in accordance with the terms of the Externally Financed Grant Agreement.

^b This percentage will be applied upon the funds under additional financing for civil works for Shorkot-Khanewal Section having been utilized in full.

^c Exclusive of taxes and duties imposed within the territory of the Borrower.

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS (National Motorway M-4 Gojra-Shorkot Section Project)			
Number	Item	Total Amount Allocated for UK Financing (\$) Category	Basis for Withdrawal from the Grant Account
1	Civil Works	78,000,000	66% of total expenditure claimed
2	Unallocated*	14,000,000	
	Total	92,000,000	

* This amount also serves as a reserve for currency fluctuations and bank charges.

Additional Financing

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Additional Financing of National Motorway M-4 Gojra-Shorkot-Khanewal Section Project)			
Number	Item	Total Amount Allocated for ADB Financing (\$) Category	Basis for Withdrawal from the Loan Account
1	Civil Works	95,700,000	48.1% of total expenditure claimed
2	Interest and Commitment Charge	4,300,000	100% of amount due
	Total	100,000,000	

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS (National Motorway M-4 Gojra-Shorkot-Khanewal Section Project)			
Number	Item	Total Amount Allocated for UK Financing (\$) Category	Basis for Withdrawal from the Grant Account
1	Civil Works	29,500,000	94% of total expenditure claimed*
2	Unallocated**	4,500,000	
	Total	34,000,000	

* The DFID grant will be back-loaded for disbursement after ADB and AIIB loan amount having been utilized in full.

** This amount also serves as a reserve for currency fluctuations and bank charges.

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (National Motorway M-4 Gojra-Shorkot-Khanewal Section Project)			
Number	Item	Total Amount Allocated for AIIB Financing (\$) Category	Basis for Withdrawal from the Loan Account
1	Civil Works	91,300,000	45.9% of total expenditure claimed
2	Interest and Commitment Charge	8,700,000	100% of amount due
	Total	100,000,000	

C. Detailed Cost Estimates by Financier

Current Loan3300/Grant 0440-PAK

	(\$ million)							
	ADB		Government of the United Kingdom		Government		Total Cost	
	% of Cost		% of Cost		% of Cost			
	Amount	Category	Amount	Category	Amount	Category	Amount	
A. Investment Cost^a								
1 Land and Resettlement Cost						12.00	100%	12.00
2 Civi Works	124.00	58%	78.00	36%	13.00	6%		215.00
3 Consultant	6.25	100%						6.25
Subtotal (A)	130.25	56%	78.00	33%	25.00	11%		233.25
Total Base Cost	130.25	56%	78.00	33%	25.00	11%		233.25
Taxes and Duties					15.00	100%		15.00
Contingencies^b	38.75	65%	14.00		7.00	12%		59.75
Financing Charges During Implementation^c	9.00	100%			-	0%		9.00
Total Project Cost	178.00	56%	92.00	29%	47.00	15%		317.00

^a In May 2015 prices.

^b Physical contingencies computed at 5% for civil works and consulting services. Price contingencies computed at 0.3-1.5% on foreign exchange costs and 5.0-6.0% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

^c Includes interest and commitment charges. Interest during construction for ADB loan(s) has been computed at the 5-year forward London interbank offered rate plus a spread of 0.5%. Commitment charges for an ADB loan are 0.15% per year to be charged on the undisbursed loan amount.

Source: NHA and ADB estimates.

Additional Financing

	(\$ million)								
	ADB		AIB		Government of the United Kingdom		Government		Total Cost
	% of Cost		% of Cost		% of Cost		% of Cost		
	Amount	Category	Amount	Category	Amount	Category	Amount	Category	Amount
A. Investment Cost^a									
1 Land and Resettlement Cost	-	-	-	-	-	-	20.70	100%	20.70
2 Civi Works	84.6*	40.0%	84.6	40.0%	29.5**	14.0%	12.70	6.0%	211.40
Subtotal (A)	84.60	36.4%	84.60	36.4%	29.50	13.6%	33.40	14.4%	232.10
Total Base Cost	84.60	36.4%	84.60	36.4%	29.50	13.6%	33.40	14.4%	232.10
Contingencies^b	11.10	39.8%	6.70	24.0%	4.50	16.1%	5.60	20.1%	27.90
Financing Charges During Implementation^c	4.30	33.1%	8.70	0.0%	0.00	0.0%	0.00	0.0%	13.00
Total Project Cost	100.00	36.6%	100.00	36.6%	34.00	12.5%	39.00	14.3%	273.00

Not including the \$50 million to be reallocated from Loan 3300-PAK

** The DFID grant will be back-loaded for disbursement after ADB and AIB loan amount having been utilized in full.

^a In December 2015 price.

^b Physical contingencies computed at 5% for civil works. Price contingencies were estimated using ADB cost escalation factors, including provision for potential exchange rate fluctuation and price adjustment under the civil works contract.

^c Includes interest and commitment charges. Interest during construction for ADB loan(s) has been computed at the 5-year forward London interbank offered rate plus a spread of 0.5%. Commitment charges for an ADB loan are 0.15% per year to be charged on the undisbursed loan amount. Interest during construction for AIB loan has been computed in accordance with AIB's Sovereign-Backed Loan Pricing, a commitment charge of 0.25% per year, and a one-time front-end fee of 0.25% charged on loan principal.

Source: NHA and ADB estimates.

D. Detailed Cost Estimates by Outputs/Components

Current Loan3300/Grant 0440-PAK

	(\$ million)				
		Gojra-Shorkot Road		Institutional Strengthening	
	Total Cost	Amount	% of Cost Category	Amount	% of Cost Category
A. Investment Cost^a					
1 Land and Resettlement Cost	12.00	12.00	5%	0	0%
2 Civi Works	229.58	229.58	95%	0	0%
3 Consultant			0%	6.67	3%
Subtotal (A)	241.58	241.58	100%	6.67	3%
Total Base Cost	241.58	241.58	100%	6.67	3%
B. Contingencies^b					
1 Physical	19.25	18.73	8%	0.52	0%
2 Price	40.50	39.41	16%	1.09	0%
Subtotal (C)	59.75	58.14	24%	1.61	1%
C. Financing Charges During Implementation^c					
1 Interest During Implementation and Commitment Charge	9.00	9.00	4%	0	0%
Subtotal (D)	9.00	9.00	4%	-	0%
Total Project Cost (A+B+C+D)	317.00	308.72	128%	8.28	3%

^a In May 2015 prices.

^b Physical contingencies computed at 5% for civil works and consulting services. Price contingencies computed at 0.3-1.5% on foreign exchange costs and 5.0-6.0% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

^c Includes interest and commitment charges. Interest during construction for ADB loan(s) has been computed at the 5-year forward London interbank offered rate plus a spread of 0.5%. Commitment charges for an ADB loan are 0.15% per year to be charged on the undisbursed loan amount.

Source: NHA and ADB estimates.

Additional Financing

	(\$ million)		
	Shorkot-Khanewal Road		
	Total Cost	Amount	% of Cost Category
A. Investment Cost^a			
1 Land and Resettlement Cost	20.70	20.70	8%
2 Civi Works	247.00	247.00	92%
Subtotal (A)	267.70	267.70	100%
Total Base Cost	267.70	267.70	100%
B. Contingencies^b			
1 Physical	12.35	12.35	5%
2 Price	32.65	32.65	12%
Subtotal (C)	45.00	45.00	17%
C. Financing Charges During Implementation^c			
1 Interest During Implementation and Commitment Charge	10.30	10.30	4%
Subtotal (D)	10.30	10.30	4%
Total Project Cost (A+B+C+D)	323.00	323.00	121%

Note: Civil works and contingencies include the \$50 million to be reallocated from Loan 3300-PAK.

^a In December 2015 price.

^b Physical contingencies computed at 5% for civil works. Price contingencies were estimated using ADB cost escalation factors, including provision for potential exchange rate fluctuation and price adjustment under the civil works contract.

^c Includes interest and commitment charges. Interest during construction for ADB loan(s) has been computed at the 5-year forward London interbank offered rate plus a spread of 0.5%. Commitment charges for an ADB loan are 0.15% per year to be charged on the undisbursed loan amount. Interest during construction for AIIB loan has been computed in accordance with AIIB's Sovereign-Backed Loan Pricing, a commitment charge of 0.25% per year, and a one-time front-end fee of 0.25% charged on loan principal.

Source: NHA and ADB estimates.

E. Detailed Cost Estimates by Year

Current Loan3300/Grant 0440-PAK

	(\$ million)				
	Total Cos	2016	2017	2018	2019
A. Investment Cost^a					
1 Land and Resettlement Cost	12.00	12.00			
2 Civi Works	229.58	34.44	80.35	91.83	22.96
3 Consultant	6.67	2.00	2.00	2.00	0.67
Subtotal (A)	248.25	48.44	82.35	93.83	23.63
Total Base Cost	248.25	48.44	82.35	93.83	23.63
B. Contingencies^b	59.75	13.44	19.42	20.91	5.98
C. Financing Charges During Impleme	9.00	2.03	2.93	3.15	0.90
Total Project Cost (A+B+C)	317.00	63.91	104.70	117.90	30.50

^a In May 2015 prices.

^b Physical contingencies computed at 5% for civil works and consulting services. Price contingencies computed at 0.3-1.5% on foreign exchange costs and 5.0-6.0% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

^c Includes interest and commitment charges. Interest during construction for ADB loan(s) has been computed at the 5-year forward London interbank offered rate plus a spread of 0.5%. Commitment charges for an ADB loan are 0.15% per year to be charged on the undisbursed loan amount.

Source: NHA and ADB estimates.

Additional Financing

	(\$ million)				
	Total Cos	2016	2017	2018	2019
A. Investment Cost^a					
1 Land and Resettlement Cost	20.70	20.70			
2 Civi Works	247.00	24.70	86.45	111.15	24.70
Subtotal (A)	267.70	45.40	86.45	111.15	24.70
Total Base Cost	267.70	45.40	86.45	111.15	24.70
B. Contingencies^b	45.00	9.00	14.63	16.88	4.50
C. Financing Charges During Impleme	10.30	2.06	3.35	3.86	1.03
Total Project Cost (A+B+C)	323.00	56.46	104.42	131.89	30.23

Note: Civil works and contingencies include the \$50 million to be reallocated from Loan 3300-PAK.

^a In December 2015 prices.

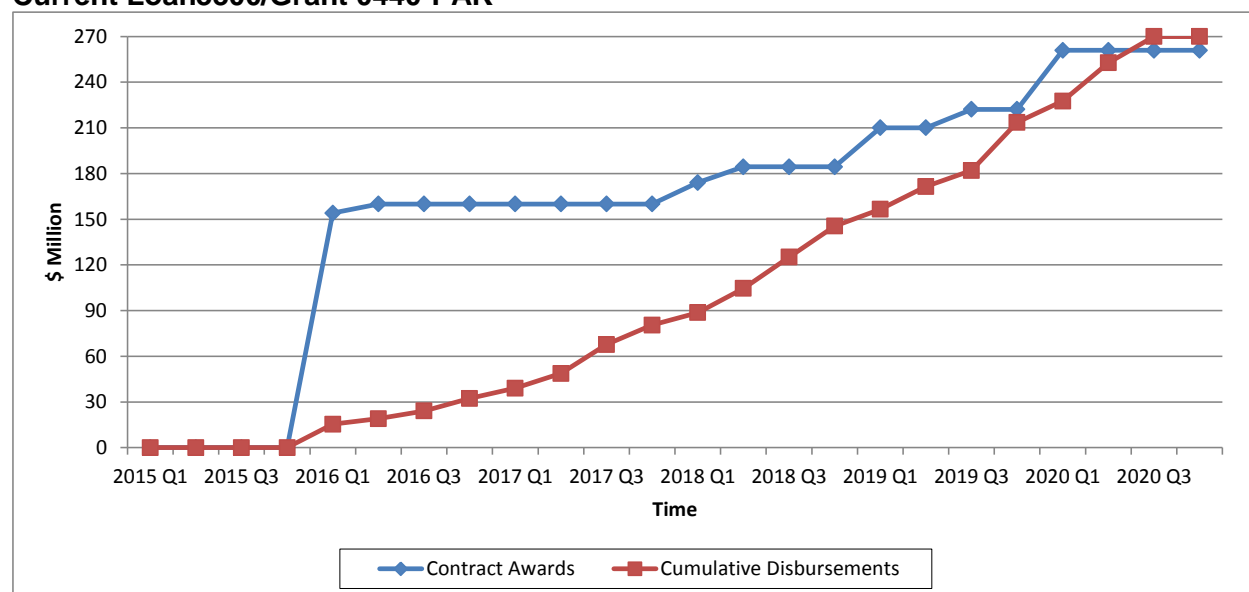
^b Physical contingencies computed at 5% for civil works and consulting services. Price contingencies computed at 0.3-1.5% on foreign exchange costs and 5.0-6.0% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

^c Includes interest and commitment charges. Interest during construction for ADB loan(s) has been computed at the 5-year forward London interbank offered rate plus a spread of 0.5%. Commitment charges for an ADB loan are 0.15% per year to be charged on the undisbursed loan amount. Interest during construction for AIIB loan has been computed in accordance with AIIB's Sovereign-Backed Loan Pricing, a commitment charge of 0.25% per year, and a one-time front-end fee of 0.25% charged on loan principal.

Source: NHA and ADB estimates.

F. Contracts and Disbursements S-curve

Current Loan3300/Grant 0440-PAK

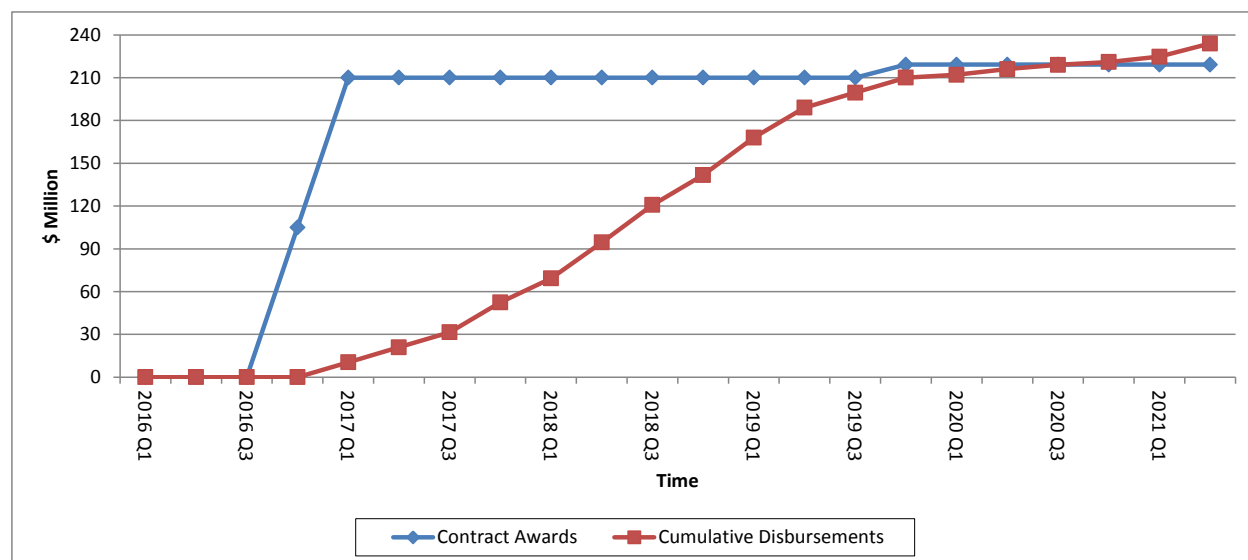


Contract Awards*						Disbursements*					
Year	Q1	Q2	Q3	Q4	Total	Year	Q1	Q2	Q3	Q4	Total
2015	0.0	0.0	0.0	154.0	154.0	2015	0.0	0.0	0.0	0.0	0.0
2016	0.0	6.0	0.0	0.0	6.0	2016	15.4	3.6	5.1	8.2	32.3
2017	0.0	0.0	0.0	0.0	0.0	2017	6.7	9.7	19.0	12.8	48.2
2018	14.0	10.4	0.0	0.0	24.4	2018	8.2	15.9	20.5	20.4	65.0
2019	25.6	0.0	12.1	0.0	37.8	2019	11.0	15.0	10.5	31.6	68.2
2020	38.8	0.0	0.0	0.0	38.8	2020	14.0	25.1	17.3	0.0	56.3
					Total 261.0						Total 270.0

Source: ADB estimates.

* Pro-rata between ADB loan and the grant provided by the Government of United Kingdom; disbursement includes also \$9 million of financing charge during implementation.

Additional Financing

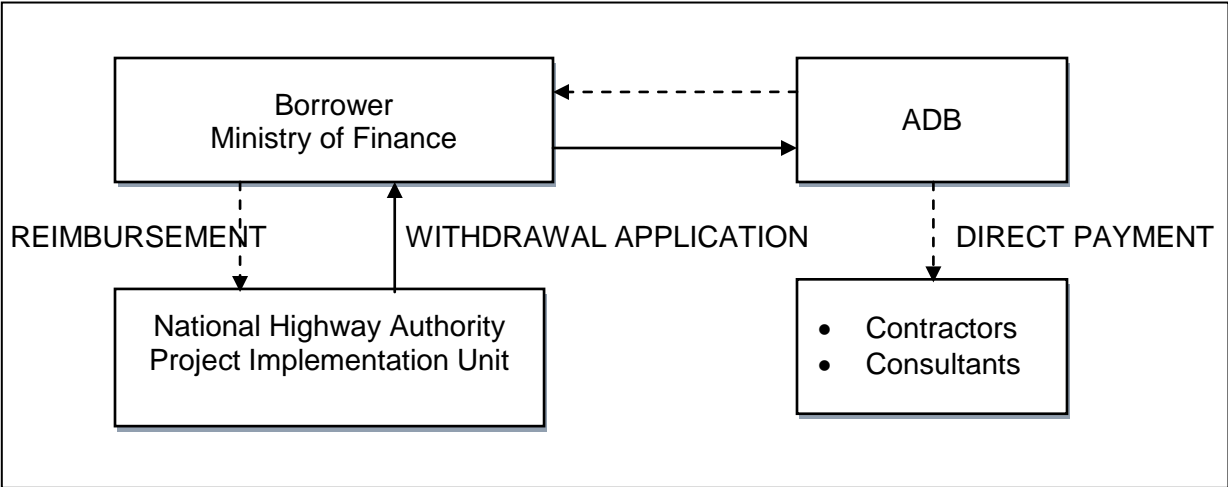


Contract Awards*						Disbursements*					
Year	Q1	Q2	Q3	Q4	Total	Year	Q1	Q2	Q3	Q4	Total
2016	0.0	0.0	0.0	105.0	105.0	2016	0.0	0.0	0.0	0.0	0.0
2017	106.0	0.0	0.0	0.0	106.0	2017	10.5	10.5	10.5	21.0	52.5
2018	0.0	0.0	0.0	0.0	0.0	2018	16.8	25.2	26.3	21.0	89.3
2019	0.0	0.0	0.0	5.5	5.5	2019	26.3	21.0	10.5	10.5	68.3
2020	0.0	0.0	0.0	0.0	0.0	2020	2.0	4.0	3.0	2.0	11.0
2021	0.0	0.0	0.0	0.0	0.0	2021	3.7	9.3	0.0	0.0	13.0
Total					216.5	Total					234.0

Source: ADB estimates.

* Contract award amount does not include (i) interest and commitment charge and (ii) reserve for currency fluctuations and bank charges for DFID grant. ADB-administered cofinancing also includes AIIB loan, as is being contemplated. The \$50 million to be reallocated from Loan 3300-PAK is excluded, so is the financing charge during implementation.

G. Fund Flow Diagram



V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

10. The financial management assessment (FMA) was conducted in May 2015 in accordance with ADB's Guidelines for the Financial Management and Analysis of Projects and Financial Due Diligence: a Methodology Note. The FMA considered the financial management capacity of the National Highway Authority (NHA) which included the funds-flow arrangements, staffing, accounting and financial reporting systems, internal and external auditing arrangements, and financial information systems.

11. Key financial management assessment findings are as follows:

Table 5.1: Summary of the Financial Management Assessment

Particulars	Conclusions
A. Funds Flow Arrangements	Funds flow arrangements are adequate and provision of counterpart funds to NHA has improved this year as compare to previous years but still likely to pose a challenge. Nonetheless, NHA has enough capability and experience to efficiently operate under the ongoing project.
B. Staffing	NHA accounting and finance staff has experience and knowledge of ADB's financial management and disbursement procedures. The accounting and finance staff got training from ADB relating to ADB's disbursement and financial management.
C. Accounting Policies and Procedures	NHA's accounting policy is based on the Pakistan National Accounting Standards which are in line with International Accounting Standards.
D. Internal and External Audits	NHA's internal audit department undertakes the required internal auditing of the project. NHA's Annual financial statement are audited by a commercial auditor while Audited Project Financial Statement (APFS) are audited by Auditor General of Pakistan on an annual basis in accordance with the ISA, which complies with the requirements of ADB.
E. Reporting and Monitoring	NHA comply with the reporting requirements of the MOF, and other government bodies. NHA requested the training for preparation of Initial IPSAS compliant APFS.

ADB = Asian Development Bank; IPSAS = International Public Sector Accounting Standards; ISA = International Standards on Auditing; NHA = National Highway Authority

12. **Risk Analysis:** A Financial Management Assessment was conducted which considered existing circumstances, staffing and procedures, and includes recommendations for risk mitigation measures. Based on the assessment, it is concluded that the overall project financial management pre-mitigation risk is Moderate. During the implementation phase, the PIU might face unavailability or delay in the release of counterpart funds for the project. The accounting and finance staff are experienced with ADB-funded project and adequately trained. The assessment of financial management capacity confirmed NHA has sufficient capacity to manage international procurement and has no financial management deficiencies relating to maintaining the accounting systems, financial controls, and audit arrangements.

Table 5.2: Risk Assessment and Mitigation Measures

Risk	Risk Assessment*	Risk–Mitigation Measures
<i>Inherent Risk</i>		
1. Country-specific Risks	S	MOC and NHA will ensure the timely release of counterpart funds, as per loan covenants. EAD will mobilize IFI funding for government’s portion of the project financing.
2. Entity-specific Risks	M	Training of PIU staff on ADB procedures will be carried out.
Overall Inherent Risk	M	
<i>Control Risk</i>		
1. Implementing Entity	M	Adequate organizational capacity augmentation with the further training programs.
2. Funds Flow	M	All disbursement will be made through either direct payment or reimbursement procedures to contractors and consultant.
3. Staffing	M	Dedicated and qualified accounting and financial management staff with extensive experience of ADB’s procedures.
4. Accounting Policies and Procedures	M	Accounting Policy is in line with the national and international accounting standards and meets the requirements of ADB.
5. Internal Audit	M	NHA’s internal auditor will audit project financial statements.
6. External Audit	M	Audit of the project financial statements will be done in accordance with the International Standards on Auditing, by an independent auditor acceptable to ADB.
7. Reporting and Monitoring	M	PIU will regularly report in accordance with ADB requirements on inherent adequate control mechanisms. Timeliness of such reports will be ensured through regular monitoring and follow-up actions by ADB.
Overall Control Risk	M	

* H – High, S – Substantial, M – Moderate, N – Negligible or Low.

ADB = Asian Development Bank; EAD = Economic Affairs Division; IFI = International Financial Institution; MOC = Ministry of Communication; NHA = National Highway Authority; PIU = project implementation unit.

Source: ADB estimate.

B. Disbursement

13. Online training for project staff on disbursement policies and procedures is available at http://wpqr4.adb.org/disbursement_elearning. Project staff are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control.

14. The Loan proceeds including ADB administered co-financier funds will be disbursed in accordance with ADB’s Loan Disbursement Handbook (2015, as amended from time to time), and detailed arrangements agreed between the government and ADB.¹ No imprest account will be established.

15. NHA will be responsible for (i) preparing disbursement projections, (ii) requesting budgetary allocations for counterpart funds, (iii) collecting supporting documents, and (iv) preparing and sending withdrawal applications to ADB. Before the submission of the first withdrawal application, the government shall submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the borrower, together with the authenticated specimen signatures of each authorized person. The minimum value per

¹ Available at: http://www.adb.org/Documents/Handbooks/Loan_Disbursement/loan-disbursement-final.pdf.

withdrawal application is set in accordance with the Loan Disbursement Handbook.. Individual payments below this amount should be paid by NHA and subsequently claimed to ADB through reimbursement, unless otherwise accepted by ADB.

C. Accounting

16. NHA will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project. NHA 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

17. NHA will cause the detailed project financial statements to be audited in accordance with International Standards on Auditing and with the Government's audit regulations, by an independent auditor acceptable to ADB. The audited project financial statements will be submitted in the English language to ADB within six months of the end of the fiscal year by NHA.

18. NHA will also cause the entity-level financial statements to be audited in accordance with International Standards on Auditing and with the Government's audit regulations, 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 competent authority.

19. The annual audit report for the project accounts will include an audit management letter and audit opinions which cover (i) whether the project financial statements present a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework; (ii) whether loan and grant proceeds were used only for the purposes of the project or not; (iii) the level of compliance for each financial covenant contained in the legal agreements for the project.

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

21. The Government and NHA 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.² 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

² ADB approach and procedures regarding delayed submission of audited project financial statements:

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

confirm that ADB's financing share is used in accordance with ADB's policies and procedures.

22. Public disclosure of the project financial statements, including the audit report on the project financial statements, will be guided by ADB's Public Communications Policy (2011)³. After review, ADB will disclose the project financial statements for the project and the opinion of the auditors on the financial statements within 14 days of the date of their receipt by posting them on ADB's website. The Audit Management Letter will not be disclosed.

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting and Retroactive Financing

23. All advance contracting and retroactive financing will be undertaken in conformity with ADB's Procurement Guidelines (2015, as amended)⁴ and ADB's Guidelines on the Use of Consultants (2013, as amended).⁵ All procurement including, bidding document, issuance of invitation for bidding, bid evaluation reports and recommendation of award will be subject to ADB no objection. The borrower and NHA have been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the Project.

24. **Advance contracting.** Advance contracting was allowed for procurement of civil work contractors and recruitment of supervision consultants. NHA will proceed with tendering, bid evaluation for civil work packages, and technical and financial evaluation of consultant proposals before loan effectiveness.

25. **Retroactive financing.** Retroactive financing has been requested by the NHA. The maximum amount of eligible expenditures in connection with civil works up to the equivalent of 15% of ADB loan, AIIB loan⁶ and the Government of the United Kingdom grant amount, incurred before the loan effectiveness, but not more than 12 months before the signing of legal agreements.

B. Procurement of Works and Consulting Services

26. The project procurement classification is Category B. All procurement of works will be undertaken in accordance with ADB's Procurement Guidelines, further, universal procurement will be applied for the additional financing. International competitive bidding procedures will be used for civil works contracts estimated to cost \$15 million or more. An 18-month procurement plan indicating threshold and review procedures, works, and consulting service contract packages is in Section C.

27. **[Applicable to the current project].** All consultants will be recruited according to ADB's Guidelines on the Use of Consultants.⁷ The terms of reference for all consulting services are detailed in Section D. An estimated 699 person-months (66 for international, 633 for national) of consulting services are required for construct supervision. The construction supervision firm (RENARDET S.A.) will be engaged using the single source selection.⁸

³ Available from <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

⁴ Available at: <http://www.adb.org/Documents/Guidelines/Procurement/Guidelines-Procurement.pdf>.

⁵ Available at: <http://www.adb.org/Documents/Guidelines/Consulting/Guidelines-Consultants.pdf>.

⁶ Eligibility and extent of retroactive financing by AIIB will be confirmed prior to circulation of this PAM to the Board.

⁷ Checklists for actions required to contract consultants by method available in e-Handbook on Project Implementation at: <http://www.adb.org/documents/handbooks/project-implementation/>.

⁸ A consulting firm (RENARDET S.A.) was recruited in 2010 through the quality- and cost-based selection to provide design review and construction supervision services for the Motorway M-4 (Faisalabad–Khanewal) Project [The M-

Procurement Plan for Loan 3300/Grant 0440

Basic Data

Project Name: National Motorway M-4 Gojra– Shorkot Section Project	
Project Number: 48402-001	Approval Number: Loan3300/Grant 0440-PAK
Country: Pakistan (Federal)	Executing Agency: National Highway Authority
Project Procurement Classification: Category B	Implementing Agency:
Project Procurement Risk: Low	N/A
Project Financing Amount: US\$ 317,000,000 ADB Financing: US\$ 178,000,000 Cofinancing (ADB Administered): US\$ 92,000,000 Non-ADB Financing: US\$ 47,000,000	Project Closing Date: 31 May 2020
Date of First Procurement Plan: 16 March 2015	Date of this Procurement Plan: 15 March 2016

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

1. Procurement and Consulting Methods and Thresholds

28. 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 for Goods	US\$ 2,000,000 and Above	
National Competitive Bidding for Goods	Between US\$ 100,001 and US\$ 1,999,999	The first NCB is subject to prior review, thereafter post review.
Shopping for Goods	Up to US\$ 100,000	
International Competitive Bidding for Works	US\$ 15,000,000 and Above	
National Competitive Bidding for Works	Between US\$ 100,001 and US\$ 14,999,999	The first NCB is subject to prior review, thereafter post review.
Shopping for Works	Up to US\$ 100,000	

Consulting Services	
Method	Comments
Single Source Selection	

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

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

Package Number	General Description	Estimated Value	Procurement Method	Review (Prior/ Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments
None							

4 was originally part of the scope of MFF Tranche 1 for NTCHIP, under which M-4 was split into three sections, i.e., Section 1 (Faisalabad-Gojra of 58 km), Section 2 (Gojra–Shorkot of 62 km) and Section 3 (Shorkot–Khanewal of 64 km) with the same consulting firm performing the design review and construction supervision. However, only Section 1 was eventually financed under Loan 2400-PAK—Tranche 1 of the MFF—while Sections 2 and 3 were excluded and reserved for a later tranche under the MFF due to cost overrun and delays in land acquisition and resettlement compensation]. Given that the project road is part of the original scope of the consulting services, the same consulting services may be continued.

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

30. 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
None							

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

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

Goods and Works								
Package Number	General Description	Estimated Value	Number of Contracts	Procurement Method	Review (Prior/Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments
None								

Consulting Services								
Package Number	General Description	Estimated Value	Number of Contracts	Recruitment Method	Review (Prior/Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
None								

B. Indicative List of Packages Required Under the Project

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

Goods and Works							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Review (Prior/Post)	Bidding Procedure	Comments
None							

Consulting Services							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Review (Prior/Post)	Type of Proposal	Comments
None							

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

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

Awarded and Ongoing Contracts

Goods and Works

Package Number	General Description	Estimated Value (\$)	Awarded Contract Value (\$)	Procurement Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award	Comments
ICB-M4-IIA	Gojra – Jamani Section (31 Km) (Km 58+200 to Km 89+200)	104,176,342.9	79,708,644.78	ICB	Q1 / 2015	28-OCT-15	
ICB-M4-IIB	Jamani – Shorkot Section (30 Km) (Km 89+200 to Km 119+200)	107,877,807.4	84,215,807.14	ICB	Q1 / 2015	28-OCT-15	

Consulting Services							
Package Number	General Description	Estimated Value (\$)	Awarded Contract Value (\$)	Recruitment Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award	Comments
CS	Construction Supervision Consultant	6,700,000.00	4,322,982.50	SSS	Q1 / 2016	11-FEB-16	

Procurement Plan for Additional Financing

Basic Data

Project Name: National Motorway M-4 Gojra-Shorkot-Khanewal Section Project (Additional Financing)	
Project Number: 48402-002	Approval Number:
Country: Pakistan (Federal)	Executing Agency: National Highway Authority
Project Procurement Classification: Category B	Implementing Agency:
Project Procurement Risk: Low	N/A
Project Financing Amount: US\$323,000,000*	Project Closing Date: 31 December 2020
ADB Financing: US\$100,000,000	
Cofinancing (ADB Administered): US\$134,000,000	
Non-ADB Financing: US\$39,000,000	
Date of First Procurement Plan: 15 March 2016	Date of this Procurement Plan: 10 May 2016

* This includes loan savings of approximately \$50 million under the ongoing Loan 3300-PAK National Motorway M-4 Gojra–Shorkot Section Project.

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

1. Procurement and Consulting Methods and Thresholds

34. 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 for Goods	US\$ 2,000,000 and Above	
National Competitive Bidding for Goods	Between US\$ 100,001 and US\$ 1,999,999	The first NCB is subject to prior review, thereafter post review.
International Competitive Bidding for Works	US\$ 15,000,000 and Above	

National Competitive Bidding for Works	Between US\$ 100,001 and US\$ 14,999,999	The first NCB is subject to prior review, thereafter post review.
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Consulting Services	
Method	Comments
None	

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

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

Package Number	General Description	Estimated Value (\$)	Procurement Method	Review (Prior/Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments
ICB-M4-IIIA	Shorkot – Dinpur Section (31 Km) (Km 119+200 to Km 150+200)	123,000,000	ICB	Prior	1S2E	Q1 / 2016	<p>Prequalification of Bidders: N</p> <p>Domestic Preference Applicable: N</p> <p>Advance Contracting: Y</p> <p>Bidding Document: Large Works</p> <p>'Special dispensation' for procurement was agreed between ADB and NHA to reduce timelines for approval of BERs, etc. with targeted contract signing by 31 July 2016. ADB will provide procurement support (consultant) to NHA before the bid submission date and deploy ADB staff to work with NHA while BER's are being approved.</p>
ICB-M4-IIIB	Dinpur – Shamkot (Khanewal) Section (34.28 Km) (Km 150+200 to Km 184+487)	124,000,000	ICB	Prior	1S2E	Q1/ 2016	<p>Prequalification of Bidders: N</p> <p>Domestic Preference Applicable: N</p> <p>Advance Contracting: Y</p> <p>Bidding Document: Large Works</p> <p>'Special dispensation' for procurement was agreed between ADB and NHA to reduce timelines for approval of BERs, etc. with targeted contract signing by</p>

							31 July 2016. ADB will provide procurement support (consultant) to NHA before the bid submission date and deploy ADB staff to work with NHA while BER's are being approved.
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3. Consulting Services Contracts Estimated to Cost \$100,000 or More

36. 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
None							

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

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

Goods and Works								
Package Number	General Description	Estimated Value	Number of Contracts	Procurement Method	Review (Prior/Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments
None								

Consulting Services								
Package Number	General Description	Estimated Value	Number of Contracts	Recruitment Method	Review (Prior/Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
None								

B. Indicative List of Packages Required Under the Project

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

Goods and Works							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Review (Prior/Post)	Bidding Procedure	Comments
None							
Consulting Services							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Review (Prior/Post)	Type of Proposal	Comments

None							
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C. Consultant's Terms of Reference

39. The supervision consultants consist of 66 person-months (PMs) of international consultants and 633 PMs of national consultants. Consultant’s terms of reference are in Appendix 1.

VII. SAFEGUARDS

A. Environment

40. The National Highway Authority (NHA) shall ensure that the design, construction, operation and maintenance of roads to be financed under the project are carried out in accordance with Asian Development Bank’s (ADB) Safeguard Policy Statement (SPS, 2009), the applicable laws and regulations in Pakistan, and the environmental impact assessment (EIA) and its environmental management plan (EMP). NHA shall ensure that potential adverse environmental impacts arising from the project are minimized by implementing all the mitigation and monitoring measures in the EMP. NHA shall ensure that:

- (i) NHA has sufficient resources to implement and record the implementation of the EMP;
- (ii) The contractor revises, updates and submits to NHA and ADB a site specific environmental management plan (SSEMP) prior to commencing any construction works. The SSEMP will be tailored to the environmental impacts of the site and the specific project activities as planned by the contractor, and will be prepared employing a risk based approach commensurate to the intensity and significance of the individual impacts;
- (iii) The contractor is responsible for the day to day implementation of the SSEMP with NHA EALS visiting regularly to confirm implementation;
- (iv) NHA, with the help of a construction supervision consultant, will submit to ADB semi-annual environmental reports for the project within 1 month of the close of each half of the calendar year during project implementation, and the reports will include a review of the progress on environmental measures in the EIA and EMP, monitoring of such measures, problems encountered and remedial measures taken; NHA will ensure that external monitor is engaged to verify the monitoring reports.
- (v) The detailed engineering design and civil works and other contracts for the project incorporate applicable environmental measures identified in the EIA and the EMP;
- (vi) The project GRM will be implemented, all environmental related complaints will be recorded in the complaints register on site and will be addressed through the procedures set up in the GRM;
- (vii) Should any change in scope take place the EA will inform ADB and a due diligence on environment will be carried out. Should any additional study be required it will be conducted, or the EIA updated as required by SPS 2009. If there are any unanticipated environmental impacts, they would be reviewed and a corrective action plan will be prepared by the contractor for implementation under the supervision of EALS with assistance, as required by the supervision consultant.

B. Involuntary Resettlement

41. **Land Acquisition and Resettlement:** The government through NHA shall ensure that new land acquisition is avoided as much as possible, resettlement impacts are minimized by restricting clearance of available ROW limits to the extent of clearly defined construction limits on each side of centerline of existing carriageway, resettlement and all other activities under the project are carried out in full compliance with all applicable laws and regulations of Pakistan, ADB's SPS (2009), and the approved resettlement plans (RPs). NHA shall ensure that:

- (i) the finalized and updated, implementation ready RPs duly endorsed by NHA are disclosed to affected persons in their local language in accordance with the ADB's SPS (2009);
- (ii) 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); and
- (iii) the activities of the civil works contractor for the project road are in compliance with the approved RPs. and no physical displacement or economic displacement shall occur and no road section or part of a road 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 updated and finalized RP for relevant project components or sections that are ready to be constructed; (b) other entitlements listed in the updated and finalized RPs have been provided to affected persons; and (c) RP implementation report is submitted to ADB and determined as satisfactory.

42. Any unanticipated 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 road shall be avoided and if during design review or implementation of the project, any such change to the scope, location or alignment of road 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.

43. **Grievance Redress:** In addition, the NHA, shall ensure (i) efficient grievance redress mechanisms are in place and functional prior starting RP 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 ADB approved RPs, (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 RP.

44. **Information Disclosure:** Information sharing and disclosure are tools to engage local communities and the projected affected population during project planning, development and implementation aimed to promote understanding about project activities and discuss way forward for fruitful solutions of developmental problems such as local needs, problems and prospects of resettlement. NHA shall ensure the resettlement plan and monitoring reports are disclosed by: (i) uploading the draft and ADB approved final resettlement plans on NHA and

ADB websites, (ii) placing hard copies of approved resettlement plan in the offices of PMU, EALS, and PIU/Project Director Offices at Faisalabad, 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.

45. Since consultations were carried out at preparatory stage of the project and resettlement plans, however for continued information sharing, NHA shall ensure that: (i) the Land Acquisition and Resettlement Unit with support from Supervision Consultants conduct additional consultations during updating and implementation of the RPs; (ii) the affected persons are informed about: (a) resettlement impacts, asset valuation, entitlements and compensation payment modalities with time lines, (b) Rehabilitation and income restoration measures suggested for the project affected persons, and (c) grievance redress mechanism put in place with status of redress of grievances; and (iii) Liaison is maintained with affected persons and community, and consultation meetings are held regularly with surrounding communities and project affected persons including women and vulnerable groups to share project related information during project implementation period.

46. **Monitoring and Evaluation:** RP implementation shall be monitored internally by NHA with support of Social Safeguards Management Consultant (SSMC) following monitoring parameters specified in the RPs. Land Acquisition and Resettlement Units in PIU assisted by SSMC will conduct day to day internal supervision and monitoring of RP implementation progress to ensure compliance with the provisions of the RPs for each subproject. The RP implementation progress shall be consolidated into quarterly internal resettlement monitoring reports to be shared with ADB for review. While bi-annual monitoring and evaluation reports prepared by an external monitor will be submitted to ADB for review and clearance throughout project implementation period. Upon clearance of bi-annual monitoring reports by ADB, these will be disclosed by uploading on NHA and ADB websites. The schedule for monitoring reports preparation and disclosure is detailed in Performance Monitoring, Evaluation, Reporting and Communication section below.

47. The overall responsibility to oversee RP implementation and implementation of the EIA and EMP rest with NHA through its Environment, Afforestation, Land and Social (EALS) Wing headed by GM EALS located in NHA headquarters. However, at project level, Project Implementation Unit (PIU) will have support of Land Acquisition and Resettlement Unit (LARU) headed by GM project for finalization/updating of resettlement plans, RP implementation and monitoring of resettlement activities. The LARU will be supported by a social safeguard management consultant to carry-out its functions including RP updating; implementation and monitoring in compliance with ADB safeguard requirements.

48. Pursuant to ADB's Safeguard Policy Statement (2009) (SPS),⁹ 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. ADB will ensure that the project is in compliance with applicable national laws and regulations and will be bound by the prohibited investment activities list.

C. Indigenous Peoples

49. The project is screened as category C project for Indigenous peoples planning requirement under SPS 2009 and the NHA shall ensure that sub-projects financed under the loan do not have any indigenous peoples' impacts within the meaning of the Safeguard Policy

⁹ Available at: <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>.

Statement (2009). And if during design review or implementation, any change to the scope, location or alignment of road with prior approval of ADB, causes to have any such impacts, NHA shall take all steps required to ensure that the Project complies with the applicable laws and regulations of Pakistan and the ADB's Safeguard Policy Statement 2009.

VIII. GENDER AND SOCIAL DIMENSIONS

50. The main works during civil works will be implemented with use of heavy machinery, with limited use of unskilled labor. However, employment and business opportunities for local communities will be generated during execution of civil works. During implementation NHA will incorporate provisions in bidding documents and civil work contracts that contractors shall (i) comply with Pakistan's applicable labor laws and related international treaty obligations and not employ child labor; (ii) provide safe work conditions and separate sanitation facilities for male and female workers; (iii) provide equal wage to male and female workers for work of equal value; (iv) provide employment opportunities for women; and (v) carry out programs of preventing HIV/AIDS, illicit drugs and human trafficking at workers' campsites. Furthermore, NHA with the support of the construction supervision consultants and contractors shall conduct awareness raising campaign for public and workers about health safety and social issues, preventive measures on HIV/AIDS and sexually transmitted diseases, illicit drugs and human trafficking etc.

51. Although the bidding document will include clauses ensuring gender equalities in wages, it is unlikely for women to participate in project civil works or road side business due to established socio-cultural practices in the province and along the project road.

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION

A. Project Design and Monitoring Framework

DESIGN AND MONITORING FRAMEWORK

<p>Impact the project is aligned with</p> <p>Current project Modernization of transport infrastructure and greater regional connectivity to support a vibrant and growing economy (Pakistan Vision 2025)^a</p> <p>Overall project Unchanged</p>			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risk
<p>Outcome Current project</p> <p>An efficient and safer transport corridor between Islamabad, Faisalabad, and Multan that enhances connectivity between the various parts of the country</p> <p>Overall project Unchanged</p>	<p>By 2020</p> <p>a. Average daily vehicle kilometers reach 1,000,000 in the first full year of operation for M-4 Faisalabad–Multan (2015 baseline: 0)</p> <p>b. Average travel time from Islamabad to Multan reduced to 6.5 hours, from 8 hours in 2015</p> <p>c. Fatality rate per 100 million vehicle kilometers traveled maintained at no more than the national highway average (2015 baseline: estimated 14.4)</p>	<p>a–b. NHA annual traffic statistics and project performance monitoring system report</p> <p>c. Pakistan Bureau of Statistics annual report, NHA annual traffic statistics and project performance monitoring system report</p>	
<p>Outputs Output 1 Current project</p> <p>1. 62 km of four-lane, access-controlled motorway connecting Gojra and Shorkot constructed and operational</p> <p>Overall project</p> <p>1. 126 km of four-lane, access-controlled motorway connecting Gojra,</p>	<p>1a. 62 km road section constructed to 120 km/hour design standard by 2019</p> <p>1a. 126 km road section constructed to 120 km/hour design standard by 2019</p>	<p>1a. Supervision consultant's project progress report and project completion report</p>	<p>Cost overruns, e.g., because prices of commodities and raw materials rise more than budgeted</p>

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risk
Shorkot, and Khanewal constructed and operational Output 2 Current project 2. Safeguard and contract administration capacity of the NHA strengthened Overall project Unchanged	2a. Project environment and social safeguard requirements implemented with good quality 2b. Contract management and execution carried out effectively without undue delay and unresolved disputes by 2019	2a–2b. Supervision consultant's project progress report and project completion report	

Key Activities with Milestones
<p>1. 126 km of four-lane, access-controlled motorway connecting Gojra, Shorkot and Khanewal constructed and operational</p> <p>1.1 Mobilize construction supervision consultant by 15 February 2016 (changed, completed). 1.2 Award civil works contract for Gojra-Shorkot section by 30 December 2015 (changed, completed). 1.3 Award civil works contract for Shorkot-Khanewal section by 31 August 2016 (added). 1.4 Complete civil works for Gojra-Shorkot section by 30 April 2019 (unchanged). 1.5 Complete civil works for Shorkot-Khanewal section by 31 October 2019 (added).</p> <p>2. Safeguard and contract administration capacity of the NHA strengthened</p> <p>2.1 Mobilize social safeguard management consultant by 25 February 2016 (changed, completed). 2.2 Establish a comprehensive project performance monitoring system by 31 October 2016 (changed). 2.3 Hold three FIDIC contract management workshops for the NHA by 31 October 2019 (unchanged).</p>

Key Activities with Milestones
Inputs
Asian Development Bank (ordinary capital resources loan)
\$178 million (current)
\$100 million (additional)
\$278 million (overall)
Government of the United Kingdom (grant)
\$92 million (current)
\$34 million (additional)
\$126 million (overall)
Asian Infrastructure Investment Bank (loan)
\$0 million (current)
\$100 million (additional)
\$100 million (overall)
Government of Pakistan
\$47 million (current)
\$39 million (additional)
\$86 million (overall)
Assumptions for Partner Financing
Current project
Not applicable
Overall project
Not applicable

FIDIC = International Federation of Consulting Engineers, km = kilometer, NHA = National Highway Authority.

^a Government of Pakistan, Planning Commission. 2014. *Pakistan 2025: One Nation, One Vision*. Islamabad.

www.pc.gov.pk. The Vision 2025 was approved by the National Economic Council on 29 May 2014. Source: Asian Development Bank.

B. Monitoring

52. **Project performance monitoring.** The Asian Development Bank (ADB) and the National Highway Authority (NHA) have agreed on a preliminary set of indicators to be monitored and for evaluating project performance. Representative indicators are included in the design and monitoring framework. The baseline data will be collected within 6 months of the date of loan effectiveness. At the beginning of project implementation, NHA will confirm baseline values for social, environmental, and poverty reduction impact indicators. Monitoring indicators will be measured, with appropriate frequency, during implementation. Comments and findings regarding these project indicators will be incorporated in progress report to ADB. In addition to indicators for implementation monitoring, indicators for project evaluation will be measured at project completion, and 3 years after completion. Where relevant, indicators will be disaggregated by gender, participatory surveys will take place, and results will be compared with the baseline. A final report will evaluate changes in the preceding 3 years. NHA has developed its monitoring capability for the ongoing projects, and has the capacity to monitor the project. A consultant will assist in establishing the monitoring and evaluation system, and periodically updating project impacts on socioeconomic, gender, and environment.

53. **Compliance monitoring:** Compliance to the covenants will be jointly monitored by NHA and ADB through monthly and semi-annual updates provided by the design review and construction supervision consultant. The consultant will submit to ADB a status report on the covenants with the explanation and time-bound actions on partly or non-complied covenants. Apart from ADB project review missions 2–3 times a year, ADB’s resident mission in Pakistan will also hold quarterly country portfolio review meetings with NHA to ensure the full compliance of the covenants.

54. **Safeguards monitoring:** The environmental management plan (EMP) and the site specific EMP (SSEMP) will be monitored and reported to ADB bi-annually with the assistance of supervision consultant team, the performance and results of which (through EMP reports) will be uploaded in ADB and NHA websites. Construction environmental monitoring is a day to day process, which ensures that departures from the EMP are avoided or quickly rectified, or that any unforeseen impacts are quickly discovered and remedied. Specific actions in the EMP that are to be monitored are included in the environmental impact assessment. These include the preparation of plans for aspects of the work, such as construction camps, borrow pits and quarries, establishing crusher and asphalt facilities, and a site safety plan, which need to be completed and approved during the preconstruction phase. Also included are air, noise, and water quality monitoring parameters that follow related Pakistan national standards, and regular monitoring of the condition of the road surface, bridges, culverts, drainage structures and slope protection structures. In addition, information on the locations, type and consequences. If there are any unforeseen safeguards impacts or incidents these will be reported to ADB immediately for necessary action.

55. Monitoring of land acquisition and resettlement (LAR) tasks will be routinely conducted internally by Land Acquisition and Resettlement Unit, NHA in PIU, with the assistance of the social safeguard management consultant. The monitoring results of LAR tasks and issues can be included in the monthly project progress report for ADB. However, monthly monitoring reports will be consolidated into quarterly internal resettlement monitoring reports by SSMC for NHA and ADB’s review. However throughout project implementation period, bi-annual monitoring and evaluation reports prepared by an independent external monitor will be submitted to ADB for review and clearance before its disclosure on NHA and ADB websites. The monitoring reports¹⁰ may cover LARP implementation progress with implementation gaps, identified social issues (if any) and recommended corrective actions to ensure implementation of 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.

56. **Gender and social dimensions monitoring:** A summary poverty reduction and social strategy has been prepared. NHA, with the assistance of construction supervision consultants, shall ensure the project follows (i) measures to raise public awareness of the risks of HIV/AIDS and other sexually transmitted infections, drug and human trafficking; (ii) requirements for the civil works contractor(s) to take measures to protect construction workers from the risks of HIV/AIDS and other sexually transmitted infections, and for the testing and treatment of construction workers; (iii) awareness raising among temporary workers of important social and health issues; and (iv) measures to protect public and workers with requirements for the civil works contractor(s) to maintain their labor environment in healthy condition will be incorporated

¹⁰ The schedule for preparation and submission of bi-annual external monitoring reports will be June and December, while for quarterly internal Resettlement Monitoring reports it will be March, June, September and December..

into the contract documents and are provided in the mitigation provisions of the EMP to meet requirements of ADB's Core Labor Standards (2006) and the country's relevant laws and regulations.

C. Evaluation

57. ADB will field an inception mission within 3 months after signing of the loan agreement. Review missions will be carried out every 4–6 months jointly by representatives of ADB, the Borrower, and NHA. The review missions will assess the status of the project implementation and site visits are also required, whenever possible. ADB and the government will carry out a midterm review of project implementation in mid-2017. The review will focus on project impacts, particularly those relating to institutional, administrative, organizational, technical, environmental, and social aspects and poverty reduction. The project's economic viability, and other aspects that may have an impact on project performance, will be assessed. The review will examine the implementation progress of policy reforms and compliance with assurances specified in the loan agreement. This will allow for any necessary mid-course corrections to ensure successful implementation and the achievement of the project objectives.

D. Reporting

58. NHA will provide ADB with (i) monthly progress reports in a format consistent with ADB's project performance reporting system; (ii) consolidated semi-annual project progress reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions, and (c) updated implementation plan for next 12 months; (iii) bi-annual safeguards monitoring reports separately for environment and resettlement; and (iv) a project completion report within 6 months of physical completion of the project. To ensure projects continue to be both viable and sustainable, project financial statements together with the associated auditors' report, would be adequately reviewed by NHA and ADB.

E. Stakeholder Communication Strategy

Project Documents	Means of Communication	Responsible Party	Frequency	Audience(s)
Project data sheet	ADB's website	ADB	Initial project data sheet posted on the website no later than 2 weeks after approval of the concept paper; updated at least twice a year	General Public
Design and monitoring framework	ADB's website	ADB	Key information from the draft reflected in project data sheet; final version posted on the website at the same time it is circulated to the Board for approval, subject to the concurrence of the government	General Public
Environmental Impact Assessment Report	ADB's website	NHA, ADB	Draft posted on the website before appraisal; and the final version no later than 2 weeks of	General Public, project-affected people

Project Documents	Means of Communication	Responsible Party	Frequency	Audience(s)
Resettlement Plan	ADB's website	NHA, ADB	Draft posted on the website before appraisal; and the final/updated version no later than 2 weeks of receipt by ADB	General Public, project-affected people
Loan Agreement	ADB's website	ADB	Posted on the website no later than 2 weeks from their signing, after removing any information falling within exceptions at the time of the negotiations	General Public
Report and Recommendation of the President	ADB's website	ADB	Posted on the website at the same time it is circulated to the Board for approval, subject to the concurrence of the government	General Public
Summary of Poverty Reduction and Social Strategy	ADB's website Consultation	ADB NHA	Posted on the website at the same time it is circulated to the Board for approval, subject to the concurrence of the government	General Public
Procurement requirements	ADB website for procurement notice (ACN/SPN), consulting services recruitment notice, invitation for bids, Local newspaper advertisement	ADB NHA	Available online (current and archive)	General public, potential civil works contracting firms
Project Administration Manual	ADB's website	ADB	Posted on the website at the same time it is circulated to the Board for approval, subject to the concurrence of the government	General Public
Environmental & Social Safeguard Monitoring Reports	ADB's website NHA's website	ADB NHA	Routinely disclosed upon receipt	General Public, project-affected people in particular
Audited project financial statements and the auditors' report	ADB's website	ADB	Within 30 days of receipt	General Public
Project Completion Report	ADB's website	ADB	Within 2 weeks of circulation to the Board for information	General Public
Evaluation Report	ADB's website	ADB	Within 2 weeks of circulation to Management and the Board	General Public

ADB=Asian Development Bank, ACN= advance contracting notice, CSRN = consulting services recruitment notice, NHA = National Highway Authority, SPN = specific procurement notice.

X. ANTICORRUPTION POLICY

59. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the Project.¹¹ All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all Project contractors, suppliers, consultants and other service providers. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the Project.¹²

60. To support these efforts, relevant provisions are included in the loan agreement and the bidding documents for the Project. Further, NHA will establish eligibility criteria for persons serving on bid evaluation committees and require full disclosure of relevant interests and any potential conflict of interests. Additionally, NHA will engage private firms to conduct technical audits of randomly selected works contracts within 12 months of commencement of the contract and six months prior to NHA taking over the project site from the contractor.

XI. ACCOUNTABILITY MECHANISM

61. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make a good faith effort to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.¹³

XII. RECORD OF PAM CHANGES

PAM Version	Created Date	Revision Date	Reasons for Change	Main Contents of Change
V1.0	June 2015	NA	Initial	NA
		July 2015	Before loan negotiation	
V2.0		March 2016	Additional financing	Pertinent sections
		April 2016	Before loan negotiation	Pertinent sections

¹¹ Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>.

¹² ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>.

¹³ For further information see: <http://www.adb.org/Accountability-Mechanism/default.asp>.

ATTACHMENT 1

Terms of Reference for Construction Supervision Consultant

(Refer to existing TOR in the contract between NHA and Consulting firm RENARDET S.A.)

Bi-annual Environmental Monitoring Report

Project Number: {XXXXXX}
{Month Year}

{Full Country Name}: {Project Title}
{(Financed by the <source of funding>)}

Prepared by {author(s)}
{Firm name}
{City, country}

For {Executing agency}
{Implementing agency}

This report does not necessarily reflect the views of ADB or the Government concerned, and ADB and the Government cannot be held liable for its contents.

TABLE OF CONTENTS

Part I Introduction

- Construction activities and Project Progress during previous 6 months
- Changes in project organization and Environmental management team
- Relationships with Contractors, owner, lender, etc.

Part II Environmental Monitoring

Environmental monitoring summary – summarise the previous six months monitoring data and provide explanations of any instances where environmental standards or guidelines are exceeded. Typically this will cover:

- Noise and Vibration
- Water Quality
- Air Quality
- Flora and fauna monitoring

Recommendations are required to show how any exceedences will be prevented in the future.

Graphs can be used in this section to show trends, however large tables of data or multiple graphs should be attached as an appendix.

Part III Environmental Management

- EMS, SSEMP and work plans. Report on delivery of documents, required amendments etc.
- Site Inspections and audits – summarise the number and type of site visits
- Non-compliance notices – summarise the details on the number of notices given out and the issues covered. Summarise the ranking of issues.
- Corrective action plans - report on timeliness of preparation and completion
- Consultation and complaints – report on any consultation undertaken and list any complaints received.

Annexes

- Monitoring data
- Photographs
- Implementation report on EIA mitigation requirements

Reference	Requirement	Action to Date	Action Required/Comment

PROGRESS REPORT TEMPLATES

- A. Monthly Progress Report**
- B. Quarterly Progress Report**

I. Summary

- Overall implementation progress of the project

II. Civil Works

A. Package 1: XXXX

- Provide update on procurement activities
- Indicate progress in civil works vis-à-vis work program
- Specify outputs and assess quality and timely completion
- Assess efficiency of coordination arrangement with Construction Supervision Consultant (CSC)
- Provide update on payments and disbursements
- Identify issues/problems including safeguards and implementation arrangements, and indicate measures planned/undertaken to solve issues

III. Consultants

IV. Other Matters

Quarterly Project Progress Report

Loan Number:
Reporting Period: Quarter ____ 20__

Islamic Republic of Pakistan: National Motorway M-4 Gojra-Shorkot-Khanewal Section Project
(RRP PAK 48402)

Prepared by:
National Highway Authority of Government of Pakistan

This report is a quarterly update to the project implementation progress. It is designed for ready use by the project executing agencies to provide direct input into ADB's internal Project Progress and Project Completion Reports.

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BASIC DATA

Loan Identification

Loan Number
Project Title
Borrower
Executing Agency
Implementing Agency
Amount of Loan
Amount of Grant

Loan Data

Loan Negotiations
Board Approval
Loan Agreement Signing
Loan effectiveness
 – In Loan Agreement
 – Actual
Loan Closing
 – In Loan Agreement
 – Actual
Terms of Loan
 – Interest Rate
 – Maturity (number of years)
 – Grace Period

Project Components, Costs, and Financing Plan (million US dollars)

Project Components	Project Costs and Financing Plan				
	ADB	AIIB	Government of the United Kingdom	Gov't	Total
Civil Works					
Consulting Services					
Total					

I. SUMMARY: IMPLEMENTATION PROGRESS

1. Summarize the project implementation status as detailed in subsequent sections. It should analyze original and revised schedules and actual achievements/shortfalls in terms of physical and financial targets and accomplishments for the quarter (preferably in terms of broad components or identifiable physical elements). It would also contain conclusions about the viability of the original or earlier revised cost estimates and expected date of completion of the project.

I. MANAGEMENT AND OPERATIONS

A. Implementation Arrangements

- (i) Assess the adequacy of implementation arrangements (such as establishment, staffing, and funding of the project implementing office) to deliver project outputs for the quarter.
- (ii) Discuss any major changes in the arrangements, and the effects on project implementation progress.
- (iii) Provide the status of compliance to related grant covenants on implementation arrangements. Indicate whether covenants were (i) complied with, (ii) late complied with, (iii) ongoing, or (iv) not complied with. If compliance was delayed or breached, discuss the reasons and impact, and whether the covenant was realistic. Discuss the impact of partial or noncompliance of covenants on project performance. Recommend ways to achieve compliance. Indicate if any covenant has been modified, suspended, or waived, and the justification for such action.

B. Performance of Contractors, Consultants, Borrower, Ministry of Transport, and ADB

1. Contractors and Consultants

2. Describe the performance of contractors and consultants for the quarter under reporting. If they did not perform exceptionally well, describe the effects on the delivery and quality of the outputs, schedule, and/or costs.

2. Borrower and Ministry of Transport

- (i) Summarize the performance of the borrower and the Ministry of Transport (MOT) in meeting the responsibilities assigned in the implementation plan, and discuss any strengths/weaknesses in performance for the quarter under reporting.
- (ii) Assess the present institutional capacity and development of the MOT, including specific strengths and weaknesses, and whether the institutional development measures envisaged at appraisal were adequate or successful. Assess how the project preparatory technical assistance helped improved institutional capacity.

3. ADB

3. Review ADB's part in project implementation for the quarter (e.g., approvals, disbursements, and monitoring) to determine whether any ADB failure to act promptly, or disagreements with the borrower or executing agency on terms of reference, bid documents,

awards, or other matters affected the implementation procedures, project (program) costs, or implementation schedule.

C. Implementation Schedule

4. Assess the progress in implementing the overall project to date in comparison with the original implementation schedule. Explain the causes of significant delays, if any. Discuss any changes in the original/revised plans and schedules or deviations—both actual and expected—except that any such change requiring ADB approval should be reported to ADB immediately and subsequently mentioned in the quarterly report.

D. Project Monitoring, Review, and Reporting

5. Provide the status of compliance to related grant covenants. Indicate the status of (i) complied with, (ii) late complied with, (iii) ongoing, or (iv) not complied with. If compliance was delayed or breached, discuss the reasons and impact, and whether the covenant was realistic. Discuss the impact of partial or noncompliance of covenants on project performance. Recommend ways to achieve compliance. Indicate if any covenant has been modified, suspended, or waived, and the justification for such action.

II. PROCUREMENT AND CONSULTING SERVICES

- (i) Indicate the status of procurement and consultant recruitment activities. Describe whether, or not the activities are on schedule. If there are delays, provide the reasons; and discuss the planned/undertaken options to resolve them. If there are remaining civil works to be procured or consultants to be recruited, provide the schedule for monitoring the procurement or recruitment activities.
- (ii) Discuss arrangements for consultant recruitment, any deviations from agreed-upon procedures, and the causes of disagreements between the borrower or executing agency and ADB on consultant selection. State how the differences were resolved, or will be resolved.
- (iii) Discuss any changes in the original/revised procurement plan, including mode of procurement. Describe any significant problems (e.g., misprocurement) encountered in packaging contracts, preparing tender documents, and evaluating bids. State how they were resolved, or will be resolved.

Note: Once procurement and consultant recruitment activities are completed, this section could be excluded from the next quarterly progress reports.

III. TECHNICAL

A. Project Outputs

- (i) Analyze the progress of each component during the quarter under reporting. Give reasons for any changes, deviations, or delays, and indicate whether these affected project costs, time schedules, expected benefits, or other measures of efficiency. Compare the actual progress with that of the original forecast as of this date.
 - physical works accomplished for the three civil works contracts (i.e., km-length of roads reconstructed; preparation made); and
 - system developed for road operation and maintenance.

- (ii) Describe the expected progress to be achieved in the next quarter.
- (iii) Discuss any difficulties or unusual occurrences affecting the progress of the project components. Discuss any risks, and measures to mitigate risks.
- (iv) State the measures taken or planned to correct the factors responsible for delay during the quarter or which are likely to affect physical progress in the future.
- (v) Indicate the expected date of completion of major components (physical and non-physical elements) of the project
- (vi) Assess the validity of key assumptions and risks in achieving the targeted outputs.
- (vii) Update table on Attachment 1.

Note: Construction progress should be supported by drawings, bar charts, simplified CPM or PERT diagrams. Likewise, useful photographs with proper identification and dates should be used to reflect project progress or explain difficulties.

B. Project Performance and Quality

6. Provide the status of compliance to related grant covenants. Indicate whether covenants were (i) complied with, (ii) late complied with, (iii) ongoing, or (iv) not complied with. If compliance was delayed or breached, discuss the reasons and impact, and whether the covenant was realistic. Discuss the impact of partial or noncompliance of covenants on project performance. Recommend ways to achieve compliance. Indicate if any covenant has been modified, suspended, or waived, and the justification for such action.

IV. FINANCIAL

A. Financial Plan

7. Discuss the financial achievements of the annual financing plan for the project during the quarter. The details should at least cover the following: (i) amount requested by the MOT for allocation in the annual budget; (ii) amount allocated under the annual budget; (iii) adequacy of allocation in terms of physical targets and latest cost estimate; (iv) utilization during the quarter under reporting; (v) utilization in the next quarter; (vi) forecast on utilization during the next quarter; and (vii) difficulties in getting the allocated amount released due to budgetary or other procedure, etc., if applicable.

B. Project Costs and Fund Utilization

- (i) Discuss viability of the original or revised cost estimates. Explain significant overruns or underruns, if any, or whether an overall project cost overrun or underrun is likely. State the reasons for cost changes (status of contract awards, change on exchange rates, change in source of procurement/specifications, design inadequacy, external factors, delays, etc. and their likely effect on the project's economic and financial rates of return. Assess the need to reestimate costs to completion, or reallocate costs within ADB loan categories. Update project cost and financing plan, if necessary.
- (ii) Analyze and compare contract awards achievements (cumulative, annual, and quarterly) with projections. Adjust projected amount for succeeding quarters with justification, if necessary.

- (iii) Analyze and compare disbursements achievements (cumulative, annual, and quarterly) with projections. Adjust projected amount for succeeding quarters with justification.
- (iv) Discuss any issues/problems in submitting withdrawals, and measures planned/ undertaken to resolve issues.
- (v) Provide an update on monitoring and reporting of withdrawal applications processing every 15th of the month.

C. Financial Management

- (i) Assess financial management capacity of the executing and implementing agencies.
- (ii) Assess whether ADB funds were not applied to the activities described on the [ADB Prohibited Investment Activities List](#) in Appendix 5 of the Safeguard Policy Statement (2009).
- (iii) Provide the status of compliance to related grant covenants on finance. Indicate whether covenants were (a) complied with, (b) late complied with, (c) ongoing, or (d) not complied with. If compliance was delayed or breached, discuss the reasons and impact, and whether the covenant was realistic. Discuss the impact of partial or noncompliance of covenants on project performance. Recommend ways to achieve compliance. Indicate if any covenant has been modified, suspended, or waived, and the justification for such action.
- (iv) Update table on Attachment 2.

V. SAFEGUARDS

A. Environment

- (i) Assess the progress of environmental management including measures for the mitigation of adverse environmental impacts in accordance with the environmental impact assessment; and update of environment management plan in Attachment 3.
- (ii) Review the environmental policies implementation associated with coal mines development in the region.
- (iii) Provide the status of compliance with related grant covenants on environment. Indicate whether covenants were (a) complied with, (b) late complied with, (c) ongoing, or (d) not complied with. If compliance was delayed or breached, discuss the reasons and impact, and whether the covenant was realistic. Discuss the impact of partial or noncompliance of covenants on project performance. Recommend ways to achieve compliance. Indicate if any covenant has been modified, suspended, or waived, and the justification for such action.

B. Resettlement

- (i) Assess progress of implementation of the resettlement plan, including salient achievements and problems faced and how these have been resolved.
- (ii) Provide status of compliance with related resettlement loan covenants. Indicate whether covenants were (a) complied with, (b) late complied with, (c) ongoing, or (d) not complied with. If compliance was delayed or breached, discuss the reasons and impact, and whether the covenant was realistic. Discuss the impact of partial or noncompliance of covenants on project performance. Recommend

ways to achieve compliance. Indicate if any covenant has been modified, suspended, or waived, and the justification for such action.

C. Labor, Gender, Health, and Social Protection

8. Provide status of compliance with related resettlement grant covenants. Indicate whether covenants were (i) complied with, (ii) late complied with, (iii) ongoing, or (iv) not complied with. If compliance was delayed or breached, discuss the reasons and impact, and whether the covenant was realistic. Discuss the impact of partial or noncompliance of covenants on project performance. Recommend ways to achieve compliance. Indicate if any covenant has been modified, suspended, or waived, and the justification for such action.

VI. OTHER MAJOR PROBLEMS AND ISSUES

9. Summarize other major problems and issues affecting or likely to affect implementation progress, compliance with covenants, and achievement of immediate development objectives. Recommend actions to overcome these problems and issues (e.g., changes in scope, changes in implementation arrangements, and reallocation of loan proceeds).