

Project Administration Manual

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Lao People's Democratic Republic:
Greater Mekong Subregion Tourism Infrastructure
for Inclusive Growth Project

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Project Administration Manual Purpose and Process

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

The Ministry of Information, Culture and Tourism (MICT) and the Departments of Information, Culture and Tourism (DICT) of Champassak, Khammouane, Luangprabang and Oudomxay Province, are wholly responsible for the implementation of ADB financed projects, as agreed jointly between the borrower and ADB, and in accordance with Government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by MICT and DICTs 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
ADF	Asian Development Fund
AFS	audited financial statements
AH	affected household
AP	affected people
ASEAN	Association of Southeast Asian Nations
CBO	community based organization
CQS	consultant qualification selection
CTG	community tourism group
DBST	double bituminous surface treatment
DICT	Department of Information, Culture and Tourism
DMCBS	destination management capacity building support
DMF	design and monitoring framework
DMO	destination management organization
DMP	destination management plan
DMS	detailed measurement survey
DOF	Department of Finance
DPWT	Department of Public Works and Transport
EA	executing agency
EMP	environmental management plan
FMPS	financial management and procurement support
GAP	gender action plan
GDP	gross domestic product
GMS	Greater Mekong Subregion
HIV	Human Immunodeficiency Virus
IA	implementing agency
IARS	imprest account reconciliation statement
ICB	international competitive bidding
ICT	information, culture and tourism
IEE	initial environmental examination
IPP	indigenous peoples plan
Lao PDR	Lao People's Democratic Republic
LAR	land acquisition and resettlement
LATA	Lao Association of Travel Agents
LFP	local focal points
LHRA	Lao Hotel and Restaurant Association
MICT	Ministry of Information, Culture and Tourism
MCST	Ministry of Culture, Sports and Tourism
MOF	Ministry of Finance
MOT	Ministry of Tourism
MPI	Ministry of Planning and Investment
MTCO	Mekong Tourism Coordinating Office
MTDP	Mekong Tourism Development Project
NCB	national competitive bidding
NGO	nongovernment organization
NPSC	national project steering committee
NSEDP	national socioeconomic development plan
O&M	operations and maintenance
PAI	project administration instructions
PAM	project administration manual
PCU	project coordination unit
PFM	public financial management
PIU	project implementation unit

PMCES	project management and civil engineering support
PPMS	project performance management system
PPP	public-private partnership
PPSC	provincial project steering committee
PRC	People's Republic of China
PUEIP	Pakse Urban Environmental Improvement Project
QBS	quality based selection
QCBS	quality- and cost-based selection
RP	resettlement plan
RRP	report and recommendation of the President to the Board
SAO	state audit organization
SME	small and medium-sized enterprises
SOE	statement of expenditure
SPS	Safeguard Policy Statement
SPSC	subregional project steering committee
SPRSS	summary poverty reduction and social strategy
STDP	Sustainable Tourism Development Project
TD	tourism division
TDD	Tourism Development Department
TOR	terms of reference
TWG	tourism working group
UNESCO	United Nations Educational, Scientific and Cultural Organization
WB	World Bank

WEIGHTS AND MEASURES

km	–	kilometer
m	–	meter
m ²	–	square meter
m ³	–	cubic meter

NOTES

- (i) The fiscal year (FY) of the Government of the Lao PDR ends on 30 September. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2012 ends on 30 September 2012.
- (ii) In this report, “\$” refers to US dollars unless otherwise stated.

I. PROJECT DESCRIPTION

A. Rationale

1. Regional context. Among country groupings in Asia and the Pacific, the Greater Mekong Subregion (GMS) has a strong comparative advantage in tourism due to its diverse tourism assets, good international air and land transport connectivity, effective visa policies, and surging demand for leisure travel. International tourist arrivals are growing at 12.4% per year—over four times the world average—and reached an all-time high of 44.8 million in 2012. About one-third of international tourists express interest in visiting at least two countries while travelling in the GMS, providing a strong impetus for regional tourism cooperation. Remarkably, the People's Republic of China (PRC) became the world's top outbound source market in 2012, with over 83 million outbound travelers spending \$102 billion, up 37% compared to 2011.¹

2. International tourism in the GMS generated \$44.3 billion in 2012, with spending on accommodation, food and beverages, transport, shopping, entertainment, and other discretionary items directly sustaining 7.1 million jobs. GMS-wide, about \$6,200 equivalent in tourism receipts sustains one job, making tourism one of the most labor-intensive of the non-agricultural sectors. Women account for over half of GMS tourism workers, however many are employed in the informal sector or in lower-skilled jobs paying lower wages.

3. Although the GMS is on track to attain its 2015 target of 52.02 million international arrivals, \$52.4 billion in tourism receipts, and 7.2 million tourism-related jobs, there is persistent inequity in the distribution of tourism benefits. Thailand earns \$25.4 billion annually, while the combined receipts for Cambodia, the Lao PDR, and Viet Nam are less than \$10.5 billion. There are also wide disparities in average tourism receipts per visitor, with Thailand generating \$1,138 compared to \$616 in Cambodia and \$154 in the Lao PDR. This is significantly less than the benchmark \$1,390 per visitor in Asia and the Pacific.

4. Lao PDR's tourism profile. International tourist arrivals reached 3.33 million in 2012, a 22% increase compared to 2011. The direct contribution of travel and tourism to GDP is 5.3%. International tourism receipts equivalent to \$514 million sustain 134,000 jobs, or 4.5% of total employment.² About 92% of arrivals originate in Southeast and East Asia, with Thailand (58%), Viet Nam (21%), and the PRC (6%) as important source markets. There are 2,030 accommodation establishments with 35,857 bedrooms, of which less than 10% are rated 5-star. Between 2006 and 2012 the number of bedrooms increased by 96%, however, there are about four times as many lower-priced small guesthouses (1,562) than hotels (486). Average length of stay and spending is the lowest in the GMS at 4.6 days and \$54 per day, respectively. Lao PDR offers tourist visa-on-arrival for over 190 countries and visa exemptions for members of the Association of Southeast Asian Nations (ASEAN).

5. Key issues and challenges. Although the Lao PDR possesses widely dispersed cultural and natural tourism assets, including two World Heritage Sites and a vast protected area network covering 16.3% of the country, tourism benefits are concentrated in Vientiane Capital, which receives 43% of international arrivals and accounts for 47% of accommodation capacity. Efforts to promote the development of other destinations are constrained by underinvestment in last-mile transport infrastructure and environmental degradation caused by inadequate waste management, lack of public amenities, and poor destination management. This is exacerbated by weak institutional support for small and medium-sized enterprise development, further impeding opportunities to increase tourism earnings and create employment for the poor. Lacking supply chain linkages between

¹ United Nations World Tourism Organization. 2013. *UNWTO Tourism Highlights*. Madrid.

² World Travel and Tourism Council. 2013. *Travel and Tourism Economic Impact 2013: Laos*. London.

tourism and other industries, about 40% of tourism receipts “leak” back out of the country in the form of tourism-related imports.

6. National marketing campaigns have had limited success in promoting new destinations due to a lack of industry coordination and funding shortages. Similarly, the number of public-private partnerships that support tourism-related infrastructure development and the management of public tourism assets are low due to an incomplete regulatory framework, low investor confidence, and scarcity of affordable finance. Tourism competitiveness is further undermined by policy and regulatory impediments that make it difficult to start a business. The Lao PDR currently ranks 163 out of 185 countries assessed in the World Bank’s Doing Business Report, the lowest among GMS countries and the second lowest in Asia and the Pacific.³

7. Sector priorities and investment plan. The Lao PDR’s National Tourism Strategy (NTS) is targeting 4.5 million international arrivals and \$760 million in tourism revenue by 2020.⁴ The 2005 Tourism Law provides the legal basis for the NTS, setting out the parameters for creation of a sustainable tourism industry that contributes to national development and international cooperation. The Ministry of Information, Culture, and Tourism (MICT) is mandated with overseeing implementation of the NTS. Strategic objectives are to (i) generate employment and income for local people, (ii) strengthen heritage protection and destination management; (iii) increase public-private cooperation in tourism; (iv) improve compliance with rules and regulations; (v) diversify tourism products and services; and (vi) improve the tourism vocational education and training system.

8. The MICT recognizes that a well-functioning tourism industry requires effective coordination between many agencies and the provision of quality services by the private sector. In this context, the NTS provides public agencies with a blueprint for prioritizing sector investments in transport, urban development, education and training, and policy enhancements to facilitate private investment in tourism superstructure and related services.⁵ The estimated cost of the government’s public investment program for tourism between 2011 and 2015 is \$118 million.

9. Related policies and strategies. The project is consistent with the Lao PDR’s Seventh National Socioeconomic Development Plan (NSED) 2011–2015, which supports sustainable economic growth and the reduction of poverty and inequality. Project investments are expected to contribute to the NSED’s objectives of economic diversification, human resource development, enhanced productivity, and inclusion of women and ethnic groups in national development efforts. The project will also contribute to regional efforts to develop the GMS corridors into economic corridors and promote the Mekong as a single tourist destination. It is closely aligned with the ADB Lao PDR Country Partnership Strategy 2012–2016 emphasis on promoting private sector development, gender equity, and regional cooperation and integration.

10. Development coordination. The GMS Tourism Working Group (TWG) is the forum for coordinating regional tourism sector assistance.⁶ ADB and senior GMS tourism officials co-chair semi-annual working group meetings to direct implementation of the GMS Tourism Sector Strategy and identify policy issues for elevation to the annual GMS Tourism Ministers Meeting and the triennial GMS Summit.⁷ Other development partners assisting the tourism

³ World Bank. 2013. *Doing Business 2013*. Washington DC.

⁴ Ministry of Information, Culture and Tourism. 2012. *Lao PDR Tourism Strategy 2012-2020*. Vientiane. Arrival targets are updated annually and published in MICT’s annual statistics report.

⁵ Tourism superstructure is facilities that have been developed especially to respond to the demands of visitors.

⁶ The GMS TWG is comprised of senior tourism officials from all GMS National Tourism Organizations, development partners, civil society organizations, and private associations.

⁷ The TWG has met 32 times since 1992.

sector include Lux-Development, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the International Trade Center, Japan International Cooperation Agency, New Zealand International Development Agency, Swisscontact, the World Wildlife Fund and the Wildlife Conservation Society. The leading industry group is Pacific Asia Travel Association (PATA) with over 1,100 members. Development partners, PATA, and members of the TWG will join the project's subregional steering committee meetings, enabling effective information sharing and enhanced partnerships.

11. Lessons. ADB's GMS tourism sector assistance program and completed GMS tourism projects are rated successful.⁸ Project design incorporates key lessons, including the need to (i) conduct detailed analysis of tourism demand during project preparation; (ii) improve cross-sector coordination to build synergies with other ADB and development partner assistance; (iii) provide capacity building for sustainable operations and maintenance (O&M); and (iv) promote enterprise development alongside infrastructure to increase the proportion of destination spending that reaches the poor. The project has selected relevant subprojects based on robust market analysis, which complement ongoing ADB assistance and the work of other development partners.⁹ It includes targeted capacity building for entities responsible for O&M of project facilities, significant support for small and medium-sized enterprise promotion, and mechanisms strengthen public-private collaboration for destination marketing.

12. Special features. The project will (i) strengthen collaboration between government, the private sector, civil society and local communities to improve tourism destination management; (ii) demonstrate how tourist entry fees and charges can help finance maintenance of public goods such as heritage sites, roads, and environmental services; (iii) strengthen knowledge partnerships among GMS and ASEAN members; and (iv) leverage service-sector opportunities to accelerate widening of the GMS corridors into economic corridors by linking secondary tourism destinations with regional markets.

B. Impact and Outcome

13. The impact of the project will be increased tourism employment for people living in underdeveloped segments of the GMS Central Corridor. The outcome will be increased tourism receipts in Champassak, Khammouane, Luangprabang and Oudomxay. By 2019 aggregate annual tourism receipts in the project provinces will increase to \$330 million, helping to stimulate the creation of 27,000 additional tourism-related jobs by 2025. Based on current workforce participation rates it is expected 50% of these jobs will be held by women.¹⁰

C Outputs

14. The project has four outputs: (i) last-mile tourism access infrastructure improved; (ii) environmental services in cross-border tourism centers improved; (iii) strengthened institutional capacity to promote inclusive tourism growth; and (iv) effective project implementation and knowledge management. Project areas in Lao PDR are contiguous with proposed project areas in Viet Nam, namely the provinces of Dien Bien and Ha Tinh.

15. The selection of output 1 and 2 infrastructure subprojects followed these criteria: (i) location in underdeveloped segment of a GMS corridor/GMS Tourism Sector Strategy

⁸ ADB.2009. *Sector Assistance Program Evaluation. Tourism Sector in the Greater Mekong Subregion*. Manila; ADB. 2011. *Completion Report: GMS Mekong Tourism Development Project*. Manila.

⁹ ADB. 2012. *Pakse Urban Environmental Improvement Project*. TA 6307-REG *Implementation of the GMS Cross-Border Transport Agreement*.

¹⁰ ADB. 2009. *Gender-Related Impacts of the Global Economic Slowdown in the Greater Mekong Subregion: Emerging Trends and Issues*. Manila.

priority tourism zone with good tourism and economic development potential; (ii) national investments demonstrate clear regional dimensions; (iii) inclusion in the current national tourism strategy; (iv) inclusion in the GMS Tourism Sector Strategy; (v) existing tourism access infrastructure and environmental services in subproject area is unable to cope with rapidly growing tourism or is constraining tourism growth; (vi) minor impacts for resettlement, environment, and indigenous peoples (i.e. category B or lower); (vii) key stakeholders, including local authorities and local communities endorse the subproject; (viii) indicative cost estimate for each subproject is at least \$1.5 million; and (viii) subprojects provide opportunities for private sector and community involvement.

16. Output 1: Last Mile Tourism Access Infrastructure Improved. This output will upgrade transport infrastructure and public amenities to improve access to tourist attractions and spread tourism benefits more widely in Luangprabang and Oudomxay provinces. It includes the following activities:

17. Xang Cave Access Improvements. Xang Cave is situated in Ban Tham, Khammouane Province, approximately 6 km east of Thakhek City. Although international tourist arrivals in Thakhek reached 160,000 in 2012 and were growing at 33% per year, the site recorded only 5,000 visitors and less than \$16,000 in tourism revenue due to poor access and lack of facilities. To remove these constraints, the subproject will: (i) upgrade the existing 4 km access road to Xang cave and nearby Ban Xieng Vaen to double bituminous surface treatment (DBST) standard with a 6.0 m carriageway and rehabilitate one road bridge; (ii) construct a secondary access road 500 m in length with 50 m ford river crossing; (iii) construct parking areas approximately of 4,000 m² and 1,000 m²; (iv) construct a multi-purpose tourist reception center with male and female public toilet blocks, vendor kiosks and landscaped open spaces; (v) improve access paths and the cave's internal lighting system; (vi) install rubbish bins at key locations; and (vii) install signage and information boards. The subproject will directly benefit 1,933 people living in Ban Tham and Ban Xieng Vaen.

18. Chomphet Heritage District Access Improvements. Chomphet Heritage District lies on the west bank of the Mekong River, opposite from the Town of Luangprabang, a UNESCO World Heritage Site that received 410,855 visitors in 2012. Although situated within the World Heritage Site boundaries, it receives less than 2% of Luangprabang's visitors, mainly because the dilapidated ferry terminal in Ban Xieng Mene prevents safe and reliable access. Poor access to other attractions also discourages tourists from crossing the Mekong. To address these constraints, in Ban Xieng Mene the subproject will: (i) upgrade the Mekong ferry terminal ramp to a 10 m wide concrete carriageway with drainage and embankment retention; (ii) rehabilitate concrete access paths and steps to the passenger pier and river; (iii) construct a tourism information kiosk; (iv) upgrade 250 m of existing road in Ban Xieng Mene to DBST standard with 6.0m wide carriageway and roadside drainage; (v) construct 2.2 km of walking paths with 2 male and female public toilet blocks; and (vi) rehabilitate concrete river landings/steps beneath the temples north of the village. In Ban Chan Neua, the subproject will upgrade the small passenger pier and 500 m of internal footpaths; and (ii) construct a 1,000 m² vehicle parking area with vendor kiosks and male and female public toilet blocks. Rubbish bins, directional signage and information boards will be installed in both locations. It is expected the subproject will benefit at least 2,100 people living in Ban Xieng Mene, Ban Chan Neua, and nearby settlements.

19. Ban Xang Hai–Tham Ting Cave Access Improvements. Tham Ting cave is located in Pak Ou District, 30 km north of Luangprabang on the western bank of the Mekong River. The site received 120,141 visitors in 2012; however the poor condition of the road makes access difficult during much of the year, increases vehicle operating costs, and is a safety hazard for tourists and local residents. The subproject will therefore upgrade the existing 10.0 km Xang Hai–Pak Ou access road to DBST standard with a 5–6 m carriageway, viewing lay-bys, roadside drainage, and culverts. At Ban Xang Hai, the subproject will (i)

upgrade 1 km of footpaths and the internal drainage network; (ii) rehabilitate concrete steps to 3 passenger piers; (iii) supply 3 fabricated modular steel floating pontoons with handrails and other safety features; (v) construct a tourist information kiosk with male and female toilet blocks; and (iv) install rubbish bins, directional signage and information boards at strategic locations. At Ban Pak Ou the subproject will: (i) construct 4,000 m² parking area with market stalls and male and female toilet blocks; (ii) upgrade 500 m of internal roads/footpaths with sealed gravel pavement; (iii) upgrade 3 footpaths and steps from village to passenger piers; and (iv) install rubbish bins, directional signage and information boards. Directly across from Ban Pak Ou at Tham Ting cave, the subproject will (i) supply two modular steel floating pontoons with ticket kiosks, handrails and other safety features; (ii) rehabilitate concrete steps and footpaths into the upper and lower caves, including electricity supply and lighting; (iii) upgrade existing male and female public toilet blocks; (iv) upgrade the existing souvenir/handicraft kiosks at the upper cave entrance; and (vi) install rubbish bins, signage and information boards. The improved access road and facilities are expected to directly benefit 2,950 people.

20. **Chom Ong Cave Access Improvements.** Chom Ong Cave in Oudomxay Province comprises an extensive and unique subterranean system with a total length of more than 16 km. Although Oudomxay received 142,307 visitors in 2012 only 500 reached the cave due to the very poor condition of the road, which becomes impassable in the rainy season. Beginning at National Highway 13, the subproject will: (i) upgrade 54 km of the main looping rural access road to DBST standard with variable 5–6 m carriageway, including construction of bridges, roadside drainage, culverts and embankment stabilization; (ii) upgrade 3.0 km secondary access road to DBST standard with 3 m carriageway and 30 m bridge; (iii) construct a 2,000 m² parking area; (iv) upgrade the 500 m footpath and steps to the cave entrance; (v) construct a tourist information/reception center with full range of utilities, vendor kiosks, male and female toilet blocks, and landscaped riverside picnic areas; (vi) install a network of illuminated raised walking paths inside the cave¹¹ to include handrails and other safety features; and (vii) install rubbish bins, directional signage and information boards to present the special features of the cave. It is expected that all residents of Ban Chom Ong (population 730) and 10 other villages with a population of 8,000 will directly benefit from the subproject as a result of increased tourism activity and improved access to markets and social services.

21. **Output 2: Environmental Services in Cross Border Tourism Centers Improved.** This output will improve environmental services in the rapidly growing cross-border tourist destination of Thakhek, recently connected to Nakorn Phanom, Thailand, by the third Thai-Lao Friendship Bridge. It will improve sanitary conditions for the local population and tourists, and help to catalyze additional private investment in accommodations and other tourism-related enterprises. It includes the following components:

22. **That Sikhottabong Environmental Improvements.** Sikhottabong stupa is a national heritage site 6 km south of Thakhek City in Khammouane Province, visited by up to 10,000 people per day during the annual weeklong Sikhottabong Festival, Lao New Year, and other public holidays. This causes significant traffic congestion and overwhelms on-site sanitary facilities. To address this, the subproject will: (i) upgrade approximately 2 km of internal roads to DBST standard; (ii) rehabilitate the existing internal road bridge; (iii) construct a 4,000 m² parking area; (iv) construct 20 male and 20 female public toilet blocks with sanitation; (v) rehabilitate an existing two storey structure to form a multipurpose tourist reception/information center with exhibition area, interpretation facilities and retail space; (vi) construct food and beverage kiosks; (vii) improve landscape features to create public green space for residents and tourists; (viii) construct a solid waste transfer station with small materials recovery facility; and (ix) install rubbish bins, signage and information boards. It is

¹¹ A suitable lighting system will be installed to minimize the negative environmental impact of cave illumination.

expected 35,000 residents of Thakhek will directly benefit from expanded public green space and improved sanitation and traffic management.

23. Output 3: Institutional Capacity to Promote Inclusive Tourism Growth Strengthened. This output will promote cooperation among public and private stakeholders in the tourism sector to sustainably develop, manage, and market tourist sites and destinations. It will complement output 1 and 2 infrastructure subprojects, and other ADB assistance in the Lao PDR such as the Pakse Urban Environmental Improvement Project, GMS Sustainable Tourism Development Project, and Small Towns Development Project by strengthening the capacity of destination management organizations (DMOs) to prepare and implement destination management plans (DMPs) at the subnational (i.e. cluster of provinces), provincial, and site level. The selection criteria for DMOs (see Table 1) to receive project assistance was as follows: (i) the DMO has primary management authority over the destination; (ii) the DMO has main responsibility for the long-term strategic approach for the development and management of the destination; (iii) it is well-positioned to coordinate collaboration between government, the private sector and local communities for destination management and marketing; (iv) men and women members expressed willingness to participate in the project; and (v) the DMO is adequately staffed.

24. This output will also promote tourism-related small and medium-sized enterprise (SME) development and includes activities to prevent the potential negative social impacts of tourism. Local SMEs will be selected for project support during implementation based on the following criteria: (i) there is an established management structure of the SME or local production or service group in place; (ii) there is demonstrated market demand for products or services produced/marketed by the entity; (iii) there is strong potential to create jobs for women and members of local ethnic (minority) groups; and (iv) local men and women express interest in participating in project supported activities.

25. Output 3 includes the following activities:

26. Institutional Strengthening of Destination Management Organizations. This activity will establish suitable frameworks for destination planning, and strengthen policies and procedures needed to ensure the effective implementation of DMPs. It will provide training for DMO leaders and technical staff to prepare them to implement Output 3 activities, with a view to raise destination management practices to international standards.¹²

27. Preparation of Destination Management Plans. This activity will support DMOs and build capacity within them to develop comprehensive DMPs. DMPs will include a strategic vision and action plans articulating the roles of different stakeholders, a logical sequence of activities, and resource requirements for implementation and monitoring. Particular attention will be given to promoting public-private partnerships (PPP), implementing the ASEAN Tourism Standards, and equitable participation of women and ethnic groups.

28. Heritage Protection, Management and Interpretation Program. This activity will facilitate (i) development of culture, nature and historic heritage protection measures such as heritage zoning and associated regulations; (ii) preparation of heritage management plans; (iii) heritage protection awareness campaigns; (iv) heritage guide training;¹³ and (v) heritage research and interpretation, including the development of heritage trails, signage, leaflets, guidebooks and maps.

29. Public-Private Partnership (PPP) Facilitation. Based on the directions of DMPs, this activity will (i) facilitate service contracts, management contracts, and lease contracts for

¹² See World Tourism Organization. (2007). A Practical Guide to Tourism Destination Management. Madrid.

¹³ Where feasible in partnership with the UNESCO Cultural Heritage Specialist Guide Training Programme.

operation of public tourist facilities and services; and (ii) support the formation of destination marketing and promotion associations. Compliance with ASEAN Tourism Standards will be integrated into project-supported PPPs.

30. Development of Tourism-Related Small Enterprises. This activity will promote tourism-related small enterprise development to boost income and employment generating opportunities for local people living in project areas, with a focus on enterprises that are accessible to women and ethnic groups. A full range of small-enterprise development support services will be provided, including (i) business planning; (ii) facilitating access to microfinance; (iii) training in business management and marketing; (iv) service/production group formation/strengthening; (v) training of trainers and cascade training in hospitality services; (vi) support for product diversification, quality enhancement, and efficient production techniques; (vii) provision of equipment to improve village-based hospitality services; and (viii) marketing, promotion, and business networking.

31. Destination Marketing and Promotion Program. This activity will support DMOs to undertake effective destination marketing and promotion, with a strong emphasis on public-private collaboration. To ensure consistency between national marketing and product development efforts and regional initiatives to promote multi-country tours, implementation of this activity will be closely coordinated with the GMS marketing and promotion program. It includes support for market research, production of promotional materials (print and electronic), and DMOs organization/participation in tourism forums and trade events.

32. Public Health and Safety Promotion Program. To promote increased safety and wellbeing of tourists and residents, this activity will (i) conduct road safety awareness in communities living adjacent to project-supported road improvements; (ii) campaign to encourage wearing of helmets while operating motorbikes, and prevent driving while intoxicated; (iii) strengthen systems to ensure compliance with tourist transport vehicle safety and maintenance regulations; (iv) conduct food safety and sanitation awareness seminars targeting tourist accommodation providers, restaurants, and local markets; and (v) assist tourist site operators improve solid waste management (i.e. reduce, reuse and recycling programs) and access municipal waste collection services.

33. Tourism Awareness Programs. This activity will support information and education campaigns to raise awareness among key tourism stakeholders and the general population on the (i) economic and social benefits of responsible tourism practices; and (ii) the potential negative impacts of tourism mismanagement such as the degradation of cultural and natural heritage and spread of communicable diseases.

34. Program to Combat Child Exploitation and Human Trafficking. This activity will build on existing country/regional efforts to map out the occurrence of child exploitation (including child sex and child labor) and human trafficking in the tourism industry, and incorporate measures in DMPs to help prevent and enforce laws against these crimes.¹⁴

35. Table 1 lists the destinations and respective DMOs that have been prioritized for support under Output 3 by the MICT and DICTs, as well as linked Output 1 and 2 infrastructure subprojects. In Champassak province, the project will support DMOs working at sites that have received past ADB support for tourism-related infrastructure under the GMS Sustainable Tourism Development Project (STDP), GMS Mekong Tourism Development Project (MTDP), and Pakse Urban Environmental Improvement Project (PUEIP).

¹⁴ The project will collaborate with the Child Safe Tourism Campaign, in cooperation with World Vision, the United Nations Office on Drugs and Crime, and Interpol, active in Cambodia, the Lao PDR, and Viet Nam.

Table 1: Institutional Strengthening for Destination Management Priorities

Destination	Destination Management Organization	Linked infrastructure subproject
National-level		
Lao PDR	Tourism Development Department of the MICT in conjunction with the Lao Association of Travel Agents and the Lao Hotel and Restaurant Association.	<ul style="list-style-type: none"> ▪ Xang Cave Access Improvement ▪ That Sikhottabong Environmental Improvement ▪ Chomphet Heritage District Access Improvements ▪ Ban Xang Hai–Tham Ting Cave Access Improvements ▪ Chom Ong Cave Access Road Improvement
Subnational-level		
Northern Heritage Route	Tourism section of the DICT and tourism associations of the four Northern Heritage Route Provinces (Houaphanh, Luangprabang, Sayabouly and Xieng Khouang).	<ul style="list-style-type: none"> ▪ Chomphet Heritage District Access Improvements ▪ Ban Xang Hai–Tham Ting Cave Access Improvements ▪ Small-scale tourism infrastructure in Houaphanh and Sayabouly provinces supported by STDP
Provincial-level		
Champassak Province	Tourism section of DICT in conjunction with the provincial travel agents association and provincial hotel and restaurant association.	<ul style="list-style-type: none"> ▪ Nakasang Access Road and Don Det-Don Khone Tourist Facilities supported by STDP ▪ River embankment, flood control, and solid waste management improvement in Pakse ▪ Champassak District (Vat Phou) small scale tourism infrastructure supported by MTDP
Khammouane Province	Tourism section of DICT in conjunction with the provincial travel agents association and provincial hotel and restaurant association.	<ul style="list-style-type: none"> ▪ Xang Cave Access Improvement ▪ That Sikhottabong Environmental Improvement ▪ Konglor Cave Access Road supported by MTDP
Luangprabang Province	Tourism section of DICT in conjunction with the provincial travel agents association and provincial hotel and restaurant association.	<ul style="list-style-type: none"> ▪ Chomphet Heritage District Access Improvements ▪ Ban Xang Hai–Tham Ting Cave Access Improvements ▪ Kwangsi Falls Access Road supported by MTDP
Oudomxay Province	Tourism section of DICT in conjunction with the provincial travel agents association and provincial hotel and restaurant association.	<ul style="list-style-type: none"> ▪ Chom Ong Cave Access Road Improvement
Site-level		
Champassak Province		
Greater Vat Phou	Champassak Department of Heritage; Vat Phou World Heritage Site Management Office; ICT Offices of Champassak and Pathoumphone Districts; tourist transport and boat associations; Ban Kiet Ngong and Don Deng community-based tourism organizations; local tourism businesses.	<ul style="list-style-type: none"> ▪ Champassak District (Vat Phou) small scale tourism infrastructure supported by MTDP
Four Thousand Islands	Khong District ICT Office; tourist transport and boat associations; local tourism businesses.	<ul style="list-style-type: none"> ▪ Nakasang Access Road and Don Det-Don Khone Tourist Facilities supported by STDP
Bolaven Plateau	Paksong and Bachiangchaleunsouk District ICT Offices (Champask Province); tourist transport and service associations.	-

Destination	Destination Management Organization	Linked infrastructure subproject
Khammouane Province		
Thakhek	Tourism section of the DICT and Thakhek District ICT Office; That Sikhottabong Management Committee; Thakhek UDAA; tourist transport and service associations.	<ul style="list-style-type: none"> ▪ Xang Cave Access Improvement ▪ That Sikhottabong Environmental Improvement
"The Loop"	Tourism sections of the DICTs of Khammouane and Bolikhamxay Provinces in conjunction with tourist transport associations and tourism businesses (guesthouses and restaurants) along the loop.	<ul style="list-style-type: none"> ▪ Improvement of Konglor Cave Access Road supported by MTDP
Luangprabang Province		
Chom Phet	Tourism section of the DICT and Chomphet District ICT Office; Department of Heritage; tourist transport (boat and road) and service associations; village management committees in Ban Xieng Mene and Ban Chan Neua.	<ul style="list-style-type: none"> ▪ Chomphet Heritage District Access Improvements
Pak Ou	Tourism section of the DICT and Pak Ou ICT Office; tourist transport (boat and road) and service associations in Ban Xang Hai, Ban Pak Ou and other villages involved in the Pak Ou - Tham Ting tourism circuit.	<ul style="list-style-type: none"> ▪ Ban Xang Hai–Tham Ting Cave Access Improvements
Oudomxay Province		
Xay District	Tourism section of the DICT and Xay District ICT Office; tourist transport and service associations; village management committees in Ban Chom Ong and other villages along the access road to the cave.	<ul style="list-style-type: none"> ▪ Chom Ong Cave Access Road Improvement
Pak Beng District	Tourism section of the DICT and Pak Beng District ICT Office; tourist transport (boat and road) and service associations.	-

DICT = Department of Information, Culture and Tourism; ICT = Information, Culture and Tourism; MTDP=GMS Mekong Tourism Development Project; STDP=GMS Sustainable Tourism Development Project; Urban Development Administration Authority.

36. **Output 4: Effective Project Implementation and Knowledge Management** includes:

37. Project Supervision and Management Structure Established. During the early stages of the project the executing agency (EA) will: (i) appoint Lao PDRs representatives to the Subregional Project Steering Committee; (ii) establish a National Project Steering Committee and Project Coordination Unit (PCU); and (iii) establish Project Implementation Units (PIUs) in each participating province.

38. Mobilize Consultants and Procure Equipment. EAs will mobilize consulting services to assist with project implementation and management and procure equipment needed to operate the PCUs and PIUs. Consultant recruitment and procurement will be undertaken in accordance with ADB's *Guidelines on the Use of Consultants* (2013, as amended from time to time) and *Procurement Guidelines* (2013, as amended from time to time).

39. Financial Management and Procurement Training. This activity will train PCU and PIU staff in financial management, disbursement and procurement procedures acceptable to ADB and the government. It will improve their capability to implement internationally acceptable accounting systems and procedures, internal controls¹⁵, and financial planning

¹⁵ An effective control environment includes internal control systems that provide assurance that financial records are reliable and complete and adhere to financial management policies. ADB. 2006. *Handbook for Borrowers on the Financial Management and Analysis of Projects*. Available at: <http://www.adb.org/documents/handbook-borrowers-financial-management-and-analysis-projects>

and reporting. Initial training will be carried out by consultants with experience in ADB financial management guidelines. Later, PCU/PIU staff will be invited to participate in periodic in-country disbursement seminars conducted by ADB's Controller's Department to continuously build their capacity manage the project's finances according to ADB disbursement policies, guidelines and procedures.

40. Finalize Monitoring Arrangements, Grievance Redress Mechanisms, and establish the Project Website. This activity will (i) prepare the Project Performance Management System (PPMS) and verify baseline conditions, indicators, and monitoring arrangements to measure project performance; (ii) finalize and disseminate grievance redress mechanisms; and (iii) establish a freely accessible project website in each participating country to disseminate information about the project such as procurement and consultant recruitment notices, information on contract awards, work plans, progress reports, knowledge products, social and environmental safeguards monitoring, and grievance redress procedures.

41. Conduct Resettlement, Indigenous Peoples, and Environment Safeguards Monitoring. The PCU will (i) integrate safeguards monitoring into the PPMS, bringing together in one place the various monitoring requirements identified in resettlement plans, indigenous peoples plans and IEEs/EMPs; (ii) provide training for PIU staff to systematically implement safeguard monitoring as part of the overall project monitoring process; and (iii) include the status of safeguard implementation in the project's quarterly progress reports.

42. Develop Sustainable Finance Mechanisms and Implement Training for O&M of Project Facilities. This activity will facilitate preparation of O&M plans for all project-supported facilities, incorporating (i) preventative, regular, and emergency maintenance procedures; (ii) O&M staffing and training needs; (iii) administrative requirements; (iv) monitoring procedures; (v) sustainable income generation to finance O&M, such as environmental charges or tourist entry fees; (vi) payment mechanisms; and (vii) training on the implementation of O&M plans.

43. Update Baseline Information and Prepare an End of Project Impact Evaluation. This activity will facilitate the preparation of a comprehensive baseline report during the initial stages of project implementation. This will contribute to establishing an accurate baseline for PPMS indicators and serve as the basis for the project's midterm review, end of project impact evaluation, and project completion report.

44. GMS Tourism Statistics Harmonization. This activity will facilitate harmonization of the collection, analysis and reporting of GMS tourism statistics according to internationally accepted practice such as those set by the World Tourism Organization. It will provide resources to (i) hold joint workshops to agree on uniform survey, analysis, and reporting formats; (ii) train National Tourism Organization staff in the production of uniform reports; (iii) publish and disseminate the reports; and (iv) establish a mechanism for the Mekong Tourism Coordinating Office (MTCO) to consolidate the country reports and systematically publish them on its GMS tourism statistics webpage.¹⁶

45. GMS Marketing and Promotion Program. This activity will support joint marketing and promotion of multi-country tour circuits as prioritized by the GMS Tourism Working Group. It will provide resources to (i) plan regional marketing and promotion initiatives; (ii) support jointly-agreed activities such as multi-country familiarization tours for investors, tour operators, and the media; (iv) produce targeted promotional materials (print and electronic);

¹⁶ This activity will be implemented in close coordination with TA 8516 Strengthening the Mekong Tourism Coordinating Office 2013–2015 (approved October 2013), which will prepare a GMS tourism knowledge management platform, and create a website and online tools that will aggregate and distribute up-to-date information on tourism industry performance based on user demand, including tourism statistics.

and (iii) support DMOs organization/participation in international tourism forums and trade events.

46. ASEAN Tourism Standards Implementation. This activity will boost regional efforts to improve and standardize tourism services through implementation of the ASEAN Tourism Standards. It will facilitate (i) development of a national certification processes for ASEAN Tourism Standards; (ii) preparation of training manuals; and (iii) implementation of training and certification in key tourist destinations.

47. Gender Equality and Ethnic Participation Program. To ensure equal access to economic opportunities created by the project, this activity will (i) raise awareness about gender equality and social inclusion; (ii) facilitate review, update and support implementation of the project's Gender Action Plan and Indigenous Peoples Plan (IPPs); and (iii) build the capacity of national and PIU Safeguards Specialists to oversee implementation of the action plans. Specific indicators for monitoring implementation of the GAP and IPP will be included in the PPMS.

II. IMPLEMENTATION PLANS

A. Project Readiness Activities

48. The status of project readiness activities are summarized in Table 2 and Table 3.

Table 2: Project Readiness Activities

Activity	2014							Who responsible
	Mar	Apr	May	Jun	Jul	Aug	Sep	
Advance actions for procurement			X	X	X	X	X	ADB and EA
Approval of safeguards documents	X							EA and ADB
Disclosure of safeguards documents	X							ADB and EA
ADB Staff Review Meeting		X						ADB
Establishment of NPSC				X				EA
Establishment of PPSCs				X				EA
Establishment of PCU and PIUs			X	X				EA
Loan negotiations			X					ADB and EA
Recruitment of consulting firms			X	X	X	X	X	EA
ADB Board approval					X			ADB
Government budget inclusion	X							EA
Loan signing							X	ADB and EA
Loan effectiveness: approximately 3 months after Loan signing								ADB and EA

ADB = Asian Development Bank; EA = Executing Agency; NPSC = National Project Steering Committee; PCU = Project Coordination Unit; PIU = Project Implementation Unit; PPSC = Provincial Project Steering Committee.

B. Overall Project Implementation Plan

49. The project is expected to be implemented over a period of 5 years, from 1 July 2014 until 30 June 2019. The overall project implementation plan is shown in Table 4. The plan will be updated annually by MICT and ADB based on actual physical progress.

Table 3: Detailed Project Readiness Filters

	Key Project Preparation Elements	Stage of Project Preparation					Status as of June 2014
		Pre Fact-finding	Negotiations	Signing	Effectiveness (within 3 months after signing)	First Disbursement (within 3 months after effectiveness)	
1.	Project is within Government development priority	Confirmed					Project is confirmed in current ADB country partnership strategy and National Tourism Strategy.
2.	Project Administration Manual (PAM)	Draft prepared and discussed	Completed and agreed				Agreed with EA.
3.	Environment Impact Assessment, Social Impact Assessment, Land Acquisition & Resettlement Plan and Ethnic Minority Development Plan (where applicable)	Draft prepared and discussed	Action plans prepared and government budget confirmed	Implementation started			Endorsed by EA.
4.	Procurement Capacity Assessment	Completed	Confirmed	Implementation initiated			Complete.
5.	Financial Management Capacity Assessment	Completed	Confirmed	Start-up actions initiated			Complete.
6.	Procurement Plan for the first 18 months	Drafted	Confirmed				Attached to PAM and agreed with the EA.
7.	Auditing arrangements including TOR	Agreed	Confirmed				Attached to PAM and agreed with the EA.
8.	Monitoring and evaluation arrangements	Indicators in DMF and monitoring mechanism agreed	Key results indicators with baseline data (including through secondary data) and monitoring mechanism confirmed			Survey started to validate baseline data	Appropriate baselines and targets in DMF
9.	Project Implementation Unit (PIU) and Project Management Unit (PMU)	Project organization chart, staffing and responsibilities agreed	Project organization chart, staffing and responsibilities confirmed. Office space available	PMU and PIU operational with key staff on board			Done. EA will utilize PCU established for ongoing G0117-LAO: Office space available in all provinces.

	Key Project Preparation Elements	Stage of Project Preparation					Status as of June 2014
		Pre Fact-finding	Negotiations	Signing	Effectiveness (within 3 months after signing)	First Disbursement (within 3 months after effectiveness)	
10.	Recruitment of project implementation consultants	TOR drafted	TOR Confirmed	Request for proposals initiated	Proposals received	Recruitment of consultants completed and contract awarded	TORs attached to PAM.
11.	First year bidding documents for goods and civil works (where design is available).	List of contracts, timetable and responsibilities for implementation of advanced actions, as well as a source of financing PPTA/or another project) to support these advanced actions are in place	Draft bidding documents prepared and submitted to ADB	No objection from ADB obtained and bidding initiated	Bidding completed and bid evaluation reports submitted to ADB	Contract awarded	Done, with PCU.
12.	Government counterpart funds	Agreed	Confirmed	Request for first year funds submitted to Government		First year fund allocated	Agreement on financing categories and source reached on 26 June 2014.
14.	Legal opinion			Draft legal opinion submitted to ADB	Legal opinion submitted to ADB		To be obtained after ADB Board approval.
15	Opening of Imprest / Designated Account (if applicable)				Opening of imprest account initiated	Imprest account opened	To be obtained after ADB Board approval.

ADB = Asian Development Bank; MOU = Memorandum of Understanding; N/A = not applicable; PAM = Project Administration Manual; PIU = Project Implementation Unit; PMU = Project Management Unit; TOR = terms of reference

Table 4: Project Implementation Plan

Activities	2014				2015				2016				2017				2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Project year	Year 1				Year 2				Year 3				Year 4				Year 5							
Project quarter			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20		
Output 1. Last-mile tourism access infrastructure improved																								
1.1 Prepare detailed civil works design and bidding documents																								
1.2 Approval of updated safeguards documents (IEE, IPP, and RP)																								
1.3 Complete land acquisition and resettlement if necessary																								
1.4 Civil works contracts awarded																								
1.5 Civil works completed and equipment supplied																								
Output 2. Environmental Services in cross-border tourism centers improved																								
2.1 Prepare detailed civil works design and bidding documents																								
2.2 Approval of updated safeguards documents																								
2.3 Complete land acquisition and resettlement if necessary																								
2.4 Civil works contracts awarded																								
2.5 Civil works completed and equipment supplied																								
Output 3. Institutional capacity to promote inclusive tourism growth strengthened																								
3.1 Destination management plans prepared																								
3.2 Implement heritage protection and interpretation program																								
3.3 Implement micro- and small enterprise support program																								
3.4 Implement health, safety and tourism awareness programs																								
3.5 Facilitate establishment of public-private partnerships																								
3.6 Implement national marketing and promotion program																								
3.7 Implement program to combat child exploitation and human trafficking																								
Output 4. Effective project implementation and knowledge management.																								
4.1 Establish project steering committees																								
4.2 Mobilize consultants and procure PCU/PIU equipment																								
4.3 Implement training on financial management																								
4.4 Finalize and train PIU/PCU staff to implement comprehensive sex disaggregated PPMS, including safeguards monitoring																								
4.5 Establish and maintain web-based knowledge center																								
4.6 Implement gender equality and ethnic participation plans																								
4.7 Implement GMS marketing and statistics harmonization programs																								
4.8 Implement ASEAN tourism standards program																								
4.9 Approve and implement O&M plans with sustainable finance mechanisms																								
4.10 Update baseline information and prepare end of project impact evaluation																								

IEE = initial environmental examination; IPP = indigenous peoples plan; RP = resettlement plan; PCU = project coordination unit; PIU = project implementation unit.

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations – Roles and Responsibilities

50. The Ministry of Information, Culture and Tourism will be the executing agency. In each participating province, the Department of Information, Culture, and Tourism will be the implementing agency. Project oversight will be provided by subregional, national, and provincial steering committees.

51. Subregional Project Steering Committee (SPSC). The SPSC will consist of representatives from the EA in each of the project's participating countries, namely, (i) Ministry of Tourism, Cambodia; (ii) Ministry of Information, Culture and Tourism, Lao PDR; and (iii) Ministry of Culture, Sports and Tourism, Viet Nam. The SPSC will be chaired on a rotating basis by a Vice-Minister of each respective EA. MICT's Vice-Minister for Tourism will represent the Lao PDR on the SPSC. It will meet twice a year in conjunction with GMS Tourism Working Group (TWG) meetings. The Mekong Tourism Coordinating Office will act as SPSC Secretariat. At each meeting, the host country will plan a half-day thematic workshop that focuses on an issue of importance to sustainable destination development and management in the GMS. TWG members from all GMS countries will be invited to participate in the workshops.

52. National Project Steering Committee (NPSC). The NPSC will provide policy guidance and oversee project implementation at the national level. The NPSC will be chaired by the Vice Minister, MICT and its members will include representatives from the Ministry of Planning and Investment (MPI), Ministry of Finance (MOF), Ministry of Natural Resource and Environment (MONRE), Lao Women's Union (LWU) and Vice-Governors of the project's participating provinces. The NPSC will meet at least once per year. The PCU will act as the NPSC Secretariat.

53. Project Coordination Unit (PCU). The PCU will be established in the Tourism Development Department of MICT, to be headed by a Project Director, and assisted by a Project Manager and Financial Controller, Chief Accountant, Office Manager, Office Assistant, and other administration and support staff appointed by the Project Director.

54. Provincial Project Steering Committees (PPSC). The PPSC will oversee project implementation at the provincial level. The PPSC shall be chaired by a Vice-Governor of the participating provinces, and its members shall include representatives from the Department of Information Culture and Tourism (DICT), Department of Public Works and Transport (DPWT), Department of Finance (DOF), Department of Planning and Investment (DFI), Department of Natural Resources and Environment (DONRE), and representatives of other departments and agencies appointed by the PPSC Chairperson. The PPSC will meet at least once per year. The PIU will act as the PPSC Secretariat.

55. Project Implementation Units (PIUs). PIUs will be embedded in DICT Offices in Champassak, Khammouane, Luangprabang, and Oudomxay. Each PIU will be headed by a project director from the DICT's Tourism Division who will be assisted by a manager, a finance officer, an accountant and a secretary. The Khammouane, Luangprabang, and Oudomxay PIUs will each have two full-time technical teams. One team, consisting of a civil works coordinator, engineer, surveyor and safeguards specialist seconded from the DPWT will manage output 1 and output 2 infrastructure subprojects. The other team will comprise a tourism coordinator, tourism training specialist, tourism planner, and marketing specialist from the DICT's Tourism Section to manage output 3 activities. Champassak will establish a PIU in the DICT, comprising a tourism team only. PIUs will administer project sub-accounts to facilitate day-to-day management of the project. Support for reporting, financial management, safeguards, knowledge management, and regional cooperation (output 4), will be led by the PCU in close coordination with all PIUs.

56. Local Focal Points (LFP). To ensure that there is good coordination between the PCU, PIUs and project beneficiaries LFPs will be established in community based organizations (CBO), village development committees, community tourism groups and industry associations. If there are no active CBOs or industry associations in project areas, assistance will be extended to form them.¹⁷

57. The roles and responsibilities of the entities managing implementation of the project are summarized in Table 5. The project organization structure is presented in Figure 1.

Table 5: Management Roles and Responsibilities

Management Entity	Roles and Responsibilities
Subregional Project Steering Committee	<ul style="list-style-type: none"> ➤ Provide policy guidance; ➤ Coordinate subregional activities; ➤ Facilitate knowledge sharing on sustainable tourist destination management models in the GMS.
National Project Steering Committee	<ul style="list-style-type: none"> ➤ Provide policy guidance and advice on project-related issues; ➤ Oversee implementation in conformity with the project's development objectives and scope; ➤ Review overall project outputs and achievement towards project impact and outcome; ➤ Assist in coordination among local government agencies involved in project implementation and related activities; ➤ Review progress and monitoring reports and ensure that information on project progress is disseminated to relevant government agencies and address any planning and coordination issues arising; ➤ Facilitate permissions to ensure the timely release of funds to the PCU and PIUs; ➤ Facilitate the selection of counterpart staff; ➤ Ensure the timely approval of work permits and visas for international staff working on the project.
Executing agency (MICT)	<ul style="list-style-type: none"> ➤ Approves the project's annual workplan and budget; ➤ Overall responsibility for the execution of the project; ➤ Reviews the project implementation progress; ➤ Reviews and endorses any proposed change in the project scope or implementation arrangements; ➤ Supervises compliance with loan covenants; ➤ Provides oversight for financial management of the project.
Project Coordination Unit (embedded within the Tourism Development Department, MICT)	<ul style="list-style-type: none"> ➤ Administer the project imprest account for the ADB loan ➤ Project preparation, including the establishment of financial and management systems and procedures, procurement of equipment, management of the project's imprest account; ➤ Consultant recruitment and supervision; ➤ Preparation and submission of rolling annual action plans, consolidating PCU-led activities and workplans received from PIUs for approval by the Deputy Minister, MICT, who is also Chairperson of the National Project Steering Committee; ➤ Ensuring compliance with loan covenants and assurances in respect of all subprojects and the good-governance framework ➤ Facilitate updating and coordinate with relevant agencies approval of and ensure compliance with IEE, EMPs, IPP and GAP, resettlement plans; ➤ Review and approval of goods and civil works contracts, including bid documents; ➤ Approval of payment of contractors and maintaining disbursement records; ➤ Coordination between the concerned agencies at the national and provincial levels; ➤ Coordination of activities of the PIUs and the inputs of concerned

¹⁷ This could include community tourism groups such as site management committees, guide association, transport associations, etc.

Management Entity	Roles and Responsibilities
	<ul style="list-style-type: none"> stakeholders; ➤ Coordination of all reporting aspects of the project; ➤ Coordination of institutional strengthening measures; ➤ Administrative and technical support to the PIUs; ➤ Preparation of consolidated project accounts to be forwarded to ADB; ➤ Advise PIUs on revenue-enhancing activities related to the recovery of costs of operating and maintaining project facilities and equipment; ➤ Coordination of project audits; ➤ Coordinate all specified monitoring, evaluation and reporting activities; ➤ Communication of project's outcomes, outputs, and activities to all stakeholders.
Provincial Project Steering Committee	<ul style="list-style-type: none"> ➤ Ensuring that concerns of all stakeholders are adequately addressed by the project; ➤ Coordination between concerned agencies; ➤ Confirming compliance with local regulations and provincial policies; ➤ Overseeing budgeting and disbursement of counterpart funds; ➤ Overseeing implementation of resettlement plans, compensation schemes and all other project safeguard procedures.
Project Implementation Units (embedded within the DICTs of Champassak, Khammouane, Luangprabang and Oudomxay Provinces)	<ul style="list-style-type: none"> ➤ Preparation of provincial-level rolling annual workplans for approval by the Vice-Governor who is also the Chairperson of the Provincial Project Steering Committee and onward submission to PCU for incorporation into project's overall annual plan; ➤ Coordination of consultant inputs for detailed design of civil works; ➤ Procurement of goods and civil works; ➤ Coordinate with the relevant agencies and consultants on updating the safeguard documents; ➤ Administer project sub-accounts for the ADB loan ➤ Approving payments and maintaining disbursement records for PIU managed expenditure; ➤ Ensuring that institutional-strengthening and capacity-building initiatives involving DMOs, SMEs and CBOs are implemented in line with agreed project designs, schedules and budgets; ➤ Establish/enhance mechanisms to sustainably finance operation and maintenance of project supported infrastructure; ➤ Promote identified public-private partnership (PPP) initiatives; ➤ Coordination with all concerned stakeholders; ➤ Monitoring and quarterly reporting on progress and issues to the PCU.
Local Focal Points (LFP)	<ul style="list-style-type: none"> ➤ Conveying community concerns to the PIU; ➤ Ensuring that the concerns of the community are adequately reflected in the project plans and activities; ➤ Assist with the implementation of community awareness programs; ➤ Ensure that the community is involved in community-based monitoring and evaluation.
ADB	<ul style="list-style-type: none"> ➤ Assists PCU through timely guidance at each stage of project implementation following agreed implementation arrangements; ➤ Timely review all documents that require ADB approval; ➤ Provide oversight for procurement and consultant recruitment; ➤ Periodic project review missions, a mid-term review and a completion mission; ➤ Monitoring compliance of all loan covenants; ➤ Timely processing of withdrawal applications and release of eligible funds; ➤ Monitoring compliance of financial audit recommendations; ➤ Regularly updates project information disclosure on the ADB website.

ADB = Asian Development Bank; DICT = Department of Information, Culture and Tourism; DMO = destination management organization; GAP = gender action plan; IEE = initial environmental examination; IPP = indigenous peoples plan; LFP = local focal point; MICT = Ministry of Information, Culture and Tourism; RP = resettlement plan; PCU = project coordination unit; PIU = project implementation unit; PPP = public-private partnership; SME = small and medium-sized enterprise.

58. An overview of job descriptions for the PCU and PIU-based national project staff are provided in Table 6.

Table 6: PCU and PIU Staff Job Descriptions

Position	Job Description	Requirements
PCU staff		
National Project Director	The PCU-based National Project Director (NPD) reports to the National Project Steering Committee (NPSC) on the overall supervision and implementation of the project and ensures that the NPSC, Subregional Project Steering Committee (SPSC) and ADB are kept informed of project developments, issues and progress. The NPD oversees the work of PCU and PIU staff, and the recruitment and performance of international and national consultants, ensuring budgets and work plans are approved and executed on time and on target.	A senior government official with at least 10 years project management experience. Master's degree or equivalent and competence in spoken and written English.
National Project Manager	The PCU-based National Project Manager (NPM) reports to the NPD, ensuring effective coordination and implementation of the project. The NPM's main duties involve assisting the PIU's prepare and implement detailed annual work plans and budgets, including a five-year project implementation plan and rolling annual action plans. The NPM will managing consultant recruitment and procurement, and oversee implementation of the Project Performance Management System (PPMS), including monitoring of environmental, involuntary resettlement and indigenous peoples safeguards, implementation of the poverty reduction and social strategy, and gender action plans.	A senior government official with at least 8 years project management experience. Master's degree or equivalent and competence in spoken and written English. The NPM will make frequent trips to the provinces to monitor project implementation.
Financial Controller	The PCU-based Financial Controller (FC) reports to the National Project Director, overseeing the day-to-day financial management of the project. The FC, supported by the financial management and procurement consultants, will (i) facilitate the establishment of the necessary accounts at the PCU/PIU level as required by ADB, (ii) establishes the required accounting, withdrawal approval and audit systems and procedures, (iii) set up accounting software in line with project requirements, (iv) complete the terms of reference for audit institutions, (v) develop bid evaluation criteria for procurement in accordance with ADB guidelines, (vi) establish a system for safekeeping of tender documents, minutes of committee meetings, contracts and financial and audit reports; (vii) prepare financial projections against the work plans, (viii) carry out a financial management and procurement training program for PIU staff; (ix) provide ongoing training and coaching to PIU's as needed, and (x) supervises the preparation of regular financial reports for transmission to the EA and the ADB.	A senior government official with at least 8 years previous experience in financial management of internationally financed projects, preferably projects financed by ADB. Master's degree or equivalent and competence in spoken and written English.
Chief Accountant	The PCU-based Chief Accountant reports to the Financial Controller and will (i) assist with the establishment of the required accounting, withdrawal approval and audit systems and procedures; (ii) undertake day-to-day project financial accounting activities; (iii) monitor the flow of funds to the PCU and PIUs; (iv) provide training and coaching to PIU's as needed; (v) monitor cash flow; (vi) ensure that accurate, up-to-date information regarding the project's finances is available to the Financial Controller, National Project Director and National Project Manager upon demand; (vii) prepare regular financial reports for transmission to the EA and the ADB; and (viii) assist external auditors carry out the annual audit.	At least 5 years previous experience as accountant on ADB or internationally financed projects. Ability to use accounting and word processing software. Bachelor's degree or equivalent and good command of spoken and written English.

Position	Job Description	Requirements
Office Manager (Safeguards and Monitoring Coordination)	The PCU-based Office Manager reports to the National Project Manager, overseeing the day-to-day operations of the PCU, including (i) maintenance of equipment and materials in the PCU, (ii) disbursement of petty cash; (iii) record keeping and maintenance of the project filing system; (iv) preparation of correspondence for the project management team; (iv) making travel arrangements; (v) taking minutes at meetings; and (vi) supporting the overall efficient function of the PCU office facility. In close coordination with the project's international and national consultants responsible for social and environmental safeguards and monitoring, establish and maintain a system for organizing all safeguards documents and reports for easy retrieval.	At least 5 years previous experience in managing ADB or internationally financed projects. Ability to word processing software and the internet. Bachelor's degree or equivalent and good command of spoken and written English.
Office Assistance	The Office Assistant provides logistical support to the PCU as needed. Frequently interacting with senior government officials, PCU/PIU staff and the consultants.	At least 3 years previous experience working on ADB or internationally financed projects. A valid driver's license and able to safely operate the project vehicles.
PIU Management Staff		
PIU Supervisor	The PIU Supervisor reports to the Provincial Project Steering Committee (PPSC), providing overall supervision of the project at the provincial level, ensuring the PPSC is kept informed of project developments, issues and progress.	A senior government official with at least 10 years of experience in a leadership position.
PIU Director	The PIU Director reports to the PIU Supervisor, coordinating with related government agencies and development partners in the implementation of civil works subprojects and capacity building activities. Supervises and approves all project activities and PIU expenditures.	A senior government official with at 5 years of experience managing internationally financed projects. Bachelor's degree or equivalent.
PIU Manager	The PIU Manager reports to the PIU Director, overseeing the day-to-day implementation and monitoring of all PIU activities. The PIU Manager prepares project activity proposals, budgets, and activity reports for submission to the PCU. The Project Manager serves as Deputy Director of the PIU.	A mid-level government official with at least 5 years of experience managing internationally financed projects. Bachelor's degree or equivalent and good command of spoken and written English.
Finance Officer	The PIU-based Finance Officer reports to the PIU Director, overseeing the establishment and monitoring the PIUs accounting systems and procedures, tracks the use of project funds, and ensures accurate, up-to-date financial accounting information is available to the PIU Director and PCU Financial Controller.	At least 5 years of experience managing internationally financed projects. Bachelor's degree or equivalent and good command of spoken and written English.
Accountant	The PIU-based Accountant reports to the PIU Finance Officer, assisting with (i) establishment of the PIU's accounting system and procedures, (ii) day-to-day financial record keeping; (iii) preparation of budget requests to accompany project activity proposals for submission to the PCU; (vi) ensuring that accurate, up-to-date financial accounting information is available to the Finance Officer, and (vii) preparing regular financial reports for transmission to the PCU; and (viii) assists external auditors carry out the projects annual audit of PIU accounts.	At least 5 years previous experience as accountant on ADB or internationally financed projects. Bachelor's degree or equivalent. Ability to use accounting and word processing software. Good command of spoken and written English.

Position	Job Description	Requirements
Secretary	The PIU-based Secretary reports to the PIU Director, providing general secretarial support to the PIU including preparation of correspondence, meeting logistics, photocopy and transcription, and monitoring the condition of project equipment.	Ability to use word processing software and the internet. Basic understanding of English.
PIU Tourism Team		
Tourism Coordinator	The PIU-based Tourism Coordinator reports to the PIU Manager, overseeing the implementation of all output 3 destination management capacity building activities, and ensuring that project social and environmental safeguards and development objectives and targets are fully integrated into activity design. The Tourism Coordinator works closely with the international and national Destination Management Capacity Building Support consultants, as well as with the safeguards and social development specialists of the Project Management and Civil Engineering Support consultants.	A mid-level government official with at least 5 years of experience managing internationally financed projects. Bachelor's degree or equivalent and good command of spoken and written English.
Training Specialist	The PIU-based Training Specialist reports to the PIU Tourism Coordinator, preparing and implementing all training and capacity building activities included in output 3. The Training Specialist works closely with the international and national Destination Management Capacity Building Support consultants on the development of relevant training materials, recruitment of local resource persons, identification and selection of training participants, logistical arrangements for the trainings and pre and post-training evaluations.	At least 5 years of experience delivering hospitality and enterprise development training. Bachelor's degree or equivalent and good command of spoken and written English.
Tourism Planner	The PIU-based Tourism Planner reports to the PIU Tourism Coordinator, implementing tourism planning activities. The Tourism Planner works closely with the international and national Destination Management Capacity Building Support consultants on (i) providing technical assistance to the destination management organizations (DMOs) on the preparation of destination management plans (DMPs) and supporting the DMOs in the implementation of the DMPs and (ii) assist with identification small-enterprise support services needed in the project area.	At least 5 years of experience in planning activities in the tourism sector, preferably working on internationally supported projects. Working knowledge of English.
Marketing and Product Development Specialist	The PIU-based Marketing and Product Development Specialist reports to the PIU Tourism Coordinator, planning and implementing product development, marketing, and promotional activities. The Tourism Planner will work closely with the international and national Destination Management Capacity Building Support consultants on (i) tourism product development around project supported destinations and (ii) the conception, development and dissemination of marketing and promotion materials.	At least 5 years of experience in tourism marketing and promotion, with excellent knowledge of English or other foreign languages. Ability to use word processing software, desktop publishing software, and the internet.
PIU Infrastructure Team		
Civil Works Coordinator	The PIU-based Civil Works Coordinator is responsible reports to the PIU Manager, overseeing the implementation of all output 1 and 2 civil works, related O&M activities, and compliance with safeguards. The Civil Works Coordinator works closely with the international and national Project Management and Civil Engineering Support consultants and coordinates the inputs of the PIU Engineer, Surveyor and Safeguards Specialist to facilitate detailed design and updating of safeguards documents, obtaining approvals from provincial and local authorities, preparation of bidding documents, supervision of the civil works contracts, adherence to environmental and social safeguard documents and preparation and implementation of O&M plans.	A mid-level government official with at least 5 years of experience managing internationally financed projects. Bachelor's degree in engineering and good command of spoken and written English.

Position	Job Description	Requirements
Engineer	The PIU-based Engineer is responsible to the PIU Civil Works Coordinator for collaborating with international and national Project Management and Civil Engineering Support consultants on (i) the detailed design of civil works subprojects, including identifying engineering requirements, developing design standards and preparation of cost estimates, (ii) preparation of bidding documents, including inputs in the specifications and bills of quantities, as required, (iii) routine compliance supervision during construction and (iv) preparation of O&M plans.	Bachelor's degree in engineering and at least 5 years relevant work experience. Working knowledge of English.
Surveyor	The PIU-based Surveyor reports to the PIU Civil Works Coordinator, assisting international and national Project Management and Civil Engineering Support consultants carry out all necessary surveys required for the preparation of detailed design of civil works.	At least 5 years relevant work experience as surveyor, preferably on internationally supported projects. Working knowledge of English.
Safeguards Specialist	The PIU-based Safeguards Specialist reports to the PIU Civil Works Coordinator, ensuring implementation and monitoring of social and environmental safeguards in accordance with ADB's SPS 2009. The Safeguards Specialist works closely with the international and national Project Management and Civil Engineering Support consultants on institutional strengthening and capacity building, updating provincial IEEs/EMPs, RPs and the IPP, and preparing quarterly reports on safeguards compliance.	A degree in social science and at least 5 years work experience in social development, preferably on internationally supported projects. Good command of spoken and written English.

ADB = Asian Development Bank; DICT = Department of Information, Culture and Tourism; DMO = destination management organization; DMP = destination development plan; EMP = environmental management plan; GAP = gender action plan; IEE = initial environmental examination; IPP = indigenous peoples plan; MICT = Ministry of Information, Culture and Tourism; O&M = operations and maintenance; RP = resettlement plan; PCU = project coordination unit; PIU = project implementation unit.

B. Key Persons Involved in Implementation

Executing Agency

Ministry of Information, Culture and Tourism (MICT)

Mr. Sounh Manivong
Director General, Tourism Development Department
Ministry of Information, Culture and Tourism
856 21 217 910
Email:
Lane Xang Avenue
Vientiane, Lao PDR

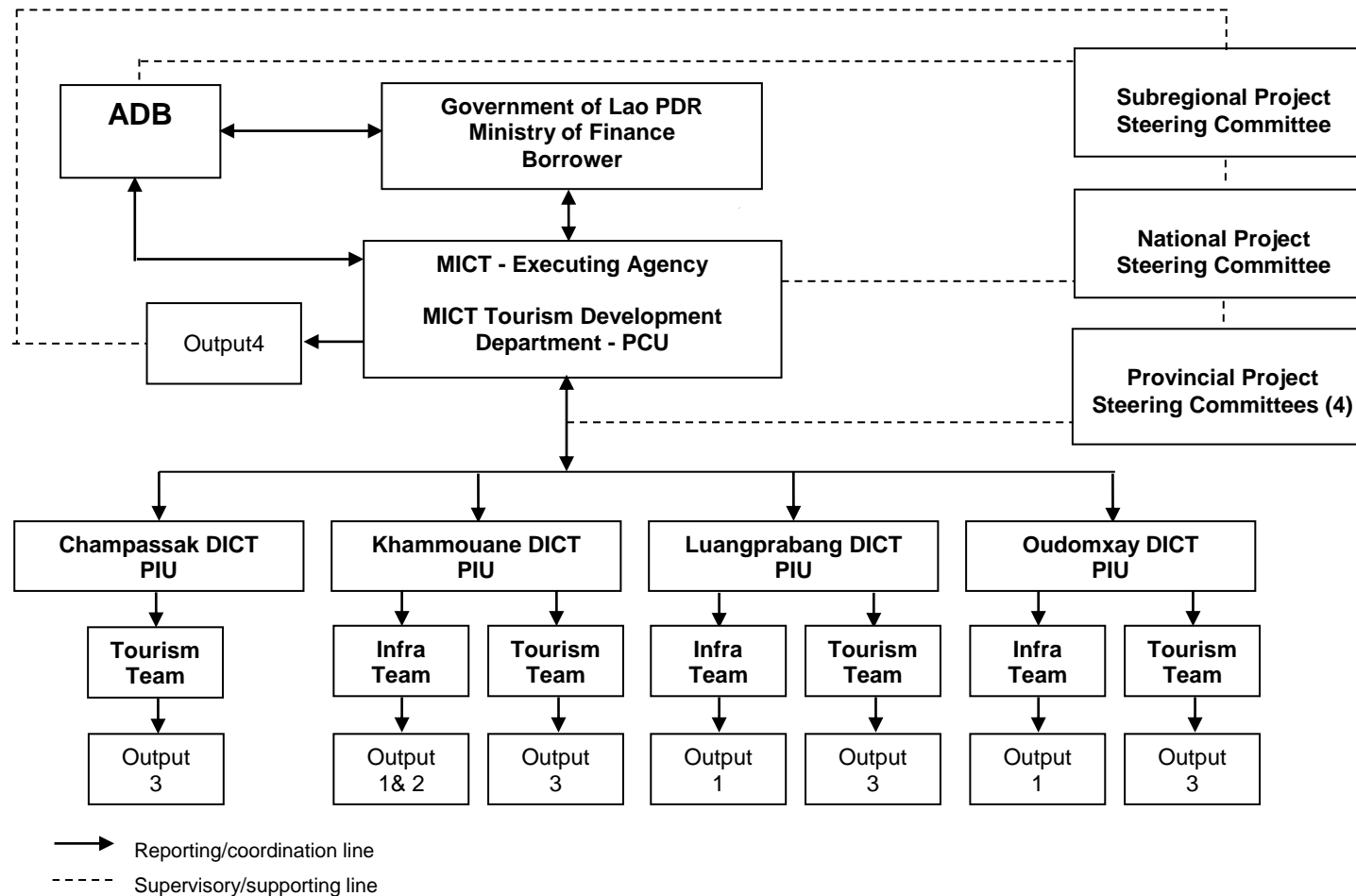
Asian Development Bank

Mission Leader

Mr. Steven Schipani
Senior Portfolio Management Specialist
+856 21 250 444
sschipani@adb.org

C. Project Organization Structure

Figure 1: Project Organization Structure



ADB = Asian Development Bank; DICT= Department of Information, Culture and Tourism; Infra = infrastructure; MICT = Ministry of Information, Culture and Tourism; PCU = project coordination unit; PIU = project implementation unit.

IV. COSTS AND FINANCING

59. The project is estimated to cost \$43.57 million (Table 7).

Table 7: Project Investment Plan (\$ million)

	Item	Amount ^a
A	Base Cost^b	
	Output 1: Last Mile Tourism Access Infrastructure Improved	
	1.1: Xang Cave Access Improvements	2.55
	1.2: Chomphet Heritage District Access Improvements	3.13
	1.3: Ban Xang Hai–Tham Ting Cave Access Improvements	7.25
	1.4: Chom Ong Cave Access Improvements	13.81
	Output 2: Environmental Services in Cross Border Tourism Destinations Improved	
	2.1: That Sikhottabong Environmental Improvement	1.08
	Output 3: Institutional Capacity to Promote Inclusive Tourism Growth Strengthened	2.15
	Output 4: Effective Project Implementation and Knowledge Management	6.20
	Subtotal (A)	36.17
B	Contingencies^c	6.61
C	Financing Charges During Implementation^d	0.79
	Total (A+B+C)	43.57

^a Includes taxes and duties of \$3.27 million to be financed from government and ADB loan resources.

^b In mid-2013 prices.

^c Physical contingencies computed at 10% for civil works, equipment, consulting services and training and capacity building. Price contingencies computed using cost escalation factors of –1.5% to 0.5% progressively for foreign costs and 6% to 5% for local costs, including provision for potential exchange rate fluctuation assuming purchasing power parity exchange rates.

^d Includes interest charges during implementation for the ADB loan computed at 1% per annum.

Source: Asian Development Bank estimates.

60. The government has requested a loan equivalent to SDR 25,932,000 [\$40.00 million] from ADB's Special Funds resources to help finance the project. The loan will have a 32-year term, including a grace period of 8 years, an interest rate of 1.0% per annum during the grace period and 1.5% per annum thereafter, and such other terms and conditions set forth in the draft Loan Agreement. There are no commitment charges.

61. The financing plan is in Table 8. The project will be financed by ADB through a \$40.0 million loan. The government's counterpart financing is \$3.57 million. ADB will finance: (i) 100% of consulting services, including taxes; (ii) 100% of finance charges during implementation; (iii) 100% of civil works, exclusive of taxes and duties; (iv) 100% of equipment, including taxes and duties; (v) 100% of training and capacity building, including taxes; and (vi) incremental administration/recurrent costs in accordance with MOFs Decree 2695 on Management of all Grants, Aid, and Loan Utilization (including taxes).¹⁸ The Borrower will finance: (i) government counterpart staff salaries and office space (in-kind); (ii) land acquisition and resettlement (in-cash); and (iii) taxes and duties on civil works (through exemption). The Government of Lao PDR will make the loan proceeds available to the executing agency, which will be passed on as grants to the participating provinces.

¹⁸ The ADB loan will finance taxes and duties on equipment, training and capacity building, consulting services, as requested by the government, as these are within reasonable country thresholds, do not represent an excessive share of project investment, and apply to only ADB-financed expenditures that are relevant to the project's success. ADB will also finance recurrent costs, bank charges, transportation and insurance to facilitate project implementation.

Table 8: Financing Plan

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank (loan) ^a	40.00	91.8
Government	3.57	8.2
Total	43.57	100.0

^a Asian Development Fund

Sources: Asian Development Bank and the Executing Agency.

A. Detailed Cost Estimates by Expenditure Category**Table 9: Detailed Cost Estimates by Expenditure Category (\$million)**

Item	Foreign Exchange	Local Currency	Total Cost	% of Total Base Cost
A Investment Cost^a				
1 Civil Works ^b	18.45	6.15	24.60	68.0%
2 Equipment	0.71	0.76	1.47	4.1%
3 Resettlement	-	0.06	0.06	0.2%
4 Consulting Services	1.93	0.53	2.46	6.8%
5 Capacity Building and Training	0.07	2.57	2.63	7.3%
6 Duties and Taxes on Civil Works ^c	-	2.46	2.46	6.8%
Subtotal (A)	21.16	12.52	33.68	93.1%
B Recurrent Costs^d				
1 PCU and PIU Staff cost	-	0.89	0.89	2.5%
a. In-kind counterparts ^e	-	0.58	0.58	1.6%
b. External staff	-	0.31	0.31	0.9%
2 PCU and PIU Operations	-	1.61	1.61	4.4%
a. In-kind counterpart facilities ^e	-	0.48	0.48	1.3%
b. Other recurrent operations	-	1.13	1.13	3.1%
Subtotal (B)	-	2.49	2.49	6.9%
Total Base Cost (A+B)	21.16	15.02	36.17	100.0%
C Contingencies				
1 Physical ^f	2.12	1.25	3.36	9.3%
2 Price ^g	0.21	3.04	3.24	9.0%
Subtotal (C)	2.32	4.28	6.61	18.3%
D Financing Charges During Implementation				
1 Interest During Implementation ^h	0.79	-	0.79	2.2%
Subtotal (D)	0.79	-	0.79	2.2%
Total Project Cost (A+B+C+D)	24.27	19.30	43.57	100%

^a In mid-2013 prices. Exchange rate is \$1: Kip 7,700. Inclusive of taxes and duties, except for taxes and duties for civil works which is shown in line 6.^b Exclusive of taxes and duties^c Taxes and duties on civil works, financed by the Government of Lao PDR.^d In mid-2013 prices. Exchange rate is \$1: Kip 7,700. Inclusive of taxes and duties.^e In-kind contributions quantified based on past expenditure and market rates.^f Physical contingencies computed at 10% on base costs for civil works, equipment, consulting services and training and capacity building.^g Price contingencies computed on the basis of foreign exchange costs and local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.^h Interest during implementation on the ADB loan computed at 1% per annum.

Note: Numbers may not sum precisely because of rounding.

Source: Asian Development Bank estimates.

B. Allocation and Withdrawal of Loan Proceeds

Table 10: Allocation and Withdrawal of Loan Proceeds

No.	Item	Total Amount Allocated for ADB Financing (SDR)	Percentage and Basis for Withdrawal from the Loan Account
1	Civil Works	15,948,000	100.0% of total expenditure claimed *
2	Equipment	953,000	100.0% of total expenditure claimed
3	Consulting Services	1,595,000	100.0% of total expenditure claimed
4	Capacity Building and Training	1,708,000	100.0% of total expenditure claimed
5	Recurrent Costs	932,000	100.0% of total expenditure claimed
6	Interest During Implementation	512,000	100.0% of total amount due
7	Unallocated	4,284,000	
Total		25,932,000	

ADB = Asian Development Bank

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

Source: Asian Development Bank estimates.

C. Detailed Cost Estimates by Financier

Table 11: Detailed Cost Estimates by Financier (\$ million)

Item	ADB (Loan)				Government of Lao PDR				Total Cost
	Amount	Amount (Tax and Duties)	Amount (Total)	% of Cost Category	Amount	Amount (Tax and Duties)	Amount (Total)	% of Cost Category	
A Investment Cost^a									
1 Civil Works	24.60	-	24.60	90.9%	-	2.46	2.46	9.1%	27.06
2 Equipment	1.34	0.13	1.47	100.0%	-	-	-	0.0%	1.47
3 Resettlement	-	-	-	0.0%	0.06	-	0.06	100.0%	0.06
4 Consulting Services ^b	2.16	0.30	2.46	100.0%	-	-	-	0.0%	2.46
5 Capacity Building and Training	2.40	0.24	2.63	100.0%	-	-	-	0.0%	2.63
Subtotal (A)	30.49	0.68	31.16	92.5%	0.06	2.46	2.52	7.5%	33.68
B Recurrent Costs^a									
1 PCU and PIU Staff cost	0.28	0.03	0.31	35.1%	0.58	-	0.58	64.9%	0.89
a. In-kind counterparts ^c	-	-	-	0.0%	0.58	-	0.58	100.0%	0.58
b. External staff	0.28	0.03	0.31	100.0%	-	-	-	0.0%	0.31
2 PCU and PIU Operations	1.02	0.10	1.13	70.1%	0.48	-	0.48	29.9%	1.61
a. In-kind counterpart facilities ^c	-	-	-	0.0%	0.48	-	0.48	100.0%	0.48
b. Other recurrent operations	1.02	0.10	1.13	100.0%	-	-	-	0.0%	1.13
Subtotal (B)	1.31	0.13	1.44	57.7%	1.06	-	1.06	42.3%	2.49
Total Base Cost (A+B)	31.79	0.81	32.60	90.1%	1.11	2.46	3.57	9.9%	36.17
C Contingencies^d	6.61	-	6.61	100.0%	-	-	-	0.0%	6.61
D Financing Charges During Implementation^e	0.79	-	0.79	100.0%	-	-	-	0.0%	0.79
Total Project Cost (A+B+C+D)	39.19	0.81	40.00		1.11	2.46	3.57		43.57
% Total Project Cost			91.8%				8.2%		100.0%

^a In mid-2013 prices. Exchange rate is \$1: Kip 7,700.

^b Inclusive of costs for external audits of \$52,000 to be financed from the ADB loan.

^c In-kind Government contributions quantified based on past expenditure and market rates.

^d Physical contingencies computed at 10% on base costs for civil works, equipment, consulting services and training and capacity building. Price contingencies computed on the basis of foreign exchange costs and local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

^e Interest during implementation on the ADB loan computed at 1% per annum.

Note: Numbers may not sum precisely because of rounding.

Source: Asian Development Bank estimates.

D. Detailed Cost Estimates by Outputs/Components

Table 12: Detailed Cost Estimates by Outputs (\$ million)

Items	Total Cost	Output 1		Output 2		Output 3		Output 4	
		Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category
A Investment Cost^a									
1 Civil Works ^b	24.60	23.62	96.0%	0.98	4.0%	-	0.0%	-	0.0%
2 Equipment	1.47	0.71	48.0%	-	0.0%	0.43	29.6%	0.33	22.5%
3 Resettlement	0.06	0.06	100.0%	-	0.0%	-	0.0%	-	0.0%
4 Consulting Services	2.46	-	0.0%	-	0.0%	-	0.0%	2.46	100.0%
5 Capacity Building and Training	2.63	-	0.0%	-	0.0%	1.72	65.3%	0.91	34.7%
6 Duties and Taxes on Civil Works ^c	2.46	2.36	96.0%	0.10	4.0%	-	0.0%	-	0.0%
Subtotal (A)	33.68	26.74	79.4%	1.08	3.2%	2.15	6.4%	3.70	11.0%
B Recurrent Costs^d									
1 PCU and PIU Staff cost	0.89	-	0.0%	-	0.0%	-	0.0%	0.89	100.0%
a. In-kind counterparts ^e	0.58	-	0.0%	-	0.0%	-	0.0%	0.58	23.1%
b. External staff	0.31	-	0.0%	-	0.0%	-	0.0%	0.31	12.5%
2 PCU and PIU Operations	1.61	-	0.0%	-	0.0%	-	0.0%	1.61	100.0%
a. In-kind counterpart facilities ^e	0.48	-	0.0%	-	0.0%	-	0.0%	0.48	19.2%
b. Other recurrent operations	1.13	-	0.0%	-	0.0%	-	0.0%	1.13	45.1%
Subtotal (B)	2.49	-	0.0%	-	0.0%	-	0.0%	2.49	100.0%
Total Base Cost (A+B)	36.17	26.74	73.9%	1.08	3.0%	2.15	6.0%	6.20	17.1%
C Contingencies									
1 Physical ^f	3.36	2.67	79.4%	0.11	3.2%	0.22	6.4%	0.37	11.0%
2 Price ^g	3.24	2.05	63.2%	0.08	2.6%	0.38	11.8%	0.73	22.4%
Subtotal (C)	6.61	4.72	71.4%	0.19	2.9%	0.60	9.1%	1.10	16.6%
D Financing Charges During Implementation									
1 Interest During Implementation ^h	0.79	0.53	67.1%	0.02	2.7%	0.06	7.4%	0.18	22.7%
Subtotal (D)	0.79	0.53	67.1%	0.02	2.7%	0.06	7.4%	0.18	22.7%
Total Project Cost (A+B+C+D)	43.57	31.99	73.4%	1.29	3.0%	2.81	6.5%	7.48	17.2%

^a In mid-2013 prices. Exchange rate is \$1: Kip 7,700. Inclusive of taxes and duties, except for civil works, except for taxes and duties for civil works which is shown in line 6.

^b Exclusive of taxes and duties

^c Taxes and duties on civil works, financed by the Government of Lao PDR.

^d In mid-2013 prices. Exchange rate is \$1: Kip 7,700. Inclusive of taxes and duties.

^e In-kind contributions quantified based on past expenditure and market rates.

^f Physical contingencies computed at 10% on base costs for civil works, equipment, consulting services and training and capacity building.

^g Price contingencies computed on the basis of foreign exchange costs and local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

^h Interest during implementation on the ADB loan computed at 1% per annum.

Note: Numbers may not sum precisely because of rounding.

Source: Asian Development Bank estimates.

E. Detailed Cost Estimates by Year

Table 13: Detailed Cost Estimates by Year (\$ million)

Item	Total Cost	Year 1	Year 2	Year 3	Year 4	Year 5
A Investment Cost^a						
1 Civil Works ^b	24.60	-	-	7.38	14.76	2.46
2 Equipment	1.47	0.35	0.12	0.12	0.81	0.06
3 Resettlement	0.06	0.03	0.03	-	-	-
4 Consulting Services	2.46	0.61	0.63	0.54	0.41	0.26
5 Capacity Building and Training	2.63	0.30	0.65	0.65	0.66	0.38
6 Duties and Taxes on Civil Works ^c	2.46	-	-	0.74	1.48	0.25
Subtotal (A)	33.68	1.30	1.43	9.43	18.12	3.41
B Recurrent Costs^d						
1 PCU and PIU Staff cost	0.89	0.18	0.18	0.18	0.18	0.18
a. In-kind counterparts ^e	0.58	0.12	0.12	0.12	0.12	0.12
b. External staff	0.31	0.06	0.06	0.06	0.06	0.06
2 PCU and PIU Operations	1.61	0.32	0.32	0.32	0.32	0.32
a. In-kind counterpart facilities ^e	0.48	0.10	0.10	0.10	0.10	0.10
b. Other recurrent operations	1.13	0.23	0.23	0.23	0.23	0.23
Subtotal (B)	2.49	0.50	0.50	0.50	0.50	0.50
Total Base Cost (A+B)	36.17	1.79	1.93	9.93	18.62	3.91
C Contingencies^f	6.61	0.20	0.31	1.68	3.49	0.93
D Financing Charges During Implementation^g	0.79	0.02	0.03	0.12	0.29	0.33
Total Project Cost (A+B+C+D)	43.57	2.02	2.27	11.73	22.39	5.16
% Total Project Cost	100.0%	4.6%	5.2%	26.9%	51.4%	11.8%

^a In mid-2013 prices. Exchange rate is \$1: Kip 7,700. Inclusive of taxes and duties, except for civil works, except for taxes and duties for civil works which is shown in line 6.

^b Exclusive of taxes and duties

^c Taxes and duties on civil works, financed by the Government of Lao PDR.

^d In mid-2013 prices. Exchange rate is \$1: Kip 7,700. Inclusive of taxes and duties.

^e In-kind contributions quantified based on past expenditure and market rates.

^f Physical contingencies computed at 10% on base costs for civil works, equipment, consulting services and training and capacity building. Price contingencies computed on the basis of foreign exchange costs and local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

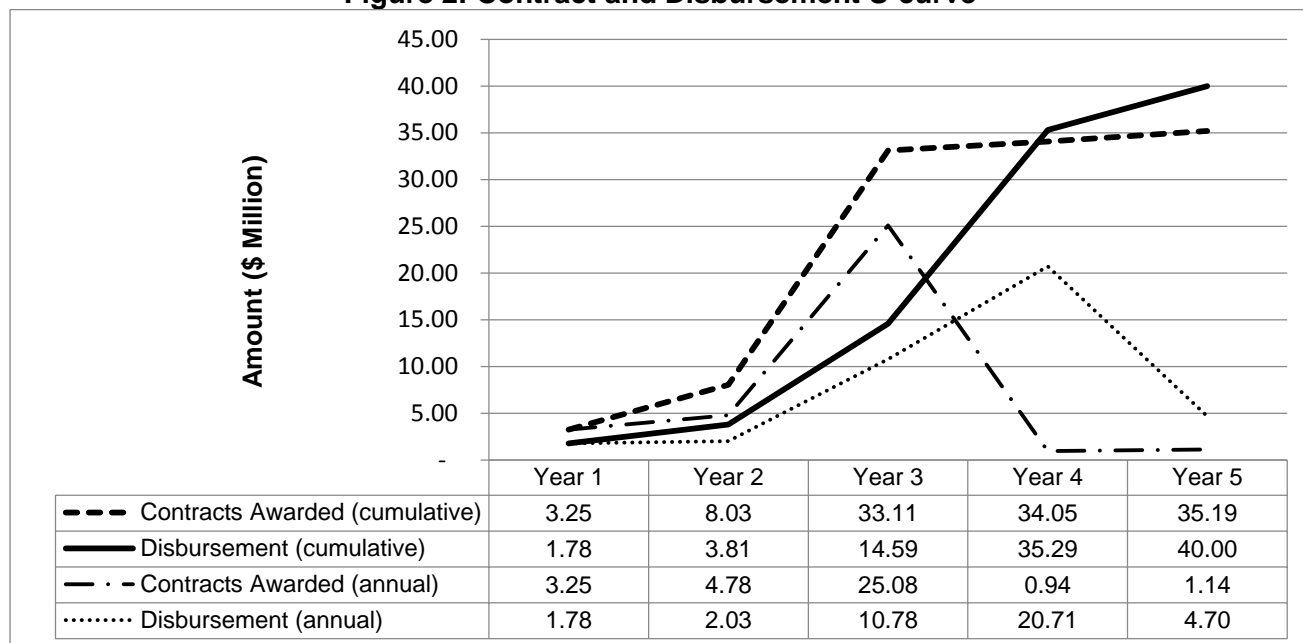
^g Interest during implementation on the ADB loan computed at 1% per annum.

Note: Numbers may not sum precisely because of rounding.

Source: Asian Development Bank estimates.

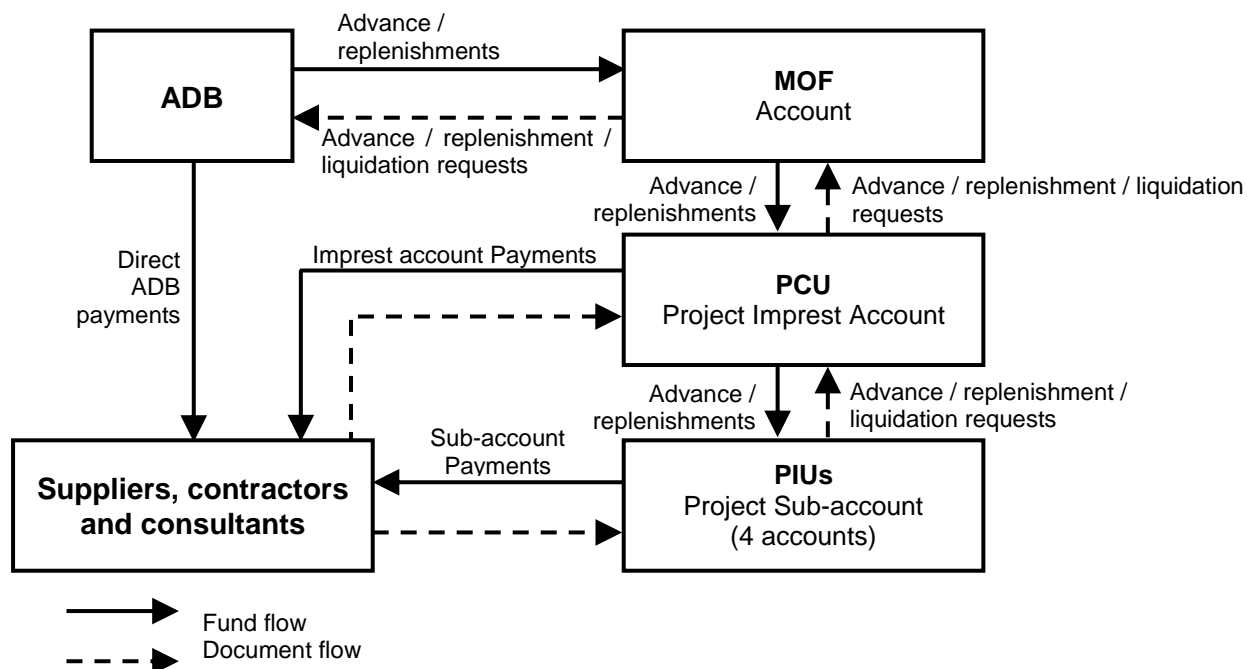
F. Contract and Disbursement S-curve

Figure 2: Contract and Disbursement S-curve



G. Fund Flow Diagram

Figure 3: Project Funds Flow Arrangements



ADB = Asian Development Bank; MICT = Ministry of Information, Culture and Tourism; PCU = project coordination unit; PIU = project implementation unit.

Source: Asian Development Bank and the Executing Agency.

V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

62. A Financial Management Assessment (FMA) was conducted in accordance with ADB guidelines. The FMA covers the MICT as the Executing Agency (EA), the MICT'S Tourism Development Department (TDD) as the PCU, and provincial Departments of Information, Culture and Tourism (DICT) as the PIUs in the 4 participating provinces as Implementing Agencies (IAs). The objective of the assessment was to determine whether the entities implementing the project have acceptable financial management arrangements that can comply with ADB accounting and reporting requirements. The main findings of the assessment are summarized below. Risks and mitigation measures are in Table 14.

63. Country issues. According to the latest available assessments by ADB and World Bank, the overall fiduciary risk in the Lao PDR is considered high. This is due to insufficient transparency over the use of public finances and limited public access to Government budget and financial information. In addition there is generally low awareness of modern practices of internal controls in the public sector. The financial management capacity of government staff at provincial and district levels is weak and needs to be strengthened. The external audit oversight function by the State Audit Organization (SAO) also needs improvement. There is a lack of well-trained and qualified local accountants and auditors in the country. There is reportedly a widely held public perception that the commitment to implement reforms is low, despite recent passage of laws and decrees aimed at strengthening public financial management. The level of corruption is perceived to be increasing according to investigations and survey results by international civil society and research organizations. At the country level, deficiencies in financial management systems include: (i) weak public financial management (PFM) systems; (ii) the shortage of financial management skills; and (iii) failure to follow PFM rules.

64. Project specific issues. MICT's TDD has successfully implemented two consecutive ADB financed projects over the past nine years. These include the (i) GMS Mekong Tourism Development Project (Loan 1970-LAO), covering 2004 to 2008 and (ii) the ongoing GMS Sustainable Tourism Development Project (Grant 0117-LAO), covering 2009 to 2014. The existing PCU is familiar with ADB procurement, disbursement, accounting and reporting requirements, and has retained the same staffing since 2003. The MICT has confirmed that it will utilize and expand this existing PCU and financial management systems for the project, with modification where appropriate. Incumbent staff is qualified to manage international and national competitive bidding for works and goods, recruit consultants in accordance with ADB guidelines, manage the project imprest account, and maintain financial records in accordance with internationally accepted accounting practices. Project accounts and related records are kept and maintained by the PCU separately from other on-going projects.

65. In project provinces all DICTs all have experience implementing ADB financed projects¹⁹ and have managed projects supported by a range of other development partners.²⁰ However, the DICTs have recently experienced some staff turnover, which has resulted in loss of institutional memory and experience gained from previous projects. Recently recruited staff generally has limited experience and need training. To ensure adequate financial management and accounting, the PIUs will recruit dedicated full-time project accountants with experience managing ADB or other externally funded projects. PIU

¹⁹ Champassak, Luangprabang and Khammouane were included in the GMS Mekong Tourism Development Project. Champassak and Oudomxay are included in the GMS Sustainable Tourism Development Project.

²⁰ Aside from ADB, DICTs have managed projects financed by (i) DED (German Development Organization) in Oudomxay; (ii) AFD (French Development Agency), SNV (Netherlands Development Organization) and the International Labour Organization (ILO) in Luangprabang; (iii) SNV and NZAid in Khammouane; and (iv) UNESCO and SwissContact in Champassak.

accountants will be supervised by the PCU's Financial Controller and mentored by other PCU/PIU with experienced in ADB's financial management and accounting requirements.

66. The EA considers PASS, the locally developed project financial management and accounting software currently in use by the TDD and DICTs adequate. It proposes to use this software for the project, with specific modifications to meet the current accounting and reporting requirements of the MOF and ADB. Records and accounts for project income and expenditures will be established according to agreed project components, disbursement categories, and sources of funds.

67. To strengthen PCU and PIU project accounting, disbursement and procurement management capacity, and the use of financial management and accounting software, key PCU and PIU staff members will attend financial management and procurement training provided under the project. PCU and PIU staff will also receive support and on the job training from the international and national financial management and procurement consultants. PCU and PIU staff will be invited to attend periodic disbursement and financial management seminars conducted by ADB's Controller's Department.

Table 14: Financial Management Risk Assessment and Mitigation Measures

Risk Type	Risk description	Risk Without Mitigation	Mitigation Measures	Risk With Mitigation
1. Public financial management risks.	Weak public financial management (PFM) systems, particularly accounting, budget preparation and execution, cash planning and performance measurement.	High	Asian Development Bank (ADB), World Bank and other development partners support on-going efforts to strengthen PFM arrangements, through technical assistance and lending.	Moderate
	Shortage of skills in financial management, including financial analysis, management accounting, financial reporting and audit.	High	On-going and planned efforts by ADB, World Bank and other development partners to support PFM reforms and capacity building in all PFM aspects. Government and development partner support for scholarships abroad.	Moderate
	Malpractice and abuse of PFM rules by employees.	Moderate	Since 2007, significant progress has been made in strengthening the State Audit Organization (SAO). The new State Audit Law 2007 enhances its independence by having the SAO report to the National Assembly. Staffing has been doubled and regional offices opened outside Vientiane. The SAO has already started capacity-building activities to improve financial audits with support from development partners. An action plan for 2009–2020 focuses on building its capacity and defining its resource requirements with support from development partners. ^a	Low

Project-specific risks				
2. Government financing risks	Government may be unable to meet funding obligations due to budget constraints.	Moderate	Project financing plan has been formulated in consultation with the government. Counterpart financing involves mainly in-kind support for (i) government counterpart staff salaries and office space and (ii) taxes and duties on civil works and equipment. Required in-cash contributions for land acquisition and resettlement are minor.	Low
3. Procurement risks.	Procurement capacity within TDD/MICT and DICTs is limited.	Moderate	MICT will appoint PCU staff experienced with procurement practices acceptable to ADB. Training for financial management and procurement will be provided by the financial management and procurement consultants.	Low
	Potential corruption from weak procurement oversight.	Moderate	Standard ADB bidding documents and procedures will be used. Grievance redress procedures, including misuse of funds, will be published on the project website, and mechanisms put in place to address any grievances received.	Low
4. Funds flow.	Funds may not reach intended beneficiaries in a timely manner.	Moderate	ADB disbursement arrangements, including statement of expenditure and direct payment, which have been tested in prior projects and proven successful, will be used.	Low
5. Staffing	MICT as executing agency and provincial DICTs as implementing agencies have limited staff capability in financial management, accounting, budgeting, internal controls and financial reporting.	Moderate	The MICT has an established, active PCU with experience managing ADB financed projects. It will be expanded to manage implementation of the project, and experienced staff will provide on-the-job training, together with the consultants, for less experienced PIU staff. PCU and PIU staff will be invited to periodic disbursement seminars conducted by ADB's Controller's Department.	Low
6. Project external audit.	Delay in the submission of externally audited project accounts due to heavy workload of the SAO.	Moderate	The MICT plans to recruit an external auditor using Consultants' Qualifications Selection (CQS) method, which is open to the SAO and private auditing firms. A suitable entity, able to meet government and ADB requirements in terms of quality, cost and timely preparation of the annual audit will be selected. The audit will be financed by the ADB loan proceeds.	Low

	Annual audit may not meet ADB requirements.	Moderate/ Low	An external auditing firm will be recruited using the Consultants' Qualifications Selection (CQS) method with a Terms of Reference based on the agreed Standardized Terms of Reference for External Financial Audit Services.	Low
7. Coordination	Risk of continued ambiguities regarding the responsibilities between MICT/DICTs and MPWT/DPWT regarding civil works components.	Moderate/ Low	The project will support continued dialogue at the national and provincial level (through a national and provincial steering committees), as required, and PIUs will have tourism and infrastructure teams drawn from DICT and DPWT respectively. Decree No. 03/PM requires involvement of competent authorities in the procurement process.	Low
8. Information systems	Accounting software is in use, but not being utilized to its full capacity.	Moderate	Training and capacity development will be supported to strengthen the technical capacity of PCU/PIU staff.	Low
Overall Risk		Moderate		Low

^a ADB. 2011. *Country Partnership Strategy 2012-2016 for Lao People's Democratic Republic, Appendix 2, No. 2 of linked documents: Risk Assessment and Risk Management Plan (Summary)*. Manila.

ADB = Asian Development Bank; DICT = Department of Information, Culture and Tourism; DPWT = Department of Public Works and Transport; EA = executing agency; MICT = Ministry of Information, Culture and Tourism; MOF = Ministry of Finance; MPWT = Ministry of Public Works and Transport; PCU = project coordination unit; PIU = project implementation unit; SAO = State Auditing Organization; TDD = Tourism Development Department. Source: Asian Development bank and the Ministry of Information, Culture and Tourism.

68. The following action plan (Table 15) for project financial management will guide implementation of the above risk mitigation measures.

Table 15: Project Financial Management Action Plan

Planned Action	Output	Responsible Party	Due Date
PCU and PIU financial management teams established.	<ul style="list-style-type: none"> As outlined in the PAM PCU Financial Controller and PCU and PIU Directors and Managers appointed and PCU and PIU accounting and finance staff recruited. 	EA and DICTs	Prior to ADB Board Approval of project
National and Provincial Project Steering Committees established and operational.	<ul style="list-style-type: none"> As outlined in the PAM 	EA and Provinces	Prior to ADB Board Approval of project
Project funds flow arrangements adopted & operational.	<ul style="list-style-type: none"> As outlined in the PAM Concerned MOF, EA, PCU, and PIU staff briefed, imprest account opened and project sub-accounts established. 	MOF, EA, PCU, and PIUs assisted by international and national financial management & procurement specialists (individual consultants)	Prior to first disbursement.

Planned Action	Output	Responsible Party	Due Date
PCU and PIU financial management capacity built and systems operational.	<ul style="list-style-type: none"> Financial management & procurement support consultants mobilized; project accounting and financial reporting systems established; PCU and PIUs attend training on project accounting. Project disbursement arrangements and procedures established and staff trained in their operation. 	EA, assisted by the consultants	Within six months of project effectiveness
PCU and PIU staff attend disbursement seminar.	<ul style="list-style-type: none"> At least 1 staff members from the PCU and each PIU attends ADB's in-country disbursement seminar. 		Within one year of project effectiveness

ADB = Asian Development Bank; DICT = Department of Information, Culture and Tourism; EA = executing agency; MOF = Ministry of Finance; PCU = project coordination unit; PIU = project implementation unit.
Source: Asian Development bank and Ministry of Information, Culture and Tourism.

B. Disbursement

69. The loan proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2012, as amended from time to time),²¹ and detailed arrangements agreed upon between the Government and ADB.

70. The Government will, immediately upon project effectiveness, establish an account at the Ministry of Finance (MOF) in US Dollars for the ADB loan. The PCU will establish an imprest account in US Dollars for the ADB loan at a commercial bank designated by the Bank of Lao PDR; and will be responsible for establishing, managing, replenishing, and liquidating this account. The maximum ceiling of the imprest account is 10% of the loan amount.

71. The PCU 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 the MOF for onward submission to ADB. The PCU will also be responsible for checking and signing off on all disbursement documents prior to submission to Ministry of Finance. The PIUs will set up project sub-accounts for the ADB loan with a commercial bank designated by the Bank of Lao PDR. Liquidation of the sub-accounts will be subject to submission of full documentation to the PCU. The MOFs project account, imprest account and sub-accounts will be established and maintained for the loan proceeds only and managed, replenished and liquidated in accordance with ADB's *Loan Disbursement Handbook* (2012, as amended from time to time),²² and other detailed arrangements agreed upon between the Borrower and ADB. The imprest and sub-accounts are to be used exclusively for share of eligible expenditures. The EA who established the imprest account in its name is accountable and responsible for proper use of advances to the imprest account, including advances to the sub-accounts.

72. The EA may request for initial and additional advances to the imprest account based on an Estimate of Expenditure Sheet²³ setting out the estimated expenditures to be financed through the account for the forthcoming six (6) months. Supporting documents should be submitted to ADB or retained by the EA in accordance with ADB's *Loan Disbursement Handbook* when liquidating or replenishing the imprest account.

73. ADB's statement of expenditure (SOE) procedures may be used for reimbursing eligible expenditures and liquidating of advances to the imprest account. The maximum payment for any individual item using these procedures is \$100,000 equivalent per individual

²¹ Available at: <http://www.adb.org/documents/loan-disbursement-handbook>

²² Available at: <http://www.adb.org/documents/loan-disbursement-handbook>

²³ Following the format provided in Appendix 10B of the *Loan Disbursement Handbook*.

payment. SOE records should be maintained and made readily available for review by ADB's disbursement and review mission or upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit.²⁴ Reimbursement and liquidation of individual payments in excess of the SOE ceiling should be supported by full documentation when submitting the withdrawal application to ADB.

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

75. Three items are to be financed from Government counterpart funds: (i) government counterpart staff salaries and office space (in-kind); (ii) land acquisition and resettlement (in-cash); and (iii) taxes and duties on civil works and equipment (in-kind/exemption).

C. Accounting

76. The MICT, PCU and PIUs will maintain separate project accounts and records by funding source for all expenditures incurred on the project. Project accounts will follow international accounting principles and practices.

77. The project will provide training on the use of the imprest fund and sub-accounts and operating support to PCUs and PIUs accounting staff.

D. Auditing and Public Disclosure

78. The Government will cause the detailed consolidated 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 the MICT.

79. The annual audit report for the project accounts will be submitted in the English language to ADB within 6 months of the end of the fiscal year by the MICT. The annual audit report will include an audit management letter and audit opinions which cover (i) whether the project financial statements present a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework; (ii) whether loan and grant proceeds were used only for the purposes of the project or not; (iii) the level of compliance for each financial covenant contained in the legal agreements for the project; (iv) use of the imprest fund procedure; and (v) the use of the statement of expenditure procedure certifying to the eligibility of those expenditures claimed under SOE procedures, and proper use of the SOE and imprest procedures in accordance with ADB's Loan Disbursement Handbook and the project documents.

80. 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.

²⁴ Following the format provided in Appendix 9B of the *Loan Disbursement Handbook*.

81. The Government, MICT and DCSTs have been made aware of ADB's policy on delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements.²⁵ ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the borrower), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

82. 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)²⁶. After review, ADB will disclose the project financial statements for the project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website. The Audit Management Letter will not be disclosed.

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting

83. All advance contracting will be undertaken in conformity with ADB's *Procurement Guidelines* (2013, as amended from time to time)²⁷ and ADB's *Guidelines on the Use of Consultants* (2013, as amended from time to time).²⁸ The issuance of invitations to bid under advance contracting will be subject to ADB approval. The borrower, the EA and the IAs have been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the project.

84. To accelerate project implementation, advance actions for consulting services will be used. Retroactive financing will not be used. Prior to the start of loan negotiations, the EA will launch the recruitment process for project consultants (both the firm and individual consultants) up to the stage of ADB's approval of the first-ranked firm. The EA will start contract negotiations with the first-ranked firm once ADB's Board of Directors approves the project and when the loan agreement effectivity is imminent. The contract will not be signed until the loan agreement becomes effective.

B. Procurement of Goods, Works and Consulting Services

85. All procurement of goods and works will be undertaken in accordance with ADB's *Procurement Guidelines* (2013, as amended from time to time).²⁹ 28 Civil works valued at \$1 million or above and goods valued at \$500,000 or above will be procured through

²⁵ ADB Policy on delayed submission of audited project financial statements:

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

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

²⁷ Available at <http://www.adb.org/documents/procurement-guidelines>

²⁸ Available at <http://www.adb.org/documents/guidelines-use-consultants-asian-development-bank-and-its-borrowers>

²⁹ Available at <http://www.adb.org/documents/procurement-guidelines>

international competitive bidding (ICB) procedures. National competitive bidding (NCB) will be used to procure packages valued less than those ICB thresholds, and shopping procedures will be used for packages equivalent to \$100,000 and below. NCB will follow the national procurement legislation and regulations (specifically the Prime Minister's Decree No. 03/PM of the Lao People's Democratic Republic, effective 09 January 2004, and Implementing Rules and Regulations effective 12 March 2004), subject to modifications and clarifications indicated in the NCB Annex of the Procurement Plan (Annex B) as required for consistency with the ADB Procurement Guidelines. Before the start of any NCB procurement by an IA subject to the public procurement laws of a state government, those laws will be reviewed to ensure consistency with ADB's Procurement Guidelines (2013, as amended from time to time).

86. All consultants will be recruited according to ADB's *Guidelines on the Use of Consultants* (2013, as amended from time to time).³⁰ The Project Management and Civil Engineering Support Consulting firm will be engaged using the quality- and cost-based selection (QCBS) method with a standard quality: cost ratio of 80:20. The External Auditor will be recruited following Consultants' Qualifications Selection (CQS) method.³¹ Individual consultants will be recruited on the basis of their qualifications for the assignment. Recruitment of individual consultants for tourism capacity building and financial management and procurement will help enable rapid project start-up, and reduce the cost of consulting services without compromising quality. The executing agency has successfully recruited many qualified individual tourism consultants in the past, with good results.

C. Procurement Plan

87. An 18-month procurement plan indicating threshold and review procedures, goods, works, and consulting service contract packages and national competitive bidding guidelines is in Annex B. The procurement plan covers the first 18 months of procurement. The procurement plan shall be updated annually. It may be revised, as required following a project review mission. In case procurement arrangements need to be changed during implementation, the EA and IAs shall prepare a letter justifying the change with the updated procurement plan and submit the documents for ADB approval. The change in procurement arrangements shall be done in consultation with ADB. ADB will be responsible for posting the initial procurement plan and subsequent updates on ADB website.

D. Consultant's Terms of Reference

88. The outline terms of reference for all consultants is in Annex C.

89. The total consulting service requirements are an estimated 273 person-months (95 person-month international and 178 person-months national) and include (i) Project Management and Civil Engineering Support; (ii) Destination Management Capacity Building Support, (iii) Financial Management & Procurement Support; and (iv) an External Auditor.

90. Project Management and Civil Engineering Support. This consulting services package will include an estimated 169 person-months (49 person-month international and 120 person-months national) to (i) assist the PCU and PIUs with detailed design and tendering and supervision of civil works; (ii) assist with social and environmental safeguards monitoring and compliance; and (iii) provide project management and administrative support to the PCU and PIUs. The consultants will be recruited through a firm using the quality- and

³⁰ Available at <http://www.adb.org/documents/guidelines-use-consultants-asian-development-bank-and-its-borrowers>

³¹ The executing agency will recruit the firm to carry out the audit in consultation with the State Audit Organization to ensure compliance with financial reporting and auditing requirements, and regular follow-up with concerned agencies when needed.

cost-based selection (QCBS) method with standard quality-cost ratio of 80:20. The contract for this package will include provisional sums for technical surveys needed for detailed design.

91. Destination Management Capacity Building Support. Consultants will be recruited as individuals, on the basis of their qualifications for the assignment. This package comprises an estimated 98 person-months (43 person-month international and 55 person-months national) to assist the PCU and PIUs with the implementation of institutional capacity building activities related to destination development and management included in Output 3, and the subregional activities included in Output 4.

92. Financial Management & Procurement Support. Consultants will be recruited as individuals on the basis of their qualification for the assignment. This package comprises an estimated 6 person-months (3 person-month international and 3 person-months national) to assist the PCU and PIUs with establishing the project's financial management systems, providing training on their implementation, and supporting start-up activities related to consultant recruitment and first-year procurement.

93. External Auditor. An external auditing firm will be recruited using the Consultants' Qualifications Selection (CQS) method. The audit will be financed using loan proceeds. Within the first six months of project effectiveness, the EA, assisted by the Financial Management and Procurement consultants, will prepare an audit terms of reference based on the *Template for Standardized Terms of Reference (TOR) for External Financial Audit Services (Auditor) of Annual Project Financial Statements* (included in Annex F). The draft-final TOR will be provided to ADB for review and no-objection prior to recruitment of the auditing firm.

VII. SAFEGUARDS

94. Pursuant to ADB's *Safeguard Policy Statement* (SPS) 2009,³² 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.

95. All safeguards documents have been prepared in accordance with ADB's SPS 2009. In compliance with ADB's information disclosure and consultation requirements, the safeguard documents will be posted on ADB's website. The safeguard categorization for environment, involuntary resettlement, and indigenous peoples is B.

96. Relevant safeguard documents include: (i) the initial environmental examination (IEE), and three environmental management plans (EMP) for the following provincial subprojects: Xang Cave Access Improvements and That Sikhottabong Environmental Improvement in Khammouane province; Chomphet Heritage District Access Improvements and Ban Xang Hai - Tham Ting Caves Access Improvements in Luangprabang province; and Chom Ong Cave Access Improvements in Oudomxay province; (ii) three resettlement plans (RP) for the following subprojects: Xang Cave Access Improvements in Khammouane; Chomphet Heritage District Access Improvements in Luangprabang; and Chom Ong Cave Access Improvements in Oudomxay; and (iii) an Indigenous Peoples Plan for the subprojects in Khammouane, Luangprabang and Oudomxay. Refer to the respective safeguard action plans for detailed implementation guidance.

³² Available at: <http://www.adb.org/documents/safeguard-policy-statement>

A. Environmental Safeguards

97. The environmental safeguard category assigned to the subprojects is B. An IEE has been prepared to identify the potential environmental impacts and required mitigation measures for subprojects of outputs 1 and 2. The required mitigation measures along with the required environmental monitoring of subproject implementation are developed into mitigation and monitoring plans of the three EMPs. The IEE and EMPs address the three stages of subproject implementation defined by pre-construction, construction and operation phases. The potential environmental impacts are primarily construction-phase related, which can be mitigated and managed, and are not expected to be irreversible, diverse or unprecedented. Expected impacts and risks are site-specific and appropriate mitigating measures have been incorporated into the EMPs for each infrastructure subproject. Mitigation measures for works in sensitive environments such as caves and near physical cultural resources were designed in accordance with international good practice and applicable national laws and regulations.

98. The IEE and EMPs have been prepared in consultation with local communities and provincial stakeholders in accordance with ADB SPS and the Government of Lao PDR laws and regulations. The draft IEE and EMPs will be disclosed on the ADB website prior to ADB staff review meeting and the approved version upon ADB Board approval of the project. The IEE and EMPs, to be updated during implementation, will guide detailed civil works design, construction supervision, and O&M of project facilities. EMPs will form part of bidding documents. Prior to awarding of any civil works contract the government will reassess the potential impacts on environmental receptors and ensure appropriate mitigation measures are in place. Any works in sensitive areas such as caves, heritage sites, and forest areas will be undertaken in consultation with the relevant authorities and with the involvement of experts. A grievance redress mechanism and monitoring requirements are specified in the IEE/EMPs.

99. The MICT as the EA, with support from the Safeguards and Monitoring Coordinator of the PCU, is responsible for ensuring that the project is implemented in accordance with the Government of Lao PDR laws and regulations and the ADB SPS. The provincial PIUs with support from the DICTs will ensure compliance of project activities with ADB SPS and Government regulations. The assigned safeguards specialist in each PIU will coordinate timely disclosure of safeguard documents and will oversee and monitor the implementation of the EMPs and other safeguard documents. The Project Management and Civil Engineering Support consultants will have international and national environment specialists to provide technical advice, guidance, and support and on-the-job training for the PIUs, particularly its environmental officer, in project environmental management during project implementation. The PIU safeguards specialists will work with the project management consultants in updating the subproject IEEs and EMPs based on the detailed design before the award of the works contracts. PIUs will also coordinate cross-sector training to ensure effective implementation of EMPs. The PCU will be responsible for overall project coordination and policy guidance and will be responsible for deciding on environmental management matters that will require provincial action. It will ensure adequate resources are allocated and timely disbursement to process the necessary environmental assessment activities.

100. Resources to assist the government update the IEE/EMPs and augment the PCU and PIU's capacity to undertake environmental monitoring are included in the project costs. The estimated budgets for the implementation of the EMPs are \$101,150 for Khammouane province, \$108,000 for Luangprabang province and \$101,050 for Oudomxay province to cover implementation of mitigation and monitoring plans, and capacity development of the respective PIUs, financed from the ADB loan.

B. Social and Resettlement Safeguards

1. Involuntary Resettlement

101. The safeguard category for involuntary resettlement is B. Three resettlement plans (RP), one per province involving resettlement impacts, have been prepared in accordance with ADB SPS and the Government of Lao PDR laws and regulations to guide the known land acquisition and resettlement (LAR) impacts of the project. RPs will be updated during project implementation. The project will result in 33 affected households (AHs) or 165 affected persons (APs) incurring minor impacts, not involving physical dislocation. Each RP has a resettlement budget covering the direct compensation costs, implementation costs, and contingencies.

102. Project information was disclosed to all affected persons during project preparation. A project information booklet in Lao language will be updated and distributed during implementation. The draft RP will be disclosed on ADB website before the staff review meeting, and the updated RP will be disclosed following detailed design. The PCU will work in close collaboration with resettlement committees at the provincial and district levels, as well as with village development committees and mass organization representatives in the villages. The consultant team includes an international and a national resettlement specialist who will support the PCU designated resettlement officer.

103. Total cost of land acquisition and compensation is estimated at \$52,566, based on the census and inventory of losses prepared in consultation with affected persons, and will be financed by the Government. The estimated budgets for the implementation of the RPs are \$4,167 for Khammouane province, \$39,356 for Luangprabang province and \$12,703 for Oudomxay province.

2. Indigenous Peoples

104. The safeguard category for indigenous peoples is B in accordance with ADB SPS. The project will bring beneficial impacts to diverse ethnic groups living near the selected tourist sites and along access roads. The sites are in areas that have been open to tourism for a number of years, and where members of ethnic groups are engaged in and supportive of tourism development. The increase in numbers of tourists is not expected to have a negative impact on traditional lifestyles and maintenance of culture. The key issue is to ensure concerned ethnic people maintain control of their physical and cultural resources and gain access to tourism-related enterprises and participate in community tourism planning.

105. The indigenous peoples plan (IPP) includes actions to ensure ethnic groups in project areas benefit from the activities and to mitigate negative impacts. The beneficial measures include: (i) strengthening community-based tourism activities in ethnic villages; (ii) support to ethnic group members, in particular women, for business planning and small enterprise development; (iii) support for agriculture and animal husbandry (linked to tourism supply chains) in specific locations (e.g. Chom Ong Village); and (iv) integration of ethnic group inclusion across project management. Mitigating measures such reinforcing cultural and heritage conservation in ethnic areas, raising awareness and reducing risks of increased vehicular traffic, human trafficking and child exploitation associated with uncontrolled tourism growth are built into project activities. Measures will ensure ethnic groups participate in the design and implementation of awareness programs, and that non-Lao language or visual materials are available.

106. Implementation of the IPP will be the responsibility of the PCU Director and the Director of each PIU. The Director will assign a responsible staff member to follow-up and report on the IPP activities. An international social and gender development specialist and a

national social and gender development specialist will support the PCU and PIUs to implement the IPP. These specialists will work closely with other project consultants and PCU and PIU staff to integrate concerns and special measures for ethnic groups into their work plans. The Destination Management Capacity Building Support consultants working under Output 3 have will also support ethnic participation, in accordance with their terms of reference. Responsibilities for specific actions are identified in the IPP.

107. The management and reporting structure for the IPP will follow the lines of responsibility for the overall project management as described in section II herein.

108. A budget of \$69,400 is allocated for IPP implementation, financed from the ADB loan, to cover additional meetings and consultations, capacity/asset development activities targeting ethnic groups, and production of training and awareness materials that are accessible to ethnic groups. Representatives from the Lao Front for National Construction and the Lao Women's Union will play a critical role in facilitating participation of ethnic groups in project activities and will be invited to participate in steering committee meetings.

VIII. GENDER AND SOCIAL DIMENSIONS

109. During project preparation, a poverty and social assessment was conducted to determine the socioeconomic characteristics of the project area. It included a poverty analysis, a social analysis and a gender analysis and consultations with ethnic groups in the project areas.

110. A summary poverty reduction and social strategy has been prepared to present project benefits and mitigation measures, to address social impacts and enhance distribution of project benefits. Tourism is an expanding economic sector that offers new opportunities for women, including ethnic women, to establish or expand small enterprises that operate in or near the home. Interviews with women and ethnic community members living near project sites confirmed the interest to expand or open tourism-related SMEs. The project will have significant positive social and economic impacts, which will improve livelihood opportunities from tourism for women and men, including from ethnic groups. These benefits are summarized in the summary poverty reduction and social strategy (SPRSS), gender action plan (GAP) and IPP.

111. A gender analysis was also conducted during project preparation to help determine the specific gender actions for the project. The project has developed a GAP (Table 16) that includes measures to ensure that women gain from the project benefits and do not experience negative impacts. Specific measures included in the action plan address both women's practical and strategic interests. GAP actions include (i) promoting participation of women in project management positions, steering committee representation, and in institutional forums established for public-private-civil society collaboration on tourism planning (Destination Management Organizations and Community Tourism Groups); (ii) ensuring consultation with women on the detailed design of infrastructure; (iii) requirements for contractors to hire at least 20% women for unskilled construction jobs, and (iv) providing training to women in handicraft production, tourism-related enterprise development, and hospitality services to ensure they can access income and job opportunities. The potential burden of adding additional workloads for women are addressed by the project support to provide time-saving technology/equipment for production activities. Awareness raising programs will support women to recognize and avoid risks associated with human trafficking and child exploitation.

112. The PCU will be responsible for ensuring social and gender actions are implemented and monitored. Responsibilities for implementing actions in the GAP are identified in the document's action plan. A budget of \$60,000 is allocated for GAP implementation, to be

financed from the ADB loan. An international gender and social development specialist, and a national gender and social development consultant will be hired to support the implementation of the GAP and IPP. The stakeholder and communication strategy describes how various stakeholders will be engaged during project implementation.

Table 16: Gender Action Plan

Actions	Targets/Indicators	Responsible
Output 1: Last-mile tourism access infrastructure improved.		
Output 2: Environmental services in cross-border tourism centers improved. ^a		
1.1 For all infrastructure subprojects, PIUs and consultants meet with women and men on detailed designs and inform them about employment opportunities during and after construction.	<ul style="list-style-type: none">Two public consultations held with local population and stall operators for each subproject. 50% of participants in consultation meetings are women.	PCU, PIUs, LWU and consultants.
1.2 For all infrastructure subprojects, ensure that civil works bidding documents include numerical targets for women's employment.	<ul style="list-style-type: none">30% of the unskilled workers hired for construction are local; at least 20% of local unskilled workers are women.	PCU, PIUs and consultants.
1.3 For all infrastructure subprojects, detailed design of infrastructure at tourism sites maximizes fixed and mobile vendor retail space for women and road design includes safety measures.	<ul style="list-style-type: none">100% of stall operators (majority are women) return to original retail space after construction.80% of new stalls allocated to women.Specific design measures adopted such as wide shoulders and public lighting.	PCU, PIUs, consultants and contractors.
Output 3: Institutional capacity to promote inclusive tourism growth strengthened.		
3.1 Ensure women (including ethnic women) are appointed to committees and forums for destination management and institutional strengthening and create enabling conditions for their participation.	<ul style="list-style-type: none">DMO management committees include 40% women (ethnicity proportional to local population); at least 2 DMOs led by a woman. ^aWomen account for 50% of stakeholders at public-private partnership consultations.	NSC Chair & PCU Director and PIU Director.
3.2 Increase women's access to economic opportunities through development of tourism-related small enterprises and livelihood activities.	<ul style="list-style-type: none">500 small and medium-sized enterprise operators (50% of whom are women) gain access to professional tourism-related business support services and microfinance.	PCU, PIU and consultants.
3.3 Training program in hospitality services includes outreach to disadvantaged women through partnership with LWU's existing vocational training programs.	<ul style="list-style-type: none">60% of hospitality service trainees are women (proportional to ethnicity in local area).	PCU, PIU and consultants.
3.4 Implement safety, health, and heritage conservation awareness programs; and measures to combat child exploitation and human trafficking, in partnership with LWU, women business leaders, law enforcement, DMOs, and tourism businesses.	<ul style="list-style-type: none">Awareness of heritage protection measures, health and safety, and measures to prevent child exploitation and human trafficking increase among 6,000 people (50% women).At least 50% of participants in health and hygiene/sanitation training are men.	
Output 4: Effective project implementation and knowledge management.		
4.1 Ensure women are represented in the project's National Steering Committee and in PIUs and PCUs.	<ul style="list-style-type: none">NSC has at least 2 women members.Women hold 30% of management and professional posts in PCU and PIUs.	NSC Chair, MICT and DICT Director.
4.2 Appoint women representative of the National Steering Committee to oversee the project's strategic directions for gender equality and focal persons in PCU and PIU responsible for gender mainstreaming & GAP implementation.	<ul style="list-style-type: none">Gender Focal Person designated in NSC, PCU and PIUs.GAP is reviewed, monitored for progress and follow-ups agreed annually by NSC.GAP is integrated into annual and quarterly work plans of PCU and PIU.	NSC Director, PCU Director and PIU Directors.
4.3 Recruit gender consultant (s) to support GAP implementation, training of contractors and consultant team, and MSME consultants to implement activities to increased women's access to economic opportunities.	<ul style="list-style-type: none">Gender and MSME consultants hired for GAP and women's livelihood activities.100% of PCU, PIU, and project implementation consultant staff trained in gender equality and GAP implementation.Gender actions stated in work plans.	PCU Director.
4.5 Women members from NSC, PCU and PIUs access opportunities to participate in GMS trainings and meetings.	<ul style="list-style-type: none">Women are 30% of representatives at GMS events on behalf of Laos.	NSC Director, PCU Director.

Actions	Targets/Indicators	Responsible
4.6 Develop a project performance management system that provides information on the differential impacts of the project on both women and men.	<ul style="list-style-type: none"> Indicators for tracking progress and project benefits gender disaggregated. Monitoring of safeguards plans track differential impacts on women and men. Gender actions noted in progress reports. 	PCU Director and consultants.
4.7 Tourism statistics harmonization includes systematization of sex-disaggregated data collection.	<ul style="list-style-type: none"> All standardized tourism statistics related to people disaggregate by sex. 	PCU Director and consultants.

DICT = Department of Information, Culture and Tourism, DMO = destination management organization, GAP = gender action plan, Lao PDR = Lao People's Democratic Republic, LWU = Lao Women's Union, MICT = Ministry of Information, Culture and Tourism, NCS = National Steering Committee, PCU = project coordination unit; PIU = project implementation unit.

^a Actions apply to all infrastructure subprojects and are therefore the same for Outputs 1 and 2.

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION

A. Project Design and Monitoring Framework

113. The design and monitoring framework (DMF) of the project is in Annex D. The DMF will be uploaded in ADB e-Operations system upon board approval of the project.

B. Monitoring

114. **Project performance monitoring.** The DMF includes indicators and targets that focus on: (i) tourism employment data to assist in monitoring the project impact; (ii) changes in tourism revenue to assist with monitoring the project outcome; (iii) estimated numbers of people benefitting from improved access to markets and services and improved environmental services at tourist sites, (iv) estimated numbers people and SMEs benefitting from the project's awareness and capacity building activities; and (v) gender equity.

115. Within 12 months of project effectiveness, the PCU, with assistance from the monitoring and evaluation consultants and other specialists, will develop a project performance management system (PPMS) that shall be used to monitor and evaluate the project during implementation. The PPMS will include the agreed socioeconomic, environmental and tourism sector performance indicators, baseline and targets to be used to measure the project impact, outcome and evaluate its outputs. During PPMS preparation, the PCU will: (i) confirm baseline figures and targets; (iii) determine monitoring and reporting arrangements; (iv) confirm data sources; (v) check assumptions and risks; and (vi) establish systems and procedures for systematic data collection. The PCU will submit the final PPMS to ADB for approval within 12 months of project effectiveness. Any changes will be uploaded by ADB into the e-Operations system.

116. All progress reports will include an assessment of overall implementation progress using a weighed implementation table (Annex E), in which physical progress for each activity is recorded and an aggregate overall weighted activity progress percentage is calculated. Annual progress reports will also include progress achieved at the output level as measured through the output indicator's performance targets. Prior to the midterm review and at the project's physical completion, in addition to activity and output data, data will be also be collected on progress toward achieving the project outcome and impact, which shall feed into the midterm review and project completion reports.

117. The PCU will be responsible for managing the PPMS—including the confirmation of baseline data, collection of data, monitoring of benefits, and evaluation of social and environmental impacts. Data will be presented in simple, easy-to-understand formats. The

PCU will be responsible for analyzing and consolidating monitoring data through the PPMS and ensuring its incorporation into periodic project reports.

118. **Compliance monitoring.** The status of compliance with project covenants will be reviewed during each ADB review mission, to be conducted at 6-month intervals. The PCU will monitor compliance against the covenants and report updates in quarterly and annual progress reports submitted to ADB and the Government. Any non-compliance issues will be specified in these reports, with proposed remedial actions for consideration at ADB review missions. ADB will update the e-Operations system following each review mission.

119. **Environmental safeguards monitoring.** The EMPs include an impact mitigation plan, environmental monitoring plan, and the institutional responsibilities for the implementation of the entire EMP. The purpose of the monitoring plan is to document the effectiveness of prescribed mitigation measures, and to document any unforeseen environmental impacts of the subprojects. The monitoring plans address the construction and operational phases of the subprojects. With support from the PCU, the EA will oversee implementation of the monitoring plans by the provincial PIUs and construction contractors with support provided by the project's environmental specialists who will organize the field sampling and required laboratory analyses and provide technical direction and support to the PIUs for the implementation of the monitoring plans.

120. The PIUs are responsible for preparing and submitting quarterly reports on monitoring activities to the PCU for consolidation and subsequent submission to ADB. The quarterly reports will include compiled monthly reports submitted by the construction contractors, and environment specialists/PIU safeguards coordinators. The consultants will provide an overview of any issues arising from monitoring activities during the reporting period.

121. **Resettlement safeguards monitoring.** The resettlement plans include measures for internal monitoring of the RPs. Primary responsibility for internal monitoring lies with PCU as the project executing agency. The PCU will be responsible for overseeing the formation, function, and activities of the implementing agencies, and through quarterly monitoring reports, summarize this progress. All monitoring data will be collected to ensure sex and ethnic disaggregation.

122. The international resettlement specialist will support the PCU to establish systems to implement the internal monitoring plan. The national resettlement specialist will accompany the PCU and each PIU in carrying out internal monitoring to assess whether affected households are able to restore their living conditions, livelihoods and incomes to pre-subproject levels and, if not, to recommend remedial actions to assist affected households.

123. The role of internal monitoring and evaluation is to ensure that resettlement institutions are well functioning during the course of project implementation, and that the resettlement activities are undertaken in accordance with the implementation schedule described in the RP. In this way, the protection of APs' interests and the schedule for civil works can be assured.

124. As part of quarterly project progress reports submitted to ADB, the PIUs (through the PCU) will provide regular updates on resettlement activities. The report will assess (i) compliance with the project's resettlement policies and procedures and (ii) the availability and efficient use of personnel, material and financial resources; (iii) implementation of the project's stakeholder communication strategy, including dissemination information in resettlement; and (iv) identification of any problems and the need for remedial actions to correct any problems that arise.

125. **Gender and social dimensions monitoring.** Gender and social dimensions not covered by resettlement documents will be monitored internally through the PPMS and using ADB's GAP monitoring framework. Specific indicators and targets from the gender action plan have been included in the DMF. At the beginning of the project, the PCU with assistance from the consultants will develop the PPMS and associated forms to generate data systematically for each output. Select indicators require sex- disaggregated data; these have been specified in the DMF. The PIUs are responsible for preparing and submitting quarterly reports on GAP activities to the PCU for consolidation and subsequent submission to ADB. PIUs will also submit quarterly reports on the status of IPP implementation to the PCU for consolidation and subsequent submission to ADB.

C. Evaluation

126. ADB and the Government will jointly review the project at least twice a year (at 6-month intervals). Joint review missions will assess (i) achievement of contract awards and disbursements; (ii) physical progress of each project output; (iii) effectiveness of capacity development programs; (iv) compliance with social and environmental safeguards; (v) progress of gender and social dimensions; (vi) compliance with project covenants; and (vii) performance of government agencies, implementation units and consultant and contractor performance. In addition to the regular reviews, ADB and the Government may conduct special project administration reviews to address and resolve specific administration problems.

127. A midterm evaluation of the project will be conducted at about 30 months after the start of project implementation. The evaluation will include a comprehensive assessment of project implementation and record any changes necessary to improve project relevance or effectiveness, or accelerate project progress. The international and national monitoring and evaluation specialist will assist the PCU to prepare the necessary data and assessments of the project that will inform and may feed into the midterm evaluation report. Specific areas of attention include: (i) review of project scope and DMF; (ii) suitability of implementation arrangements; (iii) adequacy of costs and financing; (iv) performance of consultants and contractors; (v) performance of the EA and ADB; (vi) progress toward the outcome; (vii) compliance with project covenants; and (viii) sustainability. Within 6 months of physical completion of the project MICT will submit a project completion report to ADB.³³

D. Reporting

128. The MICT will provide ADB with (i) quarterly progress reports in a format consistent with ADB's project performance reporting system; (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions; (c) updated procurement plan and (d) updated implementation plan for next 12 months; and (iii) a project completion report within 6 months of physical completion of the project.

E. Stakeholder Communication Strategy

129. The Stakeholder Communication Strategy is based on the principles of transparency, timeliness, participation, meaningful participation³⁴, and inclusiveness. The strategy ensures

³³ Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

³⁴ Meaningful participation is defined as a process that (i) begins early in the project preparation stage and is carried out on an ongoing basis throughout the project cycle; (ii) provides timely disclosure of relevant and adequate information that is understandable and readily accessible to affected people; (iii) is undertaken in an

that vulnerable groups, such as the poor and women, who risk marginalization, are provided opportunities for communication and feedback during subproject design and implementation. Stakeholders include (i) project direct and indirect beneficiaries with a focus on small business operators and employees of tourism-related businesses; (ii) mass organizations; (iii) community tourism management committees responsible for community-level tourism, site management; (iv) private sector tourism operators and accommodation and food service providers who share an interest in the outcomes and/or impacts of the project; and (v) government agencies having a role in implementation. The strategy serves to inform and support community development, enhance government capacity to manage project outcomes, and enhance project benefits while mitigating negative impacts.

130. The stakeholder communication strategy is designed to ensure: (i) a regular flow of reliable project information; (ii) ownership over project outcomes and interest/willingness to take advantage of the project benefits; (iii) inclusion of vulnerable groups in benefit distribution and project implementation; and (iv) promotion of responsible tourism development.

131. Table 17 describes the Stakeholder Communication Strategy. The PCU will establish and maintain a dedicated website for this project. The website will include at a minimum the following information: (i) project document (RRP) and the PAM; (ii) procurement information (bidding procedures, bidders, and contract awards); (iii) annual work plans; (iv) quarterly and annual progress reports and the project completion report; (v) environmental and social safeguards documents; (vi) grievance redress mechanisms; and (vii) technical reports and knowledge products produced by the project.

atmosphere free of intimidation or coercion; (iv) is gender inclusive and responsive, and tailored to the needs of disadvantaged and vulnerable groups; and (v) enables the incorporation of all relevant views of affected people and other stakeholders into decision making, such as project design, mitigation measures, the sharing of development benefits and opportunities, and implementation issues. ADB Safeguard Policy Statement 2009.

Table 17: Stakeholder Communication Strategy

Objective	Stakeholder Group	Function/Interest in project	Messages	Means of Communication	Timeline	Responsibility
Ensure a regular flow of project information and promote ownership over subproject activities and tourism development	<p>Beneficiary communities</p> <p>Vendors at subproject tourist sites</p> <p>Village chiefs, tourist site management committees and related associations</p> <p>Public living in tourism destination centers (Luangprabang City, Thakek, Muang Xay, Champassak)</p>	Direct beneficiaries of project, participants in site operation and maintenance, participants in small enterprise development training and tourism employment training	<p>Local collaboration and support is fundamental to project effectiveness; information is to be shared openly and transparently; inputs into design and recommendations for improvements are welcome.</p> <p>Clear information on implementation arrangements and schedule of civil works;</p> <p>Update on subproject progress and roles for operation and maintenance after completion</p> <p>Planned mitigation measures (including compensation rates, entitlements, grievance redress mechanism, road safety and noise/pollution control measures before and after construction)</p>	<p>Detail design consultations – user friendly poster showing site plans and notification of how to register feedback (e.g. With village chief or head of CTG).</p> <p>Community tourism group meetings – regular two-way flow of information between PIU & CTG about project activities, priorities and progress.</p> <p>Templates for providing project updates to CTG on a regular basis – which they can transmit to community.</p> <p>Public information meetings, including regular updates by Village Chief at village meetings following CTG meetings</p> <p>Resettlement committee meetings and/or meetings with affected households,</p> <p>Printed information about subproject in local language posted in accessible public areas, including information on how to provide comments or register grievances.</p> <p>Brochures/posted information boards on upcoming training programs for tourism employment, small enterprise development.</p>	<p>Prior to implementation of activities and ongoing thereafter</p> <p>Early in each phase of subproject preparation</p> <p>Project detailed design.</p> <p>Ongoing during civil works</p>	<p>PIU</p> <p>District government</p> <p>LWU</p> <p>LNFC</p>
Ensure a regular flow of project information	Women, poor and vulnerable households, ethnic minority groups near project sites	As above	As above plus disseminate contents of GAP and IPP, and opportunities to participate in training/income generation activities.	<p>Separate meetings with ethnic groups in local language and ii) meetings with women organized through LWU</p> <p>Printed information in local and accessible language (or visual</p>	As above	As above

Objective	Stakeholder Group	Function/Interest in project	Messages	Means of Communication	Timeline	Responsibility
				<p>depictions) posted in accessible public areas about i) subprojects and ii) Output 3 training programs.</p> <p>Designation and provision of materials/toolkit to Women Community Facilitators for promotion/coaching small enterprise development and disseminating information about tourism opportunities from PIU/project consultants.</p>		
Raise visibility of benefits of tourism development for inclusive growth and build ownership over on-going investment in site O&M.	Public living in tourism destination centers (Luangprabang City, Thakek, Muang Xay, Champassak) Beneficiary communities	Direct and indirect beneficiaries of project	Project investments and tourism promotion is beneficial to local economy and culture/heritage.	<p>Media press releases and sponsor coverage by local media –print, radio, and TV features.</p> <p>Signboards promoting visibility of M/DICT, ADB and local government collaboration for tourism promotion/site improvement.</p> <p>Inaugurations of completed works with ‘open’ house and heritage/cultural events at sites.</p> <p>Web site about project activities, progress and documents.</p>	<p>At project launch and mid-way through as tangible results are realized.</p> <p>Signboards at appropriate locations³⁵ at start of construction and through project implementation.</p>	PCU, PIU
Raise visibility of benefits of tourism development & cross-border tourism cooperation for inclusive growth as key sector of economic development planning.	Central government, development partners, tourism operators, public-at-large.	Indirect beneficiaries and partners in tourism development.	Project investments and tourism promotion is beneficial to national economy and culture/heritage.	<p>Media press releases and sponsor coverage by national media –print, radio, and TV features – at key milestones events (project launch, site inaugurations, GMS regional meetings, etc.).</p> <p>Web site about project activities, progress and documents.</p>	At project launch and mid-way through as tangible results are realized.	PCU

³⁵ Where not detracting from environmental or heritage value, e.g. on upgraded roads

Objective	Stakeholder Group	Function/Interest in project	Messages	Means of Communication	Timeline	Responsibility
Ensure flow of project information and promote public-private partnerships for inclusive tourism growth.	Private sector tourist companies, hotel and food service businesses & local chambers of commerce	Direct beneficiaries of project; partners in destination promotion activities.	Promote participation in destination management initiatives, employment creation and initiatives to promote responsible tourism.	Partnership Forums / surveys on destination management strategies and marketing/promotion programs. Awareness campaigns – national and GMS regional – to promote standards for responsible tourism. Web site about project activities, progress and documents.		
Ensure a regular flow of project information and promote ownership over subproject activities and tourism development.	Lao Women's Union	Mass organization responsible for promoting gender equality and capacity building at all administrative levels Plays a major role in community mobilization and health education, water and sanitation, micro-credit access and anti-trafficking and prevention of child exploitation/labor Promote women's involvement and participation in small enterprise development and tourism employment training.	Key benefits, risks and mitigation measures of tourism growth. Benefits targeted to women Disseminate information on sanitation, hygiene and health to communities in collaboration	National Steering Committee and Provincial Steering Committee meetings. PCU to coordinate and interact with LWU for specific roles in GAP and community mobilization/awareness programs. PIU to coordinate with Provincial & District LWU.	From outset of project	PCU, PIU, LWU
Ensure a regular flow of project information and promote ownership over	Youth Union, Lao National Front for Construction	Mass organization responsible to promote youth involvement and participation in local	Key benefits, risks and Key benefits, risks and mitigation measures of tourism growth.	Public information meetings,	From outset of project	Youth Union, PIU, VDC, VDC/CEI Coordinators

Objective	Stakeholder Group	Function/Interest in project	Messages	Means of Communication	Timeline	Responsibility
subproject activities and tourism development.		development. LNFC is mass organization to promote government programs across all local areas and ethnic groups.	Disseminate information on tourism enterprise development, community tourism, road safety and other key project themes to schools and through Youth Union/LNFC network to village level.			
Raise awareness of how to prevent risk of HIV transmission, human trafficking and reducing negative impacts of tourism.	Communities in the project areas, civil works employees and sub-contractors	Communities are responsible for operating tourism services and interacting with tourists and tourism industry stakeholders.	Key risks and mitigation measures of HIV transmission and human trafficking	Public as well as targeted information meetings; Community awareness materials, public media	Prior to commencement of civil works and throughout civil works	PCU Gender and Social Development Specialists LWU Coordinators Civil works contractor
Ensure a regular flow of project information and promote collaboration to complete project works.	Ministry of Public Works and Transport (MPWT) and Departments of Public Works & Transport/Heritage Departments	DPWTs are responsible for implementation of parts of subprojects related to roads, transport and related services.	Project design, key project benefits, implementation arrangements and schedule of civil works Main project impacts (positive and negative), Planned road safety and operation and maintenance measures.	National and Provincial Steering Committee Meetings. Regular coordination meeting for detail design, design of road safety measures implement project activities. Regular flow and sharing of documentation. Project web site.	From outset of project and throughout implementation .	PCU, PIUs and MPWT and DPWT
	Luangprabang World Heritage Department, Provincial Departments of Environment and Natural Resources	Responsible for conservation and promotion of world heritage sites, responsible for environmental safeguards	Project is working to conserve heritage value and ensure environmental safeguards.	Provincial Steering Committee Meetings. Sharing of subproject designs, and safeguard documents. Project web site.		PCUs, PIUs, M/DONRE, LP World Heritage Dept.
Ensure understanding of project impacts,	DICTs/PIUs and District OICTs	Responsible for overseeing project implementation in	Effective execution of their tasks, regular follow-up, and monitoring and	Dissemination of National Steering Committee decisions and strategic documents.	From outset of project and throughout	MICT/PCU

Objective	Stakeholder Group	Function/Interest in project	Messages	Means of Communication	Timeline	Responsibility
outcomes and outputs and importance of theme of inclusive growth.		their locality.	reporting progress and constraints is important for project success. Community collaboration and inclusive approach is essential to effective project delivery.	<p>Provincial Steering Committee meetings and dissemination of minutes / decisions.</p> <p>Trainings in project management and other institutional strengthening activities.</p> <p>Templates and simple chart (s) showing responsibilities for implementation, flow of funds, flow of activities, monitoring and follow-up.</p> <p>Project web-site.</p> <p>Regular email updates on project activities and relevant developments in GMS tourism.</p> <p>Sharing of information on project allocations; transparent process for selection for study tours, GMS regional visits and other benefits/institutional strengthening activities.</p> <p>Gender and IPP implementation training.</p>	implementation	

ADB = Asian Development Bank; CEI = community engagement initiative; CTG = community tourism group; DICT = Department of Information, Culture and Tourism; DONRE = Department of Natural Resources and the Environment; DPWT = Department of Public Works and Transport; EA = executing agency; EMP = environmental management plan; IEE = initial environmental examination; LNFC = Lao Front for National Construction; LWU = Lao Women's Union; MICT = Ministry of Information, Culture and Tourism; MONRE = Ministry of Natural Resources and the Environment; MPWT = Ministry of Public Works and Transport; NGO = nongovernment organization; O&M = operations and maintenance; OICT = Office of Information, Culture and Tourism; PCU = project coordination unit; PIU = project implementation unit; RP = resettlement plan; IPP = indigenous peoples plan; GAP = gender action plan; RRP = report and recommendation to the President to the Board; VDC = village development committee.

X. ANTICORRUPTION POLICY

132. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project.³⁶ 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.³⁷

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

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

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

136. A grievance redress mechanism has been proposed and will be established for the project. The PCU and each PIU will appoint a grievance officer that will be the focal point for all complaints about project performance. This mechanism is aligned with the mechanism outlined in the resettlement and environment planning documents. The PCU will keep a record of complaints and will report against any significant complaints in the quarterly project progress reports.

137. In addition to the above requirements, the Borrower shall set up a project website that shall disclose how the loan proceeds are being used and the contracts awarded, including: (i) the list of participating bidders; (ii) the name of the winning bidder; (iii) basic details on bidding procedures adopted; (iv) the amount of the contract awarded; (v) the list of goods and/or services purchased; (vi) the safeguard monitoring reports; and (vii) the grievance redress mechanism. The website shall be updated within two weeks after: (i) each award of contract; and (ii) each submission of the monitoring reports on resettlement. In addition, winning bids for each civil works contract will be posted on participating village notice boards.

³⁶ Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

³⁷ ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

XI. ACCOUNTABILITY MECHANISM

138. 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.³⁸

XII. RECORD OF PAM CHANGES

139. The PAM is a living document and is subject to change after ADB Board approval of the project. Hence, all revisions or updates during course of project implementation should be retained in this Section to provide a chronological history of changes to implemented arrangements recorded in the PAM.

140. The following are the revisions/updates made during the course of project implementation:

(i)

³⁸ For further information see: <http://www.adb.org/Accountability-Mechanism/default.asp>.

LINKED AND SUPPLEMENTARY DOCUMENTS

1. Loan Agreement
2. Sector Assessment (Summary): Greater Mekong Subregion Tourism
3. Project Administration Manual (current file)
4. Contribution to the ADB Results Framework
5. Development Coordination
6. Financial Analysis
7. Economic Analysis
8. Country Economic Indicators
9. Summary Poverty Reduction and Social Strategy
10. Gender Action Plan
11. Initial Environmental Examination for the Project
12. Initial Environmental Examination: Oudomxay Subprojects
13. Initial Environmental Examination: Luangprabang Subprojects
14. Initial Environmental Examination: Khammouane Subprojects
15. Resettlement Plan: Oudomxay
16. Resettlement Plan: Luangprabang
17. Resettlement Plan: Khammounae
18. Indigenous Peoples Plan
19. Risk Assessment and Risk Management Plan

Supplementary Documents

20. Lessons From Past GMS Tourism Projects
21. Tourism Demand Analysis
22. Consultation and Participation Plan
23. Institutional Analysis and Arrangements for O&M of Project Facilities
24. Climate Change Resilience Measures

PROCUREMENT PLAN

Basic Data

Project Name: Greater Mekong Subregion Tourism Infrastructure for Inclusive Growth Project	
Project Number: 46293-003	Approval Number: xxxxxx
Country: Lao PDR	Executing Agency: Ministry of Information, Culture and Tourism
Project Financing Amount: \$43.57 ADB Financing: \$40.00 million Non-ADB Financing: \$3.57	Implementing Agency: Ministry of Information, Culture and Tourism/Departments of Information, Culture and Tourism of Champassak, Khammouane, Luangprabang and Oudomxay Provinces
Date of First Procurement Plan: 28 June 2014	Date of this Procurement Plan: 28 June 2014

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

1. Procurement and Consulting Methods and Thresholds

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

Procurement of Goods and Works	
Method	Threshold
International Competitive Bidding (ICB) for Works	\$1,000,000 and above
International Competitive Bidding for Goods	\$500,000 and above
National Competitive Bidding (NCB) for Works	Beneath that stated for ICB, Works
National Competitive Bidding for Goods	Beneath that stated for ICB, Goods
Shopping for Works	Below \$100,000
Shopping for Goods	Below \$100,000

Consulting Services	
Method	Comments
Quality and Cost Based Selection (QCBS)	
Consultants' Qualifications Selection (CQS)	For auditing firm
Individual Consultant Selection (ICS)	

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

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

Package Number	General Description	Estimated Value	Procurement Method	Review (Prior / Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments
Works							
TIIG-LAO-W01	Access and Environmental Improvements at Xang Cave & That Sikhottabong	\$3,625,000	ICB	Prior	1S1E	Q2/2015	No prequalification; Large works bidding documents
TIIG-LAO-W02	Chom Ong Cave Access Improvements	\$13,800,000	ICB	Prior	1S1E	Q3/2015	No prequalification; Large works bidding documents

1S1E = single stage-one envelope; ICB = international competitive bidding; Q = quarter.

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

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

Package Number	General Description	Estimated Value	Recruitment Method	Review (Prior / Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
Firms							
TIIG-LAO-C01	Project Management and Civil Engineering Support	\$1,650,000	QCBS	Prior	Q2/2014	FTP	International and National 80:20 Quality-Cost Ratio
Individual Consultants							
Destination Management Capacity Building Support							
TIIG-LAO-C03	International Tourism Destination Management Specialist	\$515,000	ICS	Prior	Q2/2014	EOI+CV	International 35 p-m
TIIG-LAO-C08	National Tourism Destination Management and Training Specialist	\$146,000	ICS	Prior	Q2/2014	EOI+CV	National 40 p-m

CV = Curriculum Vitae; EOI = Expression of Interest; ICS = individual consultant selection; p-m = person-months; Q = quarter; QCBS = quality and cost-based selection

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

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

Goods and Works								
Package Number	General Description	Estimated Value	Number of Contracts	Procurement Method	Review (Prior / Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments
TIIG-LAO-G01	PCU & PIU vehicles	\$220,000	1	NCB	Prior	1S1E	Q2/2014	No prequalification
TIIG-LAO-G02	PCU office furniture and equipment	\$22,000	1	Shopping	Prior	Quotation	Q2/2014	No prequalification
TIIG-LAO-G03	PIU office furniture and equipment (4 PIUs)	\$88,000	4	Shopping	Post	Quotation	Q2/2014	No prequalification
TIIG-LAO-G04	Equipment for DMO partner organizations	\$42,900	8	Shopping	Post	Quotation	Q1/2015	No prequalification

1S1E = single stage-one envelope; DMO = destination management organization; NCB = national competitive bidding; PCU = project coordination unit; PIU = project implementation unit

Consulting Services								
Package Number	General Description	Estimated Value	Number of Contracts	Recruitment Method	Review (Prior / Post)	Advertisement Date (quarter/ year)	Type of Proposal	Comments
Firms								
TIIG-LAO-C02	External Auditor	\$52,000	1	CQS	Prior	Q1/2015	Combined technical-financial proposal	National
Individual Consultants								
Destination Management Capacity Building Support								
TIIG-LAO-C04	International PPP Specialist	\$28,000	1	ICS	Prior	Q2/2014	EOI+CV	International 2 p-m
TIIG-LAO-C05	International SME Development Specialist	\$41,000	1	ICS	Prior	Q2/2014	EOI+CV	International 3 p-m
TIIG-LAO-C06	International Heritage Specialist	\$41,000	1	ICS	Prior	Q2/2014	EOI+CV	International 3 p-m
TIIG-LAO-C07	International Gender & Social Development Specialist	\$41,000	1	ICS	Prior	Q2/2014	EOI+CV	International 3 p-m
TIIG-LAO-C09	National Tourism SME Value Chain Specialist	\$17,500	1	ICS	Prior	Q2/2014	EOI+CV	National 3 p-m
TIIG-LAO-C10	National Gender & Social Development Specialist	\$43,000	1	ICS	Prior	Q2/2014	EOI+CV	National 12 p-m
Financial Management & Procurement Support								
TIIG-LAO-C11	International Financial Management & Procurement Specialist	\$36,500	1	ICS	Prior	Q2/2014	EOI+CV	International 3 p-m
TIIG-LAO-C12	National Financial Management & Procurement Specialist	\$16,000	1	ICS	Prior	Q2/2014	EOI+CV	National 3 p-m

CV = Curriculum Vitae; CQS = consultants' qualifications selection; EOI = Expression of Interest; ICS = individual consultant selection; SME = small and medium-sized enterprise; p-m = person-months; PPP = public-private partnership; Q = quarter

B. Indicative List of Packages Required Under the Project

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

Goods and Works							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Review (Prior / Post)	Bidding Procedure	Comments
Works							
TIIG-LAO-W01	Access and Environmental Improvements at Xang Cave & That Sikhottabong	\$3,625,000	1	ICB	Prior	1S1E	No prequalification; Large works bidding documents
TIIG-LAO-W02	Chom Ong Cave Access Improvements	\$13,800,000	1	ICB	Prior	1S1E	No prequalification; Large works bidding documents
TIIG-LAO-W03	Chomphet and Ban Xang Hai-Tham Ting Cave Access Improvements	\$10,340,000	1	ICB	Prior	1S1E	No prequalification; Large works bidding documents
Goods							
TIIG-LAO-G01	PCU & PIU vehicles	\$220,000	1	NCB	Prior	1S1E	No prequalification
TIIG-LAO-G02	PCU office furniture and equipment	\$22,000	1	Shopping	Prior	Quotation	No prequalification
TIIG-LAO-G03	PIU office furniture and equipment (4 PIUs)	\$88,000	4	Shopping	Post	Quotation	No prequalification
TIIG-LAO-G04	Equipment for DMO partner organizations	\$42,900	8	Shopping	Post	Quotation	No prequalification
TIIG-LAO-G05	Equipment for heritage interpretation	\$220,000	7	Shopping	Post	Quotation	No prequalification
TIIG-LAO-G06	Equipment for SME development	\$148,500	8	Shopping	Post	Quotation	No prequalification
TIIG-LAO-G07	Equipment for solid waste and wastewater management	\$23,100	4	Shopping	Post	Quotation	No prequalification

1S1E = single stage-one envelope; ICB = international competitive bidding; DMO = destination management organization; SME = small and medium- sized enterprise; NCB = national competitive bidding; PCU = project coordination unit; PIU = project implementation unit

Consulting Services							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Review (Prior / Post)	Type of Proposal	Comments
Firms							
TIIG-LAO-C01	Project Management and Civil Engineering Support	\$1,650,000	1	QCBS	Prior	FTP	International and National 80:20 Quality-Cost Ratio
TIIG-LAO-C02	External Auditor	\$52,000	1	CQS	Prior	Combined technical-financial proposal	National
Individual Consultants							
Destination Management Capacity Building Support							
TIIG-LAO-C03	International Tourism Destination Management Specialist	\$515,000	1	ICS	Prior	EOI+CV	International 35 p-m
TIIG-LAO-C04	International PPP Specialist	\$28,000	1	ICS	Prior	EOI+CV	International 2 p-m
TIIG-LAO-C05	International SME Development Specialist	\$41,000	1	ICS	Prior	EOI+CV	International 3 p-m
TIIG-LAO-C06	International Heritage Specialist	\$41,000	1	ICS	Prior	EOI+CV	International 3 p-m
TIIG-LAO-C07	International Gender & Social Development Specialist	\$41,000	1	ICS	Prior	Q2/2014	EOI+CV
TIIG-LAO-C08	National Tourism Destination Management and Training Specialist	\$146,000	1	ICS	Prior	EOI+CV	National 40 p-m
TIIG-LAO-C09	National Tourism SME Value Chain Specialist	\$17,500	1	ICS	Prior	EOI+CV	National 3 p-m
TIIG-LAO-C10	National Gender & Social Development Specialist	\$43,000	1	ICS	Prior	Q2/2014	EOI+CV
Financial Management & Procurement Support							
TIIG-LAO-C11	International Financial Management & Procurement Specialist	\$36,500	1	ICS	Prior	EOI+CV	International 3 p-m
TIIG-LAO-C12	National Financial Management & Procurement Specialist	\$16,000	1	ICS	Prior	EOI+CV	National 3 p-m

CV = Curriculum Vitae; CQS = consultants' qualifications selection; EOI = Expression of Interest; ICS = individual consultant selection; SME = small and medium enterprise; p-m = person-months; PPP = public-private partnership; Q = quarter; QCBS = quality- and cost-based selection

C. National Competitive Bidding

1. General

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

2. Application

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

3. Eligibility

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

4. Advertising

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

5. Procurement Documents

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

6. Preferences

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

7. Rejection of all Bids and Rebidding

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

8. National Sanctions List

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

9. Corruption Policy

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

10. Disclosure of Decisions on Contract Awards

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

11. Member Country Restrictions

16. Bidders must be nationals of member countries of ADB, and offered goods, works and services must be produced in and supplied from member countries of ADB.

TERMS OF REFERENCE FOR CONSULTING SERVICES

Table 1: Summary of Consultant Inputs

Table 1: Summary of Consultant Inputs

Summary	Person-Months		
	International	National	Total
Project Management and Civil Engineering Support (Firm)	46	108	169
Destination Management Capacity Building Support (Individuals)	46	67	98
Financial Management & Procurement Support (Individuals)	3	3	6
External Auditor (Firm)	lump sum	-	-
Total	95	178	273

Package	Person-Months
Project Management and Civil Engineering Support (Firm)	
International	
1 International Civil Engineer/ Team Leader	30
2 International Environmental Specialist	6
3 International Social Safeguards Specialist (Resettlement & Indigenous Peoples)	3
4 International Monitoring and Evaluation Specialist	3
5 International Archaeologist	2
6 International Speleologist	2
Subtotal	46
National	
1 National Lead Civil Engineer	50
2 National Civil Engineer 1	12
3 National Civil Engineer 2	12
4 National Environmental Specialist	12
5 National Social Safeguards Specialist (Resettlement & Indigenous Peoples)	12
6 National Monitoring and Evaluation Specialist	10
Subtotal	108
Destination Management Capacity Building Support (Individuals)	
International	
1 International Tourism Specialist/Deputy Team Leader	35
2 International Public-Private Partnership Specialist	2
3 International Small and Medium Enterprise Development Specialist	3
4 International Heritage Specialist	3
5 International Gender and Social Development Specialist	3
Subtotal	46
National	
1 National Tourism Destination Management and Training Specialist	40
2 National Tourism Value Chain Specialist	3
3 National Tourism Small and Medium Enterprise Development Specialist	12
4 National Gender and Social Development Specialist	12
Subtotal	67
Financial Management & Procurement Support (Individuals)	
International	
1 International Financial Management and Procurement Specialist	3
National	
1 National Financial Management and Procurement Specialist	3
Subtotal	6
External Auditor (Firm)	
1 External Auditor	lump sum

A. INTRODUCTION

1. The objectives of the consulting services are to support the Ministry of Information, Culture and Tourism of Lao PDR implement the Tourism Infrastructure for Inclusive Growth Project (the project). The total consulting service requirements are an estimated 273 person-months (95 person-month international and 178 person-months national) and include (i) Project Management and Civil Engineering Support (PMCES); (ii) Destination Management Capacity Building Support (DMCBS) and (iii) Financial Management & Procurement Support (FMPS). The PMCES consulting package will be recruited through a firm using the quality- and cost-based selection (QCBS) method with standard quality-cost ratio of 80:20, the DMCBS and FMPS consultants will be recruited as individual consultants; and the External Auditor recruited using the Consultants' Qualifications Selection (CQS) method. All consultants will be recruited in accordance with ADB's *Guidelines on the Use of Consultants* (2013, as amended from time to time).

B. PACKAGE 1: PROJECT MANAGEMENT AND CIVIL ENGINEERING SUPPORT

2. The PMCES consulting package will include an estimated 154 person-months (46 person-month international and 108 person-months national) to: (i) assist the PCU and PIUs in detailed design, tendering and supervision of civil works; (ii) assist with social and environmental safeguards compliance; and (iii) provide project management and administrative support to PCU and PIUs. The PMCES consulting package will be recruited through a firm using the quality- and cost-based selection (QCBS) method with standard quality-cost ratio of 80:20. The contract for this package will include provisional sums for technical surveys needed for detailed design. Detailed Terms of References for the PCEMS consultants are as follows:

1. International Civil Engineer/Team Leader (30 person months)

1. The International Civil Engineer/Team Leader (ICE/TL) will (i) be responsible for the overall supervision of the international and national consultants and (ii) direct and supervise all aspects of the project's detailed design, documentation, contracting and supervision of all civil engineering works connected with the realization of the infrastructure subprojects under Outputs 1 and 2. In undertaking the assigned project management tasks, the ICE/TL will coordinate with appropriate PCU/PIU staff and work closely with and be supported by the Tourism Specialist/Deputy Team Leader. Specific tasks include:

Project management tasks

- (i) Supervise and coordinate the work of the international and national consultants, and ensure that the consultants' outputs are in accordance with agreed Terms of Reference and project requirements;
- (ii) Prepare and regularly review the consultants' personnel schedule to coordinate PCU, PIU and international and national consultants' inputs and respond to changing project circumstances if and when these occur;
- (iii) In coordination with the Deputy Team Leader, and in close consultation with the PCU and PIUs, lead the preparation of the five-year and annual project activity plans and budgets and monitor activity implementation;
- (iv) Supervise the design and operationalization of standard project management and administration systems, procedures and controls in compliance with ADB and Government guidelines and procedures;
- (v) Supervise the development and implementation of project financial monitoring and reporting activities;

- (vi) Supervise the design and implementation of appropriate training programs in the use of the project management and administration systems, procedures and controls;
- (vii) Supervise the finalization and implementation of a Project Performance Management System (PPMS), including project impact, outcome and output indicators, as defined in the DMF, as well as safeguards and gender and social development indicators;
- (viii) Support the PCU and PIUs with compliance with ADB Loan covenants, assurances and safeguard requirements, as well as with national and provincial policies and regulations;
- (ix) Coordinate the design, launch and maintenance of a project website to disseminate information about the project such as procurement and consultant recruitment notices, information on contract awards, work plans, progress reports, knowledge products, social and environmental safeguards documents and monitoring and grievance redress procedures;
- (x) Organize regular project management team meetings including the international and national consultants and PCU;
- (xi) Review project goods and services procurement proposals and ensure they are in accordance with the approved procurement plan;
- (xii) In coordination with the PCU Financial Controller recommend payments to contractors;
- (xiii) Supervise the administration of the provisional sums for technical surveys for detailed design;
- (xiv) In coordination with the Deputy Team Leader, advise the PCU on updating and enhancing the Tourism Development Department's web-based knowledge center;
- (xv) In cooperation with the Deputy Team Leader, take the lead in reviewing and consolidating all consultant's reporting submissions and consolidation into integrative high quality reports in accordance with agreed reporting schedules, including quarterly progress reports.
- (xvi) Undertake other specific technical management inputs where these may be required;

Infrastructure design and supervision tasks:

- (i) Supervise the team of national infrastructure design and supervision consultants;
- (ii) Initiate project detailed design and implementation activities by assisting the PCU in a comprehensive review of all project documentation including feasibility studies, preliminary designs, cost estimates, procurement plans, and safeguard requirements;
- (iii) Guide in identifying the scope of site surveys needed to prepare detailed designs;
- (iv) Identify detailed subproject engineering requirements;
- (v) Develop design standards and preliminary cost estimates;
- (vi) Assign responsibilities to the national civil engineering consultants and PIU infrastructure teams regarding the preparation of detailed engineering documentation, specification and bills of quantities;
- (vii) Lead the preparation of contract packages for tendering in accordance with ADB and Government procurement guidelines and define requirements for a conforming tender with criteria for evaluation of bids based on price and performance;
- (viii) Coordinate with PCU and PIUs to ensure that all necessary approvals from provincial and local authorities have been obtained;
- (xvii) Prepare bid evaluation reports against established criteria and recommend the award of contracts;

- (ix) Establish construction quality, environmental and audit procedures and verify contractors meet all financial and insurance obligations as required by the bid document;
- (x) Guide the national engineering consultants to carry out routine compliance supervision during construction and submit regular progress reports to both government and ADB.
- (xi) Ensure construction procedures are followed, regular site meetings are programmed and review test results and quality audits;
- (xii) Monitor and recommend payment certification based on progress and compliance with the bidding documents.
- (xiii) Evaluate and make recommendations to the PCU with respect to any variations submitted by the contractor;
- (xiv) With the PIUs, responsible agencies and the International Tourism Specialist/Deputy Team Leader plan for and develop systems and procedures for sustainable operation and maintenance (O&M) of project supported infrastructure;
- (xv) Supervise and contribute to the design of training programs for sustainable operations and maintenance of facilities constructed by the project, including O&M through public-private partnerships;
- (xvi) Lead discussions on Output 1&2 civil engineering and O&M related matters during regular project management team meetings with the international and national consultants and PCU/PIUs;
- (xvii) Advise on the hand over arrangements of the project supported infrastructure to the agencies who will be responsible for O&M;
- (xviii) Undertake other specific technical civil engineering inputs where these may be required.

2. Preferred Qualifications and Experience: An advanced degree in civil engineering or related engineering discipline relevant to the project and 12-years of experience leading similar multisector projects, a high percentage of which within GMS countries. Experience in Lao PDR and with ADB project implementation will be advantages.

2. International Environmental Specialist (6 person-months)

3. The International Environmental Specialist (IES), with assistance from the National Environmental Specialist (NES), will be responsible for updating the projects Initial Environmental Examination (IEE) and provincial Environmental Management Plans (EMPs) at detailed design stage, and assisting the PIUs with overall environmental management of the implementation of the subprojects. Specific tasks include:

- (i) Update IEE and provincial EMPs to ensure that they address the detailed designs and engineering of subprojects - updates to EMPs include mitigation and monitoring plans, budget, and capacity development needs of executing agency, PCU and PIUs (DICT and DPWT);
- (ii) In collaboration with the NES provide initial training to MICT and DICT and DPWT on the purpose, content, and roles and responsibilities for implementation of updated EMPs;
- (iii) Ensure that all relevant safeguards of the EMPs are adequately addressed in the bidding documents (instruction to bidders), and in the evaluation criteria for awarding contracts;
- (iv) Coordinate and work with the PIUs to ensure that contractors finalize their respective site-specific Contractor's Environmental Management Plans (CEMPs) based on the updated EMPs and the actual site conditions;
- (v) Oversee the implementation of all safeguards of the three EMPs relating to construction phase activities including handling of construction spoil and waste,

- water and air quality protection, public nuisance impacts (noise, dust, traffic, blocked access, workers, and camps), and public safety;
- (vi) Coordinate with the Department of Heritage in Luangprabang to ensure the World Heritage Site's Management Plan and UNESCO development guidelines are followed in Chomphet;
- (vii) Coordinate with the three provincial Departments of Natural Resources & Environment (DONRE) on all relevant environmental regulatory compliance issues (e.g. noise and dust from construction sites, sanitation in workers campsite etc);
- (viii) Prepare TOR(s) for the survey, detection, and removal of unexploded ordnance (UXO) at all civil works sites, and ensure that PCU and/or PIUs consult UXO Lao and/or the National Regulatory Authority for UXO/Mine Action to assist with TOR finalization, approval and implementation;
- (ix) Clarify road surface and walking space requirements for elephants at Ban Pak Ou and Ban Xang Hai in Luangprabang with relevant, reputable elephant conservation organizations;
- (x) With the PIU Infrastructure Teams, prepare ToRs for the follow-up interviews and consultations with the same affected stakeholders and local residents contacted during project preparation on issues and concerns arising during project construction - of particular concern is upgrades to access roads;
- (xi) Prepare TOR(s) for required water and air quality sampling, and laboratory analyses for the monitoring plans for the provincial EMPs;
- (xii) Coordinate with DPWTs to address vehicle traffic issues, respectively during road upgrades;
- (xiii) Work with the International Speleologist consultant as needed to identify least impact walkways and lighting inside Xang Cave in Khammouane and Chom Ong Cave in Oudomxay;
- (xiv) Advise PIU Infrastructure Teams on environment-related concerns arising during subproject construction, and recommend corrective measures;
- (xv) With PIU Infrastructure Teams, ensure dissemination to stakeholders the results of environment quality monitoring and implementation of safeguards, especially among households or small businesses near the civil construction works areas;
- (xvi) Assist PCU and PIU Infrastructure Teams prepare a table of contents for regular reports PIUs must submit to the CU on implementation of EMPs, environmental, issues, and corrective actions;
- (xvii) Assist PIU Infrastructure Teams prepare a simple report template for construction contractors to report monthly on mitigation activities, and environmental issues that occur during the construction phase;
- (xviii) Prepare quarterly status reports and period spot checks on the implementation of EMPs, environmental issues, and public safety protection to be submitted through the PIU and PCU to the provincial DONREs and ADB.

4. Preferred Qualifications and Experience: A bachelors degree in natural resource/science/environmental management, 7 years of experience implementing and managing environmental assessment of infrastructure projects in the GMS, a good understanding of ADB and national environmental safeguard requirements, experience working with and supervising the activities of provincial and national environmental management agencies with environmental safeguards and designing and delivering training and capacity development programs to provincial project implementing units. Experience in Lao PDR and past involvement in ADB project implementation will be advantages.

3. International Social Safeguards Specialist - Resettlement and Indigenous Peoples (3 person-months)

5. The International Social Safeguards Specialist (ISSS) will support the PCU in

updating the Resettlement Plans (RP) and Indigenous Peoples Plan (IPP), developing capacity of national, provincial and local officials responsible for their implementation and putting in place mechanisms for internal monitoring during implementation. Specific tasks include:

- (i) Ensuring that due diligence in implementing the RPs and the IPP is carried out for all subprojects;
- (ii) According to the provisions in the social safeguard plans, assist in preparing the materials and strategy for the information campaigns, public consultation and community participation;
- (iii) Prepare the survey materials and method to complete the detailed measurement survey with information from the infrastructure detailed design and update the census of affected persons;
- (iv) Update the RPs, and follow-up to ensure their approval within MICT;
- (v) Update and operationalize the IPP;
- (vi) In coordination with the PCU/PIU Social Safeguards Coordinators, prepare training modules on inclusion of ethnic groups in tourism activities as part of the training and capacity development programs under institutional strengthening activities (Output 3 & 4);
- (vii) Brief officials at all levels on the content and procedures for implementing the social safeguard plans and improve, if necessary, procedures for the coordination of resettlement, compensation and implementation of IPP activities;
- (viii) Ensure that mechanisms to address grievances promptly and properly are in place and functioning well;
- (ix) Establish and implement procedures for ongoing internal monitoring, including inclusion of relevant indicators in the project performance management system and project baseline report;
- (x) Design and deliver capacity development activities for all relevant agencies, as needed, in the areas of ADB resettlement and indigenous peoples policies, participation and communication and grievance procedures;
- (xi) Train PCU and PIU assigned social safeguard focal persons to carry out internal monitoring and reporting of social safeguards plans.
- (xii) Prepare quarterly status reports and period spot checks on the implementation of RPs and IPPs, to be submitted through the PIU and PCU to ADB.

6. Preferred Qualifications and Experience: An advanced degree in the social sciences, familiarity with ADB's *Safeguard Policy Statement 2009* (SPS 2009) and 3-years of experience implementing RPs and IPPs in similar ADB projects. Experience in Lao PDR and familiarity with related laws and policies of Lao PDR will be advantages.

4. International Monitoring and Evaluation Specialist (3 person-months).

7. The International Monitoring and Evaluation Specialist (IMES) will be responsible for working closely with the PCU-based National Project Manager, Team Leader, Deputy Team Leader and safeguards consultants on establishing and building the capacity among relevant PCU, PIU staff to implement a Project Performance Management System (PPMS) to monitor and evaluate the project during implementation. Specific tasks include:

- (i) Review all relevant project documents, especially the Design and Monitoring Framework (DMF) and safeguards plans;
- (ii) Verify and confirm baseline data and targets for project DMF outcomes and outputs, and specific safeguards indicators as stated in the relevant safeguards plans and confirm data sources

- (iii) Lead the preparation of the PPMS, including monitoring and evaluation procedures, tools and implementation arrangements and schedules and reporting protocols;
- (iv) Lead the preparation of a project baseline report for indicators identified in the PPMS and safeguards and gender and social development documents;
- (v) Contribute to the project's mid-term review and preparation of the EA's project completion report;
- (vi) Provide training for concerned PCU and PIU staff in data collection, analysis and reporting under the PPMS.

8. Preferred Qualifications and Experience: Relevant technical experience and background to advise and assist the PCU plan and implement project monitoring and evaluation and 8 years professional experience in developing and implementing project monitoring and evaluation systems. Experience with M&E of tourism-related projects, working in Lao PDR and ADB PPMS development and implementation will be advantages.

5. International Archaeologist (2 person-months)

9. The International Archaeologist (IA) will assist in the design and implementation of an archaeological impact assessment (AIA) and will ensure the AIA is conducted according to international best practices, and ADB and Government guidelines. Specific tasks include:

- (i) Oversee the desk-based review, which will include but not be limited to existing relevant published and unpublished books, reports and documents, maps and drawings, lithographs and photographs;
- (ii) Design the field survey in collaboration with the MICT based on the archaeological results of the desk research and field visits;
- (iii) Undertake the field survey to identify the significance and extent of the archaeological deposit and features within and in close proximity to the ancient city adjacent to the Sikhottabong Stupa;
- (iv) Review and edit the archaeological survey report;
- (v) Assess the potential impacts arising from road construction and other infrastructure development on archaeology based on the results of the field survey;
- (vi) Propose reasonable and practical mitigation, if appropriate;
- (vii) Assist in drafting and finalizing the AIA report.

10. Preferred Qualifications and Experience: A university degree in archaeology and 10-years of experience conducting archaeological impact assessments, preferably in Southeast Asia. Experience working in Lao PDR will be an advantage.

6. International Speleologist (2 person-months)

11. The International Speleologist (IS) will be responsible for providing guidance to the detailed design and supervision consultants to ensure that the operational designs, and construction of the planned walkways and lighting inside caves do not negatively affect the rock formations, streams if present, and wildlife that inhabit the caves. Specific tasks include:

- (i) Review the published reports on the geology and wildlife of the caves of Lao PDR with specific reference to Xang Cave in Khammouane, Tham Ting Caves in Luangprabang and Chom Ong Cave in Oudomxay;
- (ii) Contribute to the designs for the cave walkways and lighting with the detailed design consultants;
- (iii) Visit the caves to understand the affected cave environments, and how the planned walkways and lighting system will be installed into the caves;

- (iv) Consult with detailed design consultants and indicate; a) changes to the designs of walkways and lighting systems to prevent negative impacts, and b) how to construct the walkways and lighting systems to prevent or minimize negative impacts to the cave environments;
 - (v) Document special features of the caves and prepare a short interpretation plan for each site;
 - (vi) Prepare a report on the results of the assignment.
12. Preferred Qualifications and Experience: A documented knowledge and experience with cave ecology and geology in Southeast Asia and experience with advising on the installation of small scale infrastructures in caves such as the planned interventions. Experience working in Lao PDR will be an advantage.

7. National Lead Civil Engineer (50 person-months).

13. The National Lead Civil Engineer (NLCE) will assist the International Civil Engineer/Team Leader (ICE/TL) by supervising and coordinating the inputs of the National Civil Engineers and direct support to the PIU Infrastructure Teams in the preparation of Output 1 and 2 detailed engineering and architectural designs and bidding documents. Specific tasks include:

- (i) Supervise the team of national Infrastructure Design and Supervision Consultants;
- (ii) Initiate project detailed design and implementation activities by assisting the International Civil Engineer/Team Leader (ICE/TL) and the PCU in a comprehensive review of all project documentation including feasibility studies, preliminary designs, cost estimates, procurement plans, and safeguard requirements.
- (iii) Prepare detailed designs for all infrastructure;
- (iv) Direct field operations in identifying the scope and assist procurement of technical surveys needed to prepare detailed designs;
- (v) Administer the provisional sums for technical surveys for detailed design;
- (vi) Identify detailed subproject engineering requirements;
- (vii) Supervise and conduct design standards and preliminary cost estimates;
- (viii) Assist the ICE/TL to assign responsibilities to the National Civil Engineer (NCE) consultants and PIU infrastructure teams regarding the preparation of detailed engineering documentation, specification and bills of quantities;
- (ix) Assist the ICE/TL the preparation of contract packages for tendering in accordance with ADB and Government procurement guidelines and define requirements for a conforming tender with criteria for evaluation of bids based on price and performance;
- (x) Coordinate with the PCU and PIUs to ensure that all necessary approvals from provincial and local authorities have been obtained;
- (xi) Assist the ICE/TL to prepare bid evaluation reports against established criteria and recommend the award of contracts;
- (xii) In collaboration with the ICE/TL establish construction quality, environmental and audit procedures and verify contractors meet all financial and insurance obligations as required by the bid document;
- (xiii) On a day to day basis guide the national engineering consultants to carry out routine compliance supervision during construction and submit regular progress reports to both government and ADB.
- (xiv) Ensure construction procedures are followed; regular site meetings are programmed and review test results and quality audits;
- (xv) Assist the ICE/TL to monitor and recommend payment certification based on progress and compliance with the bidding documents.

- (xvi) Assist the ICE/TL to evaluate and make recommendations to the PCU with respect to any variations submitted by the contractor;
- (xvii) Assist the ICE/TL with the design of training programs for sustainable operations and maintenance of facilities constructed by the project;
- (xviii) Assist the PIUs and responsible agencies plan for the sustainable operation and maintenance (O&M) of project supported infrastructure;
- (xix) As directed by the ICE/TL, undertake other specific technical civil engineering inputs where these may be required.

14. Preferred Qualifications and Experience: A bachelor's degree in civil engineering or related engineering discipline relevant to the project and 5-years of experience in similar multisector infrastructure projects in Lao PDR. Past involvement in ADB project implementation will be an advantage.

8. National Civil Engineer (2 positions, 12 person-months each).

15. The National Civil Engineer (NCE) will assist the International Civil Engineer/Team Leader (ICE/TL), under the direct supervision of the National Lead Civil Engineer (NLCE), to support the PIU Infrastructure Teams in the preparation of Output 1 and 2 detailed engineering and architectural designs and bid documents. Specific tasks include:

- (i) Assist in identifying the scope of site surveys needed to prepare detailed designs;
- (ii) Assist with identifying detailed subproject engineering requirements;
- (iii) Assist with conducting design standards and preparing preliminary cost estimates;
- (iv) Under direction of the NLCE, support the PIU infrastructure teams regarding the preparation of detailed engineering documentation, specification and bills of quantities;
- (v) Prepare detailed infrastructure designs;
- (vi) Assist with the preparation of contract packages for tendering in accordance with ADB and Government procurement guidelines and define requirements for a conforming tender with criteria for evaluation of bids based on price and performance;
- (vii) Carry out routine compliance supervision during construction and contribute to regular progress reports to both government and ADB.
- (viii) Verify that construction procedures are followed; attend regular site meetings and assist with reviewing test results and quality audits;
- (ix) Assist with monitoring progress and compliance with the bidding documents.
- (x) As directed by the NLCE undertake other specific technical civil engineering inputs where these may be required.

16. Preferred Qualifications and Experience: A bachelor's degree in civil engineering or related engineering discipline relevant to the project and 5-years of experience in similar design and implementation projects in Lao PDR. Past involvement in ADB project implementation will be an advantage.

9. National Environmental Specialist (12 person-months)

17. The National Environmental Specialist will provide assistance to the International Environmental Specialist (IES) including acquisition of new information to update the provincial EMPs at detailed design, and work with the PIU with overall environmental management of the implementation of the subprojects. Specific tasks include:

- (i) Assist with updating environmental management plans (EMP) for subprojects in Oudomxay, Luangprabang, & Khammouane to ensure that EMPs address the detailed designs and engineering of subprojects;

- (ii) Deliver initial training to Ministry and provincial Departments of Information, Culture and Tourism (DICTs) and Departments of Public Works and Transport (DPWTs) on the purpose, content, and roles and responsibilities for implementation of updated EMPs;
- (iii) Ensure relevant safeguards of the EMPs are addressed in the bidding documents in accurate local language and in evaluation criteria for awarding contracts;
- (iv) Assist PIUs to ensure that contractors prepare their respective site-specific plans based on the updated EMPs and the actual site conditions;
- (v) Assist the IES oversee the implementation of all safeguards of the three EMPs relating to construction phase activities including handling of construction spoil and waste, water and air quality protection, public nuisance impacts (noise, dust, traffic, blocked access, workers, and camps), and public safety;
- (vi) Assist coordination with the three provincial Departments of Natural Resources & Environment (DONRE) on all relevant environmental regulatory compliance issues (e.g. noise and dust from construction sites, sanitation in workers campsite etc.);
- (vii) With PIU Infrastructure Teams, prepare TORs for the follow-up interviews and consultations with the same affected stakeholder and local residents contacted during the PPTA on issues and concerns arising during project construction -of particular concern is upgrades to access roads;
- (viii) Assist DPWTs to address vehicle traffic issues, respectively during road upgrades;
- (ix) With IES advise the PIU Infrastructure Teams on environment-related concerns arising during subproject construction, and recommend corrective measures;
- (x) With PIU Infrastructure Teams, ensure dissemination to stakeholders the results of environment quality monitoring and implementation of safeguards, especially among households or small businesses near the civil construction works areas;
- (xi) Assist with all reporting for the EMP.

18. Preferred Qualifications and Experience: A bachelors degree in natural resource/science/environmental management, 5-years of experience with environmental assessment of infrastructure projects including understanding of ADB and national environmental safeguard requirements; and experience working with international consultants and delivering training and capacity development programs to provincial project implementing units. Past involvement in ADB project implementation will be an advantage.

10. National Social Safeguards Specialist-Resettlement and Indigenous Peoples (12 person-months)

19. The National Social Safeguards Specialist (NSSS) will assist the International Social Safeguards Specialist (ISSS) in updating the Resettlement Plans (RPs) and Indigenous Peoples Plan (IPP), including coordinating the Detailed Measurement Survey, and support the PCU in all aspects of implementing the updated social safeguards plans. Specific tasks include:

- (i) Support the PCU and provincial PIUs in implementing the RPs and IPP for all subprojects;
- (ii) Assist in the conduct of the information campaigns, public consultation and community participation on social safeguards;
- (iii) Coordinate the detailed measurement survey with information from the infrastructure detailed design and update the list of affected persons;
- (iv) Assist the ISSS to update the RPs and IPP;
- (v) Advise PCU and ISSS on how to improve procedures for the coordination of resettlement, compensation and implementation of actions in the IPP;

- (vi) Verify the calculations of compensation made by the Provincial and District Resettlement Committee in relation to the provisions of the RP entitlement matrix, and advise the PCU and PIUs on any required measures to take to ensure compensation levels are made according to the RP provisions;
- (vii) Monitor compensation payment and advise the PCU and PIUs of an actions to take to ensure compensation is paid in full and in a timely manner;
- (viii) Ensure that grievances are addressed promptly and properly and that the grievance redress mechanism is functioning well;
- (ix) Provide periodic training on grievance redress if needed;
- (x) Establish and implement liaison mechanisms to ensure proper technical and logistical support to PIUs, local administrative authorities, resettlement committees and concerned government departments;
- (xi) Establish and implement procedures for internal monitoring and inclusion of relevant indicators in the project performance management system and project baseline report;
- (xii) Design and deliver capacity development activities on ADB social safeguard policies for all relevant agencies, as needed, including requirements for participation, communication and gender mainstreaming;
- (xiii) Train PIU and PCU assigned social safeguards focal persons to carry out internal monitoring and reporting of RPs and IPPs;
- (xiv) Monitor grievance process from all the affected households.

20. Preferred Qualifications and Experience: An advanced degree in the social sciences, familiarity with ADB's *Safeguard Policy Statement 2009* (SPS 2009) and related national laws and policies and 3-years of experience implementing RP and IPP in similar ADB projects.

11. National Monitoring and Evaluation Specialist (10 person-months).

21. The National Monitoring and Evaluation Specialist (NMES) will support the International Monitoring and Evaluation Specialist (IMES) with establishing and building the capacity among relevant PCU, PIU staff to implement a Project Performance Management System (PPMS) to monitor and evaluate the project during implementation. Specific tasks include:

- (i) Review all relevant project documents, especially the Design and Monitoring Framework (DMF) and safeguards plans;
- (ii) Assist with verifying baseline data for project DMF outcomes and outputs, and specific safeguards indicators as stated in the relevant safeguards plans and confirm data sources;
- (iii) Assist in the preparation of the PPMS, especially by coordinating with the National Project Manager on confirming proposed monitoring and evaluation procedures, tools and implementation arrangements and schedules and reporting protocols;
- (iv) Assist with the preparation of a project baseline report with indicators identified in the PPMS and safeguards and gender and social development documents, with emphasis on compilation and presentation of the baseline data;
- (v) Contribute to the project's mid-term review and preparation of the EA's project completion report by working closely with the National Project Manager, PCU Office Manager and PIUs to on data collection, analysis, and report preparation;
- (vi) Assist the IMES with the preparation and conduct of training for concerned PCU and PIU staff in data collection, analysis and reporting under the PPMS.

22. Preferred Qualifications and Experience: Relevant technical experience and background to advise and assist the PCU plan and implement project monitoring and

evaluation and 5-years professional experience in developing and implementing project monitoring and evaluation systems. Experience with M&E of tourism-related projects and ADB PPMS development and implementation will be advantages.

23. The Consultant will produce the following reports in the English language: (i) an inception report within 1 month of mobilization; (ii) brief monthly progress reports to the PCU summarizing progress achieved, difficulties encountered, and issues to be resolved for all components; (iii) quarterly progress reports to the PCU for consolidation and transmission to ADB, within two weeks of the end of each quarter; (iv) midterm cumulative report on project activities in preparation for the project's Midterm Review; (v) a final report on completion of consultant inputs to be submitted to the PCU for consolidation and transmission to the PIUs and ADB within one month of completion of consultant inputs. The Consultant will also assist the PCU prepare the Government's project completion report within three months of physical completion of the project.

C. INDIVIDUAL CONSULTANTS: DESTINATION MANAGEMENT CAPACITY BUILDING SUPPORT

24. The DMCBS consulting services will consist of an estimated 113 person-months (46 person-month international and 67 person-months national) to assist the PCU and PIUs with the implementation of institutional capacity building activities related to destination development and management included in Output 3 and the subregional activities included in Output 4. The DMCBS consultants will be recruited as individual consultants, on the basis of their qualifications for the assignment. Detailed Terms of References for the DMCBS consultants are as follows:

1. International Tourism Specialist/Deputy Team Leader (35 person-months).

25. The International Tourism Specialist/Deputy Team Leader (ITS/DTL) will (i) assist the International Civil Engineer/Team Leader (ICE/TL) in the overall supervision of the international and national consultants and (ii) direct and supervise all aspects of the project's destination management capacity building support (Output 3). In undertaking the assigned tasks, the ITS/DTL will coordinate with appropriate PCU/PIU staff. Specific tasks include:

Project management tasks

- (i) Act in the role of Team Leader in the absence of the ICE/TL;
- (ii) Assist the ICE/TL prepare and regularly review the consultants' personnel schedule to coordinate PCU, PIU and international and national consultants' inputs and respond to changing project circumstances if and when these occur;
- (iii) Coordinate with the ICE/TL to assist the PCU prepare five-year and annual project activity plans and budgets and monitor activity implementation;
- (iv) Contribute to the design and operationalization of standard project management and administration systems, procedures and controls in compliance with ADB and Government guidelines and procedures;
- (v) Contribute to the preparation of a Project Performance Monitoring System (PPMS) and project baseline report; assist to confirm baseline data and targets;
- (vi) Lead discussions on output 3 related matters during regular project management team meetings with the international and national consultants and PCU;
- (vii) Cooperate with the ICE/TL to review and consolidate all consultants' reports into high quality reports in accordance with agreed reporting schedules, including quarterly progress reports.
- (viii) With the ICE/TL and the financial management and procurement specialists, plan for and develop systems and procedures for sustainable operation and maintenance (O&M) of project-supported tourism facilities;

- (ix) Undertake other specific technical management inputs where these may be required.

Destination management capacity building tasks

- (i) Supervise the team of international and national Destination Management Capacity Building Support consultants;
- (ii) Initiate the destination management capacity building activities by assisting the PCU and the consultants undertake a comprehensive review of all project documentation including detailed activity descriptions and budget allocations, and safeguard requirements as they pertain to destination management capacity building;
- (iii) Assign coordination responsibilities for output 3 activity clusters to international and national consultants, and agree on work plans that include timelines and milestones for each consultant;
- (iv) Ensure good coordination between PCU staff, PIU Tourism Teams, and the international and national consultants on all aspects of the destination management capacity building project component;
- (v) With the PIU Tourism Teams, coordinate the establishment of destination planning and management frameworks for destination planning;
- (vi) With the PIU Tourism Teams, develop specific capacity strengthening activities at destination level that will ensure the effective implementation of destination management plans (DMPs);
- (vii) Support the PIU Tourism Teams prepare DMPs in close consultation with local stakeholders at project supported destinations;
- (viii) Coordinate with the Public Private Partnership Specialist on the design and implementation of PPPs for the operation of public tourist facilities and services and/or formation of marketing and promotion associations in project-supported tourism destinations;
- (ix) Coordinate the heritage protection, management and interpretation program with the Environmental Specialists, Social Safeguards Specialists, International Archaeologist, International Speleologist, International Heritage Specialist and the PIU Tourism Teams;
- (x) Coordinate with the Small Enterprise Development consultants to ensure that the planning and implementation of SME development activities are closely integrated with the overall destination development planning and management activities;
- (xi) Direct the marketing and promotion activities and ensure consistency between national marketing and product development efforts and regional initiatives to promote multicountry tours;
- (xii) Closely support the National Tourism Destination Management and Training Specialist in planning and implementation of activities included in the (i) Public Health and Safety Promotion Program, (iii) Tourism Awareness Program, and (iii) the Program to Combat Child Exploitation and Human Trafficking.
- (xviii) Coordinate with the Team Leader on advising the PCU on updating and enhancing the Tourism Development Department's web-based knowledge center and oversee the uploading of all training materials and marketing and promotional materials produced by the project are systematically uploaded;
- (xiii) Seek to arrange cooperative partnerships with development partners, NGOs, local communities and the private sector in the implementation of destination management capacity building activities;
- (xiv) Participate in national and subregional fora to report results, share project implementation experiences and compare lessons learnt regarding the destination management component of the project;

- (xv) Support the PCU to collaborate with NTOs in Cambodia and Viet Nam, as well as other GMS countries, to harmonize collection, analysis and reporting of GMS tourism statistics, build capacity among relevant NTO staff on the implementation of the uniform reporting formats and to collaborate with the Mekong Tourism Coordination Office on establishing mechanisms for consolidation and publication of GMS tourism statistics;
- (xvi) In collaboration with the National Tourism Destination Management and Training Specialist, support the PCU to collaborate with NTOs in Cambodia and Viet Nam, as well as other GMS countries, and the Mekong Tourism Coordination Office to implement the project's GMS Marketing and Promotion Program;
- (xvii) In collaboration with the National Tourism Destination Management and Training Specialist, support the PCU to implement the ASEAN Tourism Standards through development of national certification processes, preparation of training manuals and implementation of training and certification in key tourist destinations.
- (xviii) Undertake other specific tourism development and management technical inputs where these may be required.

26. Required Qualifications and Experience: A tourism specialist with an advanced university degree and 10-years of experience on similar multisector projects, a high percentage of which in GMS countries. Experience in Lao PDR and with ADB project implementation will be advantages.

2. International Public-Private Partnership Specialist (2 person-months)

27. The International Public-Private Partnership Specialist (IPPPS) will advise on public-private partnership (PPP) arrangements for PPP opportunities identified during the project preparation phase. Specific tasks include:

- (i) Review all relevant project documentation, especially the preliminary PPP opportunities;
- (ii) Validate the assumptions used in the feasibility study for the project and revise if necessary;
- (iii) Prepare comprehensive financial projections that will provide clear indication of the potential for undertaking potential PPPs;
- (iv) Provide detailed advice to the government on the next steps taking into account international best practice on PPP preferably with similar facilities;
- (v) Review all institutional and regulatory issues relating to PPP transactions;
- (vi) In close coordination with the International Civil Engineer/Team Leader and the respective PIUs, determine the PPP modality best suited for at least 3 identified PPP opportunities;
- (vii) Collaborate with PIUs and the International Tourism Specialist/Deputy Team Leader on the establishment of destination marketing and promotion teams in selected Destination Management Organizations and where applicable support PPPs for marketing and promotion activities in Destination Management Plans developed by the project;
- (viii) Provide advisory services to assist the government in the preparation of request for proposals, bid evaluation systems and criteria, design of a suitable bid process that will ensure comparable bids and a draft PPP agreement in compliance with government regulations;
- (ix) Advise the PCU/PIUs during negotiations with potential private partners.

28. Required Qualifications and Experience: A post-graduate university degree in public administration, economics, finance, or other relevant field with 10-years work experience including in-country experience in government related infrastructure projects, substantial involvement in the successful award of at least two PPP projects and knowledge of taxation

laws, incentives, financial accounting systems, and domestic insurance/guarantee markets. Experience in Lao PDR and with ADB project implementation will be advantages.

3. International Small and Medium Enterprise Development Specialist (3 person-months)

29. The International Small and Medium Enterprise Development Specialist (ISMEDS) will, supported by the national SME development specialists, be responsible for planning tourism-related small and medium sized enterprise development interventions in the project supported destinations. Specific tasks include:

- (i) Carry out a detailed study and analysis of tourism value and supply-chains in the destinations selected for SME development support;
- (ii) Based on the analysis, and in close coordination with the PIU Tourism Teams and the social development and safeguards specialists, select specific tourism-related SMEs with the greatest potential to benefit from project support;
- (iii) Design customized training programs for each selected SME that may include any or all of the SME development support services available through the project, including: (i) business planning; (ii) facilitating access to microfinance; (iii) training in business management and marketing; (iv) service/production group formation/strengthening; (v) training of trainers and cascade training in hospitality services; (vi) support for product diversification, quality enhancement, and efficient production techniques; (vii) provision of equipment to improve village-based hospitality services; and (viii) marketing, promotion, and business networking;
- (iv) Provide training and capacity building support to the national SME development consultants and PIU Tourism Teams to carry out implementation of the training programs.

30. Required Qualifications and Experience: Relevant technical experience and background to advise and assist the PIUs plan and carry forth SME development initiatives under the project, 10-years professional experience, of which 5 years on supply and value chain development and/or small business development in the tourism sector in the GMS region. Experience in Lao PDR and with ADB project implementation will be advantages.

4. International Heritage Specialist (3 person-months)

31. The Heritage Specialist (IHS) will be responsible for preparing and building the capacity within PCU and PIUs to implement comprehensive heritage interpretation programs at selected cultural and national heritage sites included in the project supported destinations. Specific tasks include:

- (i) Review project documents, and conduct site visits and consult and coordinate with PIUs to confirm culture and heritage sites to be included in the heritage protection, management and interpretation activities and develop approaches for each site;
- (ii) Support the PIU Tourism Teams and DMOs with the preparation of culture, nature and historic heritage protection measures such as zoning and associated regulations and comprehensive heritage management plans for selected sites;
- (iii) Design and support the PIU and DMOs with implementation of heritage awareness campaigns for selected project sites and areas;
- (iv) Coordinate with the PIU and DMOs, and where appropriate with UNESCO, on the design and conduct of site specific heritage guide training programs;
- (v) Coordinate the collection and compilation of stories, images and objects related to the sites to be interpreted;

- (vi) Work with the PIU Tourism Teams and DMOs on the preparation of comprehensive site interpretation plans for the selected heritage sites that will guide the production of interpretation materials and related training and capacity building activities, and will be incorporated into heritage site management plans to be prepared by the project – such plans may include plans for the development of heritage trails, interpretive signage, leaflets, guidebooks and heritage maps, specific heritage guide training materials and activities, heritage educational materials for schools etc.
- (vii) Provide training and capacity building support to PIU Tourism Teams and other DMO members as appropriate on the implementation of heritage interpretation plans.

32. Required Qualifications and Experience: A relevant university degree and background to advise and assist the heritage management and interpretation planning and capacity building support, 5-years professional working on cultural and/or natural heritage management and/or interpretation projects, preferably in GMS countries. Experience with heritage management and interpretation activities in Lao PDR and an understanding of the Lao language will be advantages.

12. International Gender and Social Development Specialist (3 person-months)

33. The International Gender and Social Development Specialist will review and operationalize the Gender Action Plan (GAP), the Consultation and Participation Plan, and the Stakeholder Communication Strategy and support the PCU and provincial PIUs to develop the skills and mechanisms to carry these out. Specific tasks include:

- (i) Review and operationalize the GAP including gender in resettlement plans;
- (ii) Prepare training modules in gender to support various training and capacity development programs under institutional strengthening activities (Output 3 & 4), including capacity building training on resettlement activities for the Resettlement Committees (RCs), Women's Union, Youth Union;
- (iii) Review and provide inputs in the detailed design to ensure that design elements maximize benefits and minimize negative impacts to women;
- (iv) In coordination with the Social Safeguards Specialists prepare training modules on inclusion of women from ethnic groups in tourism activities as part of the training and capacity development programs under institutional strengthening activities (Output 3 & 4);
- (v) Support the PCU and PIUs to operationalize the Consultation and Participation Plans, and the Stakeholder Communication Strategy and provide guidance and training on effective participatory methods and development communication techniques to effectively realize the plans' objectives;
- (vi) Support the Destination Management Capacity Building Support consultants in designing training programs that are gender sensitive and relevant to the livelihood needs and priorities of women and ethnic groups; in particular support the International Small Enterprise Development Specialist and National Tourism Small-Enterprise Value Chain Specialist to identify tourism products that provide women with the maximum economic benefits with the least addition to their labor time;
- (vii) Support Social Safeguards specialists in consultation, training and facilitation methods that will reach out to men and women from different ethnic groups of affected households;
- (viii) Develop sex- and ethnicity-disaggregated monitoring indicators (together with Monitoring & Evaluation Specialists) for inclusion in the project performance management system and project baseline report; support PIUs to monitor and report on these indicators' implementation and achievements;

- (ix) Establish templates for reporting on progress of GAP, Consultation and Participation Plans and Stakeholder Communication Strategy for regular progress reports;
- (x) Share/introduce international practice on tourism statistics collection to ensure people related data are sex disaggregated.

34. Preferred Qualifications and Experience: An advanced degree in the social sciences, familiarity with ADB's *Safeguard Policy Statement 2009* (SPS 2009) and 3-years of experience implementing GAPs, Consultation and Participation Plans and Stakeholder Communication Strategies in similar ADB projects. Experience in Lao PDR and familiarity with related laws and policies of Lao PDR will be advantages.

5. National Tourism Destination Management and Training Specialist (40 person-months)

35. The National Tourism Destination Management and Training Specialist (NTDMTS) will support the International Tourism Specialist/Deputy Team Leader (ITS/DTL) in all aspects of the project's destination management capacity building support (Output 3). In undertaking the assigned tasks, the NTDMTS will coordinate with appropriate PCU/PIU staff and other destination management consultants. Specific tasks include:

- (i) Participate in a comprehensive review of all project documentation including detailed activity descriptions and budget allocations, and safeguard requirements as they pertain to destination management capacity building;
- (ii) Coordinate with the national destination management consultants on the preparation of individual work plans that include timelines and milestones;
- (iii) Ensure good coordination between the PCU, PIU Tourism Teams and the national consultants on all aspects of the destination management capacity building project component;
- (iv) Assist with coordinating the establishment of destination planning and management frameworks for destination planning;
- (v) Assist with the development and implementation of specific capacity strengthening activities at destination level that will ensure the effective implementation of destination management plans (DMPs);
- (vi) Provide hands-on assistance to the PIU Tourism Teams in the preparation of DMPs in close consultation with local stakeholders at project supported destinations;
- (vii) Assist the Public Private Partnership Specialist on the identification and implementation of PPPs in the project supported tourism destinations;
- (viii) Collaborate with the SME Development consultants on the implementation of SME development activities and ensure these initiatives are incorporated in the DMPs;
- (ix) Assist the ITS/DTL with marketing and promotion activities by facilitating access to relevant materials, such as text, photos, maps etc. related to project supported destinations, in close coordination with the PIU Marketing and Product Development Specialists;
- (x) Take the lead in planning and implementing activities included in the (i) Public Health and Safety Promotion Program, (iii) Tourism Awareness Program, and (iii) the Program to Combat Child Exploitation and Human Trafficking, in close coordination with the Gender and Social Development Specialists, Social Safeguards Specialists and the PIU Safeguards Specialists.
- (xi) Assist the ITS/DTL support the PCU collaborate with NTOs in Cambodia and Viet Nam, as well as other GMS countries, and the Mekong Tourism Coordinating Office to implement the GMS Marketing and Promotion Program;

- (xii) Assist the ITS/DTL support the PCU implement the ASEAN Tourism Standards through development of national certification processes, preparation of training manuals and implementation of training and certification in key tourist destinations.
- (xiii) In coordination with the Team Leader and Deputy Team Leader, ensure that all project produced awareness and training materials are systematically uploaded to the project supported web-based knowledge center;
- (xiv) Participate in national fora to report results, share project implementation experiences and compare lessons learnt regarding the destination management component of the project;
- (xv) Undertake other specific tourism development inputs and training activities where these may be required.

36. Required Qualifications and Experience: A tourism specialist with a university degree in a relevant field, 8-years professional experience working on international projects, a high percentage of which in the tourism sector. Specific experience with destination management capacity building and developing and implementing training programs will be advantages.

6. National Tourism Value Chain Specialist (3 person-months)

37. The National Tourism Value Chain Specialist will assist the International SME Development Specialist with the value chain analysis for the planning of tourism-related enterprise development interventions in the project supported destinations. Specific tasks include:

- (i) Assist with the development of survey tools, data collection, processing and analysis for a detailed study and analysis of tourism value and supply-chains in the destinations selected for SME development support;
- (ii) Assist with the selection of specific tourism-related SMEs with the greatest potential to benefit from project support;
- (iii) Carry out a detailed study and analysis of tourism value and supply-chains in the destinations selected for SME development support programs, and detailed needs for SME development support services that may include any or all of the following (i) business planning; (ii) facilitating access to microfinance; (iii) training in business management and marketing; (iv) service/production group formation/strengthening; (v) training of trainers and cascade training in hospitality services; (vi) support for product diversification, quality enhancement, and efficient production techniques; (vii) provision of equipment to improve village-based hospitality services; and (viii) marketing, promotion, and business networking;
- (iv) Assist with the implementation of SME-support training programs.

38. Required Qualifications and Experience: Relevant technical experience and background to advise and assist the PIUs plan and carry forth SME development initiatives under the project, 5-years professional experience and experience with supply and value chain development and/or small business development. Experience with ADB project implementation will be an advantage.

7. National Tourism Small and Medium Enterprise Development Specialist (12 person-months)

39. The National Tourism Small and Medium Enterprise Development Specialist will assist the International SME Development Specialist with the planning of tourism-related enterprise development interventions in the project supported destinations, and are responsible for supporting the PIUs with the subsequent implementation of these programs.

Specific tasks include:

- (i) Assist with data collection, processing and analysis to produce a detailed study of tourism value and supply-chains in the destinations selected for SME development support;
- (ii) Assist with the selection of specific tourism-related SMEs with the greatest potential to benefit from project support;
- (iii) Assist with the preparation customized training programs to deliver SME development support services, including: (i) business planning; (ii) facilitating access to microfinance; (iii) training in business management and marketing; (iv) service/production group formation/strengthening; (v) training of trainers and cascade training in hospitality services; (vi) support for product diversification, quality enhancement, and efficient production techniques; (vii) provision of equipment to improve village-based hospitality services; and (viii) marketing, promotion, and business networking;;
- (iv) Build capacity within the PIU Tourism Teams to carry out implementation of the project-supported training programs;
- (v) Under the supervision of the National Tourism Destination Management and Training Specialist, provide ongoing hands-on support to the PIU Tourism Teams during the implementation of the training programs, including with the identification of trainers, partner organizations, development of training materials and the collection of monitoring data on the results of the training programs.

40. Required Qualifications and Experience: Relevant technical experience and background to advise and assist the PIU plan and carry forth SME development initiatives under the project, 5-years professional experience and experience with small business development in the tourism, handicraft or agricultural sectors. Experience with ADB project implementation will be an advantage.

41. In addition to the position specific outputs described in the detailed tasks, each individual consultant shall produce and submit to the PCU and Team Leader the following progress reports using agreed templates: (i) an inception report, including a detailed workplan for the duration of the contract within 0.5 month of mobilization; (ii) brief monthly progress reports to the PCU and Team Leader summarizing progress achieved, difficulties encountered, and issues to be resolved; and (iii) a final report to be submitted within one month of completion of consultant inputs.

8. National Gender and Social Development Specialist (12 person-months)

42. The National Gender and Social Development Specialist (NGSDS) will support the International Gender and Social Development Specialist (IGSDS) to review and operationalize the Gender Action Plan (GAP), the Consultation and Participation Plans, and the Stakeholder Communication Strategy and assist with capacity development of PCU and provincial PIUs to carry them out. Specific tasks include:

- (i) Support the project management team to operationalize the GAP by working with the PCU and PIU to prepare annual work plans that integrate the actions into project implementation cycle;
- (ii) Conduct gender training based on modules developed jointly with IGSDS to support various capacity development programs under institutional strengthening components (Output 3 & 4), including capacity building training on gender and social safeguards for the Resettlement Committees, and other agencies;
- (iii) Review and provide inputs in the detailed design to ensure that design elements maximize benefits and minimize negative impacts to women and ethnic groups and consider the points raised by these groups during consultations;

- (iv) Update and operationalize the Consultation and Participation Plans, and the Stakeholder Communication Strategy;
- (v) Support the Destination Management Capacity Building Support consultants in the mobilization and initial facilitation of community-based organizations to ensure that channels of community participation are established from the project-start up;
- (vi) Conduct training programs and other capacity development activities on participatory methods and development communications under institutional strengthening activities (Output 3 & 4);
- (vii) Support the Social Safeguards Specialists and Destination Management Capacity Building Support consultants in designing training programs that are gender sensitive and relevant to the livelihood needs and priorities of women and ethnic groups; in particular support the International SME Development Specialist and National Tourism SME Value Chain Specialist to identify tourism products that provide women with the maximum economic benefits with the least addition to their labor time;
- (viii) In accordance with the Consultation and Participation Plans, ensure that men and women from indigenous peoples groups, affected women headed households are consulted effectively and have access to channels for providing inputs into project activities that affect their communities and livelihoods;
- (ix) Develop sex- and ethnic-disaggregated monitoring indicators (together with Monitoring & Evaluation Specialist) for inclusion in the project performance management system and project baseline report;
- (x) Establish templates for reporting on progress of GAP, IPP and gender and ethnic actions in resettlement plans for regular progress reports.

43. Preferred Qualifications and Experience: An advanced degree in the social sciences, familiarity with ADB's *Safeguard Policy Statement 2009* (SPS 2009) and related national laws and policies and 3-years of experience implementing GAPs, Consultation and Participation Plans and Stakeholder Communication Strategies in similar ADB projects.

D. INDIVIDUAL CONSULTANTS: FINANCIAL MANAGEMENT AND PROCUREMENT SUPPORT

44. The FPMS consulting services will consist of an estimated 6 person-months (3 person-month international and 3 person-months national) to assist the PCU and PIUs with the establishment of the project's financial management systems, and first year procurement. The consultants will be recruited as individual consultants, on the basis of their qualifications for the assignment.

1. International Financial Management and Procurement Specialist (3 person-months).

45. The International Financial Management and Procurement Specialist will work closely with the PCU and liaise with the ADB to ensure that financial management and procurement guidelines of the ADB and the government are applied and implemented efficiently and effectively. The consultant will work closely with the PCU Financial Controller to:

- (i) Review, develop and complete the terms of reference (TOR) for audit institution as required by the ADB;
- (ii) Coordinate with the PCU to develop suitable accounting systems, chart of accounts, procure if necessary, accounting software that is acceptable to the ADB and the government to ensure effective and efficient accounting, monitoring and reporting of all financial transactions;

- (iii) Develop a financial management manual for the project;
- (iv) In consultation with the PCU, develop bid evaluation criteria and tender documents for the procurement of goods, works and services in accordance with ADB guidelines;
- (v) Establish a system for safekeeping of tender documents, minutes of committee meetings, contracts and financial and audit reports;
- (vi) Assist the PCU with first year procurement, including procurement of PCU and PIU vehicles, office equipment and furniture and recruitment of the Project Management, Civil Engineering and Capacity Building Support consultant;
- (vii) On the basis of the financial management needs assessment prepared by the national consultant, carry out a financial management, procurement and disbursement training program for PCU and PIU staff to improve their capability to implement internationally acceptable accounting systems and procedures, internal controls, and financial planning and reporting

46. Required Qualifications and Experience: A post graduate degree in public administration, finance or other relevant field with 10 years relevant work experience and past experience supporting ADB financed procurement of works and goods. The consultant will be a professionally certified accountant with credentials recognized by the Association of Chartered Certified Accountants. Experience with ADB or other internationally financed project implementation in Lao PDR will be an advantage.

2. National Financial Management and Procurement Specialist (3 person-months).

47. The National Financial Management and Procurement Specialist will work under the direction to the International Financial management and Procurement Specialist and provide support to deliver training to PCU and PIU staff, and supporting the PIU Finance Officers and Accountants. Specific tasks include:

- (i) Assist in the establishment and operationalization of suitable accounting systems, chart of accounts, procure if necessary, accounting software that is acceptable to the ADB and the government to ensure effective and efficient accounting, monitoring and reporting of all financial transactions;
- (ii) Assist with the development of the project's financial management manual and its translation into Lao;
- (iii) Prepare a financial management training needs assessment for the PCU and PIUs, focusing on ability to implement internationally acceptable accounting systems and procedures, internal controls, and financial planning and reporting.
- (iv) Assist the international specialist design and deliver financial management, procurement and disbursement training for PCU and PIU staff.
- (v) Assist with finalizing the documents required to facilitate first year procurement, including procurement of PCU and PIU vehicles, office equipment and furniture and recruitment of the Project Management, Civil Engineering and Capacity Building Support consultant;
- (vi) Assist in establishing appropriate cost-recovery mechanisms;
- (vii) Assist in preparing monitoring and evaluation reports on financial management and procurement matters for submission to the PCU.

48. Required Qualifications and Experience: A bachelor's degree in public administration, finance or other relevant field, with 5-years work experience on internationally financed projects and experience with national public procurement systems. Experience with ADB project implementation will be an advantage.

E. EXTERNAL AUDITOR

49. Within the first six months of project effectiveness, the EA, assisted by the

Financial Management and Procurement consultants, will prepare an audit terms of reference based on the *Template for Standardized Terms of Reference (TOR) for External Financial Audit Services (Auditor) of Annual Project Financial Statements (APFS)* (included in Annex F). The draft-final TOR will be provided to ADB for review and no-objection prior to recruitment of the auditing firm. If the EA chooses to engage a private firm to conduct the audit, recruitment will be carried out following consultant's qualifications selection method. If the State Audit Organization is identified to carry out the annual audit, single source selection procedure will be followed.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
Impact Increased tourism employment for people living in underdeveloped segments of the GMS Central Corridor	By 2025: Aggregate tourism employment in the four project provinces is 70,000; 50% of jobs held by women (2012 baseline: 43,000 jobs) ^a	MICT tourism statistics report WTTC travel and tourism economic impact report	Assumption Residents of project areas continue to seek employment in the tourism sector Equal access to opportunities, resources, assets, and decision making
Outcome Increased tourism receipts in Champassak, Khammouane, Luangprabang, and Oudomxay	By 2019: Aggregate annual tourism receipts in the four project provinces equals \$330 million (2012 baseline: \$160 million)	MICT tourism statistics report Completion report	Assumptions Government continues to support policies that facilitate travel, tourism, and regional tourism cooperation Responsible agencies effectively implement destination management plans Risk Ineffective financial management undermines infrastructure O&M
Outputs 1. Last-mile tourism access infrastructure improved	By 2018: Xang Cave 4.0 km paved access road and tourism amenities constructed and benefiting at least 1,900 residents Chomphet Heritage District 2.2 km paved access road, ferry terminal, and upgraded river piers constructed and benefiting at least 2,100 residents Ban Xang Hai–Tham Ting Cave 10.0 km paved access road and upgraded river piers constructed and benefiting at least 3,000 residents Chom Ong Cave 54.0 km paved access road and tourism amenities constructed and benefiting at least 8,000 residents	Project progress reports End of project impact evaluation Completion report	Assumption Infrastructure is suitably constructed for dual use by residents and tourists Risk Delays in civil works procurement and safeguards implementation
2. Environmental services in cross-border tourism centers improved	By 2018: That Sikhottabong 2 km internal road and drainage upgrade, solid waste transfer station, tourist information center, and 10 hectares of rehabilitated urban green space with flood protection benefiting 35,000 residents in Thakhek City	Project progress reports End of project impact evaluation Completion report	Assumption Residents and tourists are willing to pay for improved environmental services Risk Delays in civil works procurement/safeguards implementation
3. Institutional capacity to promote inclusive tourism growth strengthened	By 2019: Eight DMOs formed with systems and procedures in place to implement destination management plans (40% of DMO management positions are held by women) At least 80% of newly constructed vendor space allocated to women Awareness of heritage protection	Project progress reports End of project impact evaluation Completion report	Assumptions Public and private entities maintain their commitment to improve destination management. Risk Lower-than-expected tourist arrivals undermine private

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
	<p>measures, health and safety, and tourism impacts increases among 6,000 people (50% women)</p> <p>Operators of 500 small and medium-sized enterprises (50% of whom are women) gain access to professional tourism-related business support services and microfinance</p> <p>At least five service enterprises are operating tourist attractions under public-private partnerships</p>		sector and community interest in operating tourist attractions
4. Effective project implementation and knowledge management	<p>By 2019:</p> <p>PCU and PIU staff possess the knowledge, skills, and equipment needed for effective project management (at least 30% of PCU and PIU staff are women)</p> <p>12 new knowledge products published to the Lao People's Democratic Republic's web-based tourism knowledge center</p> <p>20% of tourism enterprises in the four project provinces meet ASEAN tourism standards</p> <p>Collection and reporting of tourism statistics by all GMS national tourism organizations in a harmonized format</p> <p>At least three joint marketing activities undertaken annually in cooperation with another GMS country (2012 baseline: 1 event)</p> <p>Well-maintained infrastructure in accordance with O&M plans</p> <p>PCU and PIU staff effectively implement gender-sensitive PPMS, with sex-disaggregated data</p>	<p>Project progress reports</p> <p>Internet search</p> <p>GMS Tourism Working Group summary of proceedings</p> <p>End of project impact evaluation</p> <p>Completion report</p>	<p>Assumptions</p> <p>Suitably qualified counterparts are appointed full-time to the PCU and PIUs</p> <p>Timely recruitment of qualified consultants</p> <p>Risk</p> <p>Asynchronous implementation of regional activities</p>

Activities with Milestones	Inputs	Amount (\$ million)
1. Last-mile tourism access infrastructure improved	ADB (Loan):	\$40.00
1.1 Prepare detailed civil works design and bidding documents by Q2 2015	Item	
1.2 Approval of updated safeguards documents (IEE, IPP and RP) by Q2 2015	Civil works	24.60
1.3 Complete land acquisition and resettlement by Q2 2015	Equipment	1.47
1.4 Civil works contracts awarded by Q1 2016	Consulting services	2.46
1.5 Civil works completed and equipment supplied by Q4 2017	Capacity building and training	2.63
2. Environmental Services in cross-border tourism centers improved	Recurrent costs	1.44
2.1 Prepare detailed civil works design and bidding documents by Q2 2015	Finance charges	0.79
2.2 Approval of updated safeguards documents (IEE, IPP and RP) by Q2 2015	Contingencies	6.61
2.3 Complete land acquisition and resettlement if necessary by Q2 2015		
2.4 Civil works contracts awarded by Q1 2016	Government:	\$3.57
2.5 Civil works completed and equipment supplied by Q4 2017	Item	Amount
3. Institutional capacity to promote inclusive tourism growth strengthened	Land and resettlement	0.06
3.1 Destination management plans prepared by Q4 2015	Taxes and duties	2.46
3.2 Implement heritage protection and interpretation program, Q4 2014–Q4 2018	Recurrent costs	1.06
3.3 Implement enterprise support programs, Q4 2014–Q4 2018		
3.4 Implement health, safety and tourism awareness programs, Q4 2014–Q4 2018		
3.5 Facilitate establishment of public-private partnerships, Q2 2015–Q4 2018		
3.6 Implement national marketing and promotion program, Q2 2015–Q4 2018		
3.7 Implement program to combat child exploitation and human trafficking, Q2 2015–Q4 2018		
4. Effective project implementation and knowledge management.		

Activities with Milestones	Inputs	Amount (\$ million)
4.1 Establish project steering committees, PCU and PIUs by Q2 2014 4.2 Mobilize consultants and procure PCU and PIU equipment by Q4 2014 4.3 Implement training on financial management by Q1 2015 4.4 Finalize and train PCU and PIU staff to implement comprehensive sex-disaggregated PPMS, including safeguards monitoring, Q1 2015–Q2 2019 4.5 Establish and maintain web-based knowledge center, Q1 2015–Q2 2019 4.6 Implement GAP, IEE/EMPs, IPP and RPs, Q1 2015–Q2 2019 4.7 Implement GMS marketing and statistics harmonization programs, Q2 2015–Q2 2019 4.8 Implement ASEAN tourism standards program, Q2 2015–Q2 2019 4.9 Approve and implement O&M plans with sustainable finance mechanisms, Q4 2015–Q2 2019 4.10 Update baseline information and prepare end of project impact evaluation, Q1 2015–Q2 2019		

¹ Based on receipts to job ratio of \$3,776 = 1 job in 2012; and \$7,120 = 1 job in 2025.

ASEAN = Association of Southeast Asian Nations, DMO = destination management organization, GAP = gender action plan, GMS = Greater Mekong Subregion, IEE = initial environmental examination, IPP = indigenous peoples plan, km = kilometer, Lao PDR = Lao People's Democratic Republic, MICT = Ministry of Information, Culture and Tourism, NTO = National Tourism Organization, O&M = operations and maintenance, PCU = project coordination unit, PIU = project implementation unit, PPMS = project performance management system, Q = quarter, RP = resettlement plan, TWG = Tourism Working Group, WTTC = World Travel and Tourism Council.

Source: ADB staff estimates.

Notes: Baseline year is 2012 and baseline figures zero unless otherwise indicated. Progress reports comprise quarterly, annual, midterm, and the government's completion report. Amounts may not sum precisely because of rounding.

WEIGHTED IMPLEMENTATION PLAN TEMPLATE

Activities	2014				2015				2016				2017				2018				2019				(a) Assigned weight (%)	(b) Actual Progress (%)	(a) x (b) Weighted Progress (%)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Project year	Year 1				Year 2				Year 3				Year 4				Year 5										
Project quarter	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20							
Output 1. Last-mile tourism access infrastructure improved																											
1.1 Prepare detailed civil works design and bidding documents																									10.00%	0.00%	0.00%
1.2 Approval of updated safeguards documents (IEE, IPP, and RP)																									1.00%	0.00%	0.00%
1.3 Complete land acquisition and resettlement if necessary																									1.00%	0.00%	0.00%
1.4 Civil works contracts awarded																									2.00%	0.00%	0.00%
1.5 Civil works completed and equipment supplied																									20.00%	0.00%	0.00%
Output 2. Environmental Services in cross-border tourism centers improved																											
2.1 Prepare detailed civil works design and bidding documents																									10.00%	0.00%	0.00%
2.2 Approval of updated safeguards documents																									1.00%	0.00%	0.00%
2.3 Complete land acquisition and resettlement if necessary																									1.00%	0.00%	0.00%
2.4 Civil works contracts awarded																									2.00%	0.00%	0.00%
2.5 Civil works completed and equipment supplied																									20.00%	0.00%	0.00%
Output 3. Institutional capacity to promote inclusive tourism growth strengthened																											
3.1 Destination management plans prepared																									2.00%	0.00%	0.00%
3.2 Implement heritage protection and interpretation program																									2.00%	0.00%	0.00%
3.3 Implement micro- and small enterprise support program																									4.00%	0.00%	0.00%
3.4 Implement health, safety and tourism awareness programs																									1.00%	0.00%	0.00%
3.5 Facilitate establishment of public-private partnerships																									1.00%	0.00%	0.00%
3.6 Implement national marketing and promotion program																									1.00%	0.00%	0.00%
3.7 Implement program to combat child exploitation and human trafficking																									1.00%	0.00%	0.00%
Output 4. Effective project implementation and knowledge management.																											
4.1 Establish project steering committees																									1.00%	0.00%	0.00%
4.2 Mobilize consultants and procure PCU/PIU equipment																									1.00%	0.00%	0.00%
4.3 Implement training on financial management																									1.00%	0.00%	0.00%
4.4 Finalize and train PIU/PCU staff to implement comprehensive sex disaggregated PPMS, including safeguards monitoring																									2.00%	0.00%	0.00%
4.5 Establish and maintain web-based knowledge center																									2.00%	0.00%	0.00%
4.6 Implement gender action and indigenous peoples plans																									3.00%	0.00%	0.00%
4.7 Implement GMS marketing and statistics harmonization programs																									3.00%	0.00%	0.00%
4.8 Implement ASEAN tourism standards program																									2.00%	0.00%	0.00%
4.9 Approve and implement O&M plans with sustainable finance mechanisms																									3.00%	0.00%	0.00%
4.10 Update baseline information and prepare end of project impact evaluation																									2.00%	0.00%	0.00%
Total																									100.00%		0.00%

TOR FOR ANNUAL AUDIT OF PROJECT FINANCIAL STATEMENTS

(Template) Standardized Terms of Reference (TOR) for External Financial Audit Services (Auditor) of Annual Project Financial Statements (APFS)³⁹

A. Project Background

1. Please refer to Annex 1 (attached to this TOR), the following information:
 - a. Project Background
 - b. Project Description
 - c. The Executing and Implementing Agencies (EA/IAs)

B. Accounting and Financial Management

2. A financial management manual shall be developed by the international financial management specialist in close coordination with EA staff within the first three months of the project implementation period.

C. Objective

3. The objective of audit assignment is to ensure that ADB, on an annual basis, is provided with the following reliable, comprehensive, and timely information: (i) Audited Project Financial Statements (APFS); (ii) Specific additional audit opinions; and (iii). Management Letter. ADB requires these documents to be provided in English.

D. Scope of Work⁴⁰

D.1. APFSs: Financial Statement to be audited⁴¹:

4. The EAs/IAs are responsible for preparation and consolidation of APFSs. The Auditor is to express an opinion on the accompanying statements based on the audit. The accounting standard adopted should be specified in the annual audited financial statements. The content of the financial statements is expected to include, as a minimum (refer to: Annex 4-part B, attached to this TOR for a sample list of requested document.):
 - a. A Summary of all sources of funds, as well as expenditures against a classification system that is responsive to the project's objectives both for the

³⁹ This template of TOR is appropriate for APFS audit. It should be completed by the borrower, Executing Agency (EA) or Implementing Agency (IA) and provided to ADB for comments before implemented. This template can be applied to the audit of either a revenue-earning or non-revenue-earning project.

⁴⁰ The auditor should be sufficiently clear with the scope of the audit to properly define what is expected of the auditor. The EA should not restrict the audit procedures or the techniques the auditor may wish to use to form an opinion. The TOR will not generally have to be customized to a particular audit situation. The list of issues outlined in the TOR is not exhaustive, nor should all matters be addressed in every project. The scope and detail of an audit are likely to be unique for each project.

⁴¹ The form of the APFS and supporting documentation that will be supplied to the auditor, and on which they are to give an opinion and a report, should be specified. In practice, the form and content of APFS will vary among countries and projects. For instance, the APFS may comprise a Statement of Receipts and Payments only on project transactions. Other schedules may include cumulative work-in-progress, assets and inventories, and summarized bank reconciliation. The estimated time for providing these documents to the auditor should be stated (e.g., one month after financial year-end). This schedule helps the auditee and the auditor plan for the accounts-preparation and the audit process

current fiscal year and cumulative to date, showing ADB funds and counterpart fund and funding from other sources separately;

- b. A Summary of Expenditures shown under the main project components and by main categories of expenditures, both for the current fiscal year and accumulated to date;
- c. A Balance Sheet showing Accumulated Funds of the Project, bank balances, other assets of the project, and liabilities, if any;
- d. Supporting schedules to the financial statements which at least include: (i) a reconciliation of the amounts shown as “received by the project from the ADB” with those shown as being disbursed by ADB; and (ii) Statement of Expenditures (SOE) procedure (if applicable) listing individual SOE withdrawal applications by specific reference number and amount.

5. In addition to the audit of the project financial statements, the Auditor is required to audit all SOEs as the basis for the submission of the Withdrawal Applications to ADB. The Auditor should apply such tests and controls as the Auditor considers necessary under the circumstances. These expenditures should be carefully compared for project eligibility with the relevant loan agreement for guidance when considered necessary. Where ineligible expenditures are identified as having been included in Withdrawal Applications and reimbursed against, these should be separately noted by the Auditor. A note to the Project Financial Statements should be a schedule listing individual SOE withdrawal applications by specific reference number and amount. The total withdrawals under the SOE procedure should be part of the overall reconciliation of ADB disbursements described above.

6. Imprest Account/Sub Account statement showing movement and reconciliation with the bank statements. The Auditor is also required to audit the activities of the Imprest Accounts/Sub Accounts associated with the Project that usually comprise of:

- a. Deposits and replenishments received from ADB;
- b. Payments substantiated by withdrawal applications;
- c. Interest that may be earned from the balances and which belong to the Borrower
- d. The remaining balances at the end of each fiscal year.

7. The Auditor must form an opinion as to the degree of compliance with ADB’s procedures and the balance of the EAs at year-end. The audit should examine the eligibility and correctness of financial transactions during the period under review and fund balances at the end of such a period, the operation and use of the IAs in accordance with the financing agreement, and the adequacy of internal controls for this type of disbursement mechanism.

8. The Accounting Policies adopted and Explanatory notes. A Management Assertion that ADB funds have been expended in accordance with the intended purposes. Request for form of Annual Project Financial Statements (extracted from PAI 5.07 revised on Jun.2012) including, but not limited to:

- a. Annual project financial statements should normally be presented in the local currency, with the basis for conversion of any foreign exchange transactions or commitments explicitly stated.
- b. The annual project financial statements should be presented in the English language and should reflect the operations supported by ADB financing, including ADB-administered funds.

- c. The project expenditures should be presented following the expenditure categories contained in the loan agreement and/or the PAM, and revisions thereto.
- d. The annual project financial statements should include comparative figures for the preceding reporting year and cumulative figures from the loan effectiveness date to the end of the current reporting year. For projects that receive funding from other sources, the annual project financial statements should include all sources of funds (both ADB-provided and otherwise).
- e. The accompanying Notes to Financial Statements should provide sufficient explanation and information on the financials in narrative form or appropriate supporting schedules, including description of key financial reporting policies.
- f. For projects where separate and distinct components are being administered by the EA and/or several implementing agencies (IAs) each agency should prepare separate project financial statements reporting on the funds they are administering.
- g. Financial statements should be prepared in accordance with accrual based financial reporting standards.
- h. The agreed financial reporting and auditing arrangements will be set forth in the loan agreement and detailed in the PAM.

D.2. Specific additional audit opinions:

9. The auditors are engaged to provide an independent and objective opinion on whether the financial statements present a true and fair view, in all material respects, in accordance with the applicable financial reporting framework. The auditors should also form an opinion from the audit evidence obtained, and clearly express that opinion through a written report. The auditor's opinion is necessary to establish the credibility of the project financial statements. The objective of the audit of the annual project financial statements (APFS) is to enable the auditor to provide opinion(s) covering:

- a. Use of loan proceeds - to confirm whether the borrower or EA has utilized all proceeds of ADB's loan or grant only for purposes of the project;
- b. Compliance with financial covenants: (Please refer to: Annex 3 attached to this TOR, where applicable) - to confirm or otherwise, that the borrower or EA was in compliance with the financial covenants of the loan or grant agreement.
- c. Compliance with the imprest fund procedure which includes imprest account(s) and sub-account(s) (where applicable) - to confirm or otherwise, whether the imprest account (and sub-accounts) gives a true and fair view of the receipts collected and payments made and supports imprest and sub-account-liquidations and replenishments during the year.
- d. Compliance with the Statement of Expenditure (SOE) procedures (where applicable) - to confirm or otherwise, whether adequate supporting documentation has been maintained to support claims to ADB for reimbursement of expenditures incurred and that the expenditures are eligible for financing under the loan or grant agreement.

D.3. Management Letter

10. ADB requires the EA/IAs to provide a copy to provide a copy of the auditor's Management Letter, together with the APFS/AFS. At the minimum, this should include:

- a. a general overview of the internal control systems of the project and the EA, or an opinion on the management systems;

- b. an identification of material deficiencies or weaknesses in the project or EA/IAs' internal controls over financial reporting or on the overall system of internal control;
- c. the auditor's recommendations for improvements or for rectification of identified weaknesses;
- d. the client's comments on the findings and recommendations; and
- e. follow-up action/s or status to previously identified issues and findings, if any.

11. In cases where a management letter is not received for the entity as a whole, then a management letter covering internal controls and procedures associated with the preparation of the project financial statements is required and should be submitted together with the APFS. When significant weaknesses come to attention of the auditor during the course of audit that are not reflected in the audit opinion, they should be reported in a management letter as follows;

- a. A description of specific internal control weaknesses noted in the financial management and recommendations to resolve/eliminate the internal control weaknesses;
- b. Inappropriate accounting policies and practices and effectiveness of the accounting
- c. records system in providing useful and timely information for proper management of the program/and project;
- d. Issues regarding general compliance with broad covenants on the loan agreement and give comments, if any, on internal and external matters affecting such compliance;
- e. Report significant matters raised in previous reports which have not been dealt with effectively
- f. Any other matters that the auditor considers should be brought to the attention of the borrower.
- g. A time bound actions plan that have been agreed with the management to address each of the individual issue, including date of completion, and person(s) responsible for implementation of the action plan.

E. Locations to be Audited:

12. ADB funded projects in Lao PDR often include central level, provincial and even lower levels. The auditors may have to travel to all lower levels to do the audit. If it is the case, the TOR should specify the provinces where Auditors must visit.

F. Phasing of the Audit:

13. The TORs must specific in the following table when the report will be submitted in draft and in final format:

Month of fiscal year (FY) and report submission

Period	FY start	FY End	Report Submission	Remarks
1				
2				

14. Although the auditing firm will be contracted for the mentioned audit phases (maximum three years per contract), it must submit the financial proposal in US\$ in a format indicating the amount for each financial year independently: (i) If performance is not satisfactory in one year then the client will not be bound for subsequent year's audits; and (ii) If the performance is satisfactory, the auditor may participate in bidding process for the next fiscal years, but the total assignment should be up to 6 years for one project.

G. Auditing Requirements:

15. The audit will be carried out in accordance with International Standards of Auditing including:

- a. planning and conducting the audit in accordance with a risk based framework with a detailed audit work program which is sufficiently extensive in its coverage of the project's FS to support the opinion given.
- b. the auditor will gather evidence and prepare working papers to properly documents the evidence seen in support of the opinion given, sufficient audit evidence will be gathered to substantiate in all material respects the accuracy of the information contained in supporting schedules attached to the FS.
- c. the auditor will review and evaluate the system of internal controls in effect, including internal audit procedures, to determine the degree of reliance that may be placed upon them and to determine the extent of testing of actual transactions needed to assure the auditor of the accuracy of the accounting records,
- d. the audit coverage will consider the risk of material misstatement(s) as a result of fraud or error. The audit program should include procedures that are designed to provide reasonable assurance that material misstatements (if any) are detected.
- e. the auditor must obtain an understanding of the design and operation of internal control over compliance with requirements that could have a direct and material financial effect on the funding agreements. The auditor's work in this area is in addition to the consideration of internal control over financial reporting that is part of the FS audit. Specifically, the auditor must obtain an understanding of the internal control over compliance that is sufficient to plan the audit to support a low assessment level of control risk for donor program. The auditor needs to test the internal control unless the internal control is likely to be ineffective in preventing or detecting noncompliance.

16. The auditor need also review the following:

- a. ADB financing (and expand to all external financing where ADB is not the only financier) shall be used in accordance with the conditions of the relevant financing agreement, with due attention to economy and efficiency, and only for the purposes for which the financing was provided, as detailed in the supporting documents
- b. Counterpart funds shall be provided and used in accordance with the relevant loan agreements, with due attention to economy and efficiency, and only for the purposes for which they were provided;
- c. Goods, works and services financed shall be procured in accordance with the relevant financing agreements including specific provisions of the ADB Procurement Policies and Procedures and relevant laws of Borrower. However, in case there are conflicts between ADB policies and procedures with Borrower's relevant laws, ADB policies and procedures will prevail. Fixed assets procured by all financiers shall be reviewed;

- d. The expenditures submitted to ADB shall be eligible for financing and all necessary supporting documents, records, and accounts in support of credit withdrawals have been adequately maintained with clear linkages between the books of account and reports presented to ADB;
- e. Funds disbursed through SOEs shall be utilized for the purposes defined in the funding agreements. Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed against, these should be separately noted by the auditor;
- f. Imprest Accounts and sub-accounts, (if used) shall be maintained in accordance with the provisions of the relevant financing agreements and funds disbursed out of the account were used only for the purpose intended in the loan agreement and other supporting documents.

H. Accounting Policies and Changes.

17. The auditor should comment on the project's accounting policies, and confirm the extent to which the agreed project accounting policies have been applied. In particular, the auditor should note the impact on the APFS arising from any material deviations from the agreed accounting standards. The auditor should also comment on any accounting policy changes, either during a financial year, or from one year to another.

I. Compliance with laws, regulations and funding agreements:

18. The auditor should be aware of the unique characteristics of the compliance auditing environment. Governments and not-for-profit organizations differ from commercial enterprises in that they may be subject to diverse compliance requirements including its compliance with financial covenants and financial assurances.

19. Management is responsible for ensuring compliance with relevant laws, regulation and funding agreements. That responsibility encompasses the identification of applicable laws, regulations and funding agreements and the establishment of internal control designed to provide reasonable assurance that the auditee complies with those laws, regulations and funding agreements.

20. In addition to the opinion on the FSs, the auditor should provide an opinion on whether the auditee complied with laws, regulations and provision of contracts and funding agreements that have a direct and material financial effect on the project financial statements. The auditor should prepare a report with separate schedule of findings and questioned costs. The scope of the audit should also refer to compliance with the Procurement procedures as set out in the funding agreements.

J. Responsibility to Consider Fraud in an Audit:

21. The primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and with management. It is important that management, with the oversight of those charged with governance, place a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. It is the responsibility of those charged with governance of the entity to ensure, through oversight of management, that the entity establishes and maintains internal control to provide reasonable assurance with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws, regulations and funding agreements. To do that, management is responsible for establishing a control environment and maintains policies and procedures to assist in achieving the objectives of ensuring the orderly and efficient conduct of the entity's operation.

22. Therefore, in order to ensure that those assertions are addressed in the audit of the entity, it is important that auditors must follow International Standards of Auditing (ISA 240) "The Auditor's Responsibility to consider Fraud in an Audit of Financial Statements."

K. Audit Report

23. The auditor should become familiar with the following documents: Guideline for the financial governance and management of investment projects financed by the Asian Development Bank; and the Loan Disbursement Handbook. The Auditor's reports on the projects financial statements should be prepared in 08 copies (04 in English and 04 in Lao)⁴² and mentions the following matters:

- a. A title identifying the person or persons to whom the report is addressed;
- b. An introductory paragraph identifying the financial statements audited;
- c. Separate sections, appropriately headed dealing with respective responsibilities of directors (or equivalent persons),
- d. The basis of the Auditor's opinion,
- e. The Auditor's opinion on the financial statements, SOEs and IAs/SAs;
- f. The manuscript or printed signature of the Auditor; and
- g. The date of the Auditor's report.

24. The audit report is required to include separate audit opinions on the Financial Statements (as described in part D. the Scope). This would include at least the following:

- a. the audit report will state the purpose of the report and its intended use,
- b. the audit report will state which/whose generally accepted accounting standards have been applied and indicate the effect of any deviations from those standards,
- c. the audit report will state that the audit was conducted in accordance with ISAs,
- d. the audit opinion will cover the current period,
- e. the audit opinion will state whether or not the financial statements presents fairly in accordance with the adopted accounting policies for the project and that the funds were utilized for the purposes defined by the funding agreements,
- f. the audit opinion will cover in all material respects the supporting schedules,
- g. the auditor should provide an opinion on whether the Project complied with applicable laws, regulations and the Procurement procedures and other provisions of the funding agreements that have a direct and material financial effect on the Project's financial report,
- h. the auditor should provide an opinion on the effectiveness of internal control over compliance with requirements that could have a direct and material financial effect on the financial statements as well as internal control over financial reporting.

L. Available Information and Services to be Provided to the Auditor:

25. Please refer to: Annex 4 attached to this TOR for a sample list of requested documents by Auditor. These include:

⁴² The auditing firm must take note that audited financial statements, audit report and the management letter prepared by the Auditor, should be received by ADB no later than six months after the end of the accounting period (i.e., normally no later than June 30). The Auditor should therefore submit, on a timely basis, audit report, management letter and the relevant documentation to the EAs/IAs to meet this requirement. The EAs/IAs will be responsible for forwarding two copies of the audited project financial statements, audit report and management letter to the ADB.

- a. The auditor should have access to all legal documents, correspondences, and any other information associated with the project and deemed necessary by the auditor. The auditor will also obtain confirmation of amounts disbursed and outstanding at ADB. Available information should include copies of the relevant: project appraisal document; financing agreement; financial management assessment reports; supervision mission reports and implementation status reports.
- b. The Auditor shall have the right of access to banks and depositories, consultants, contractors and other persons or firms engaged by the project. In case access has been restricted, the auditor must note this in the management letter.
- c. ADB can request access to the auditors unedited audit working papers. If necessary, the auditing company can be requested, free of charge, to participate in a wrap-up session for the Ministry of Finance (MOF), the EA/IAs and ADB to share common findings across projects being audited and provide recommendations for addressing bottlenecks in preparation for the next audit.

M. Services to be Provided to the Auditor:

26. The following services will be provided by the EA/IAs without cost to the Auditor. The PCU should coordinate with the EA/IAs and the Auditor to ensure the following services are adequately and timely provided to the Auditor:

- a. **Data:** Provide the Auditor with access to all available data, information, legal documents, correspondence and any other information considered necessary by the Auditor and shall be returned at the completion of the assignment or earlier, or as may be requested by the EA/IAs.
- b. **Access:** The PCU and the EA will arrange for access by the Auditor to the sites which the Auditor deems necessary to visit and conduct investigations in connection with performing their duties. Access to the key officials in the Government, the project provinces and agencies concerned with subjects related to the assignment will also be arranged by the EA/IAs, as appropriate.

N. Auditor Qualification

27. Please refer to: "Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers" - Part 1: Introduction and Policies for further instruction on general consultant qualification. The following are the requirements on the qualification of auditing firms for auditing ADB funded projects in Lao PDR. It must be authorized to practice in Lao PDR and be capable of applying the agreed auditing standards. The detailed requirements on the qualification of auditing company are:

- a. Be a legal entity with business license granted by the competent authority, as requested by Lao law;
- b. Must be impartial and independent from all aspects of management or financial interests in the EA/IA being audited.
- c. Be included in the most updated list of authorized auditing companies and auditors which is approved by Ministry of Finance and published on website: www.mof.gov.vn;
- d. Have adequate staff, with appropriate professional qualifications and suitable experience in finance/financial management in Official Development Assistance (ODA) funded projects or Government projects/ programs, including experience in auditing the Enterprise Financial system (EFS) comparable in nature, size and complexity to the entity whose audit they are to undertake;

- e. Notify and get written endorsement of the EA every time a staff member is substituted; and
- f. Subcontracting of audit services is not permitted.

28. The following are the requirements on the qualification of Individual auditor for each proposed position in the firm. The TOR must indicate clearly how many international and national experts the assignment will include. General requirements on the Qualification of Individuals are as follows: Auditors shall hold relevant professional qualifications with in-depth experience in conducting audits of project FSs. Auditors should hold a fair opinion on, and be independent of, control of the submitting entity and the employer by whom they were appointed. The auditor should follow procedures and methodology that conform to International Standards on Auditing (ISA). The following are the outline TOR of each position:

N.1. Audit Director (AD):

As head of the audit team, the Director will be responsible for:

- a. Keeping lines of communication open with staff and clients.
- b. Ability to manage within budgetary and time constraints while providing a high-level of client satisfaction
- c. Anticipating and addressing client concerns and escalating problems as they arise.
- d. Keeping abreast of latest developments as they affect GAAP and the Firm's standards and policies
- e. Developing an understanding of client's business and becoming a "functional expert" in the area.

Minimum Qualifications/Experience:

- a. A university graduate (preferably with a post-graduate degree) in Accounting, finance, Certified auditor certificate by the MOF or international certificate (ACCA or other recognized international accounting/ auditing certificate),
- b. At least 15 years or above experience working in auditing services; At least 4 year experience in management of auditing teams; and at least 8 years actual working years in auditing since being granted with Lao or international auditor certificate;
- c. Should have worked as Audit Director for at least 3 audit contracts on ADB, the World Bank or other international donors funded projects;
- d. Fluent English is compulsory;
- e. Experience working for a Big 4 or large regional accounting firm is a plus.

N.2. Audit Managers (AM)

The Manager will be responsible for:

- a. Receive the instructional directives from Directors and give detailed guidance to all team members;
- b. Monitor the audit fieldwork of engagement team, reviews staff work and ensure that it meet professional standards and the internal audit department's guidelines;
- c. Take responsibility for the quality of the audit before submitting to Director;
- d. To be the contact point with Client's Management and Chief Accountant regarding key issues identified, audit adjustments; and

- e. Monitor the progress of the audit and monitor the adherence to the deadline committed with Client.

Minimum Qualifications/Experience:

- a. A university graduate (preferably with a post-graduate degree) in Accounting, finance, Certified auditor certificate by the MOF or international certificate (ACCA or other recognized international accounting/ auditing certificate),
- b. At least 10 years or above experience working in auditing services; Audit seniors who are the team leader shall have 5 years' experience in their profession;
- c. Audit experience for ADB/World Bank funded projects in Lao PDR would be an advantage;
- d. Ability to work within budgetary and time constraints while providing a high-level of client satisfaction;
- e. Certified auditor certificate by the MOF or international certificate (ACCA or other recognized international accounting/ auditing certificate).

N.3. Senior Auditors/ Team leaders: (SA/TL)

The Senior Auditors will be responsible for:

- a. Follow the instructions from Director and Engagement Manager;
- b. Keep AD and AM being updated with the key issues or key audit adjustments day to day;
- c. Being responsible for the audit quality of the whole team in front of AM;
- d. Being responsible for the compliance with auditing firm quality standards and procedures and with the requirements of Clients/ Projects.

Minimum Qualifications/Experience:

- a. Senior Auditors are required to be graduates of a recognized university in the fields of Commerce, Economics, Accounting and Auditing or equivalent;
- b. At least 05 years or above experience working in auditing services;
- c. Preferably to whom holding Certified auditor certificate by the MOF or international certificate (ACCA or other recognized international accounting/ auditing certificate);
- d. Preferably should have worked as Auditor for audit contracts on ADB's, the World Bank's on other international donors' funded projects; and
- e. English proficiency would be preferable.

N.4. Auditor:

The Auditors will be responsible for:

- a. Implementing professional work, auditing assigned sections in the agencies, be responsible for the data and issues related to the auditing activities.
- b. Supporting to release the official report; draft minute of audit; report to the Team leader of the rising issues related to the audit in the agencies.

Minimum Qualifications/Experience:

- a. A university graduate (preferably in recognized university in the fields of Commerce, Economics, Accounting and Auditing or equivalent);

- b. At least 03 years or above experience working in auditing services Preferably to whom holding Certified auditor certificate by the MOF or international certificate (ACCA or other recognized international accounting/ auditing certificate);
- c. Should have worked as Auditor for audit contracts on ADB's, the World Bank's on other international donors' funded projects would be preferable).
- d. English proficiency would be preferable.

O. Involvement of Technical Experts:

29. Depending on the complexity of procurement activities, the auditor may consider involving technical experts during the audit engagement. In cases where such experts are involved, the auditor is expected to comply with provisions of International Standard on Auditing 620: Using the Work of an Expert. Consideration to use of the work of experts should be brought to the early attention of the borrower and the ADB for mutual agreement and appropriate guidance.

P. Reporting Relationships:

30. The audit services will be contracted by EAs/IAs or project management units. The Auditor shall report to: the Project manager and Chief Accountant. The Auditor should maintain and file the work papers and provide them to ADB and/or the Government when required.

Q. Contract and Procurement Mode

31. Please refer to: Annex 5 attached to this TOR.

Project Background, Executing and Implementing Agencies

A. The Project to be Audited:

1. Project No:
2. Grant No:
3. Project Name:
4. Executing Agency:
5. Implementing Agencies:
6. Total Project Costs: (from all financiers)

B. Project Description:

Describe the project here, in the context of its contribution to achievement of the EA's economic goals. The auditor must understand the "purpose for which the funds are intended" in the context of the broad project objectives as well as in terms of the specific project budget.

C. The Executing and the Implementing Agencies (EA/IAs):

A detailed description—both legal and generally informative—should be provided here to enable the auditor to understand fully the nature, location and objective of the executing and implementing arrangements among agencies (EA/IAs), and the entities under audit. Geographic characteristics should be described, together with organization charts; names of senior managers.

Financial Management Manual (FMM)

A. General framework for financial management

1. Objective of the FMM:

To enhance the transparency in project financial management procedures to ensure the proper and effective use of project resources;

Provide guidelines concerning the Financial Management procedures and project systems facilitating the monitoring and evaluation tasks required by ADB and relevant government agencies;

Provide clear requirements, processes and project management procedures to facilitate project implementation.

2. Financial roles and responsibilities of relative agencies/organization

3. Detail responsibilities and qualification of each personnel in financial management team – such as: functional and duties: Director, Internal Controller, Accountant, Chief Accountant, and Cashier....etc

B. Project planning and budgeting:

Description of how to develop and control planning and budgeting

Summary responsibilities of involved parties in the project

Description of forms for planning and supervising purposes, such as general project implementation, procurement, disbursement etc

C. Disbursement process:

Based on ADB Disbursement guidelines (Loan Disbursement Handbook).

Disbursement process: responsibilities of each involved parties in the process, disbursement types and applicable disbursement procedure (such as statement of expenditure) in the project, fund-flow illustration etc.

D. Project accounting system reporting and liquidation

General regulation, basic accounting policy, financial reporting, and project accounting (indicate clearly which accounting policy is used) and reporting system (list all reports, names, contents, prepared by whom, deadline to submit etc)

E. Internal control (IC)

1. IC Objectives:

The IC forms part of the financial and accounting policies for the management of the Project. The objectives of the internal controls are to:

- (a) ensure adherence to Government's and donors' regulations and guidelines, project policies and procedures;
- (b) achieve clear and transparent financial practices;
- (c) promote operational efficiency;
- (d) provide controls to safeguard the project assets;
- (e) facilitate the early detection of errors and problems.

2. Internal control principles: The basic principles of the internal controls are as follows:

- 1) monitoring, checking and approving, by an upper level, of expenditures and procurements executed by the lower level;
- 2) defining responsibilities of project staff commensurate with position and level of authority;
- 3) separating specific responsibilities of staff;
- 4) using appropriate method to ensure proper custody of assets;
- 5) ensuring full and appropriate documentation;
- 6) using internal procedures for cross-checking of accounts, payments and transaction entries for timely detection of errors; and
- 7) preparing annual inventory of assets.

3. IC requirement: Key internal controls to be implemented by PCU/PMU must satisfy the below requirements:

- a. **Competent and Reliable Personnel:** The internal control system relies on the people running it. Employees should be adequately trained and properly supervised to enable them to carry out their duties and responsibilities effectively.
- b. **Separation of Functional Responsibilities:** A person should not have complete control of a transaction from beginning to end. There should be clear understanding as to who will approve, what is to be approved and the limitations of authorization. The approving officers should not have responsibility for posting or the ability to change accounting records.
- b. **Assignment of Responsibility for Every Function:** Employee responsibilities should be clearly defined to avoid overlapping or unassigned areas of responsibility (e.g. an organization chart should be prepared). Staff must know their responsibilities and whom they report to.
- c. **Separation of Asset Custodianship and Accounting:** The accounting function should be separated from the custody of assets (e.g. an employee who is entrusted to receive cash should not have access to the cash journals or ledgers).
- d. **Security Measures:** Techniques, procedures and measures should be employed to protect assets and ensure reliable accounting data and reports (e.g. use of mechanical devices such as vaults and cash registers; use of control accounts and subsidiary ledgers).
- e. **Supervision:** Internal regulations should include the supervision of staff. For example, the supervision of the director or manager of a DPMU for example on setting up of annual estimated expenditures, approving of the annual reports, or the supervision of chief accountant to the process of setting, recording of transactions made by assistants, and the preparation of financial statements.
- f. **Regular Independent Review:** Internal auditors should regularly review and evaluate the system of internal controls to determine whether it is functioning effectively as planned (e.g., internal auditors' findings and recommendations should be submitted to senior management for action).
- g. **Control of Transactions:** Every transaction should be authorized, approved, executed and recorded according to prescribed procedures (e.g. staff are not free to procure without the approval of the manager).
- h. **Serially Numbered Documents:** Organization documents should be serially numbered to check completeness of transactions (e.g. checks, invoices and vouchers should be serially numbered).
- i. **Sequencing:** Accounting control system should be set up in such a manner that proper sequencing is followed with regards to payments, posting of transactions to ledgers etc. For example payments should not be authorized or made before the goods or services for which the payment relates to has been received by the project.
- j. **Duration of documentation archiving:** Full documentation of project transactions will be managed and recorded in accordance with existing regulations. The records should

be kept for 10 years in good condition to avoid damage and ensure easy access when needed. Document disposal (if necessary) shall be done with prior approval of competent authority.

4. Content of IC:

Must ensure that the FMM covers all important IC matters: such as cash control, bank account control, procurement, assets management, contract management and receivables, and payables etc.

5. IC system:

The auditor shall assess the adequacy of the project financial management systems, including internal controls. The assessment includes whether:

- a. Proper authorizations are obtained and documented before transactions are entered into;
- b. Accuracy and consistency are achieved in recording, classifying, summarizing and reporting transactions;
- c. Reconciliations with internal and external evidence are performed on a timely basis by the appropriate level of management;
- d. Balances can be confirmed with external parties;
- b. Adequate documentation and an audit trail is retained to support transactions;
- c. Transactions are allowable under the agreements governing the project;
- d. Errors and omissions are detected and corrected by project personnel in the normal course of their duties, and management is informed of recurring problems or weaknesses;
- e. Management does not override the normal procedures and the internal control structure; and
- f. Assets are properly accounted for, safeguarded and can be physically inspected.

Financial covenants, financial assurances and

How to confirm the compliance?

1. **Financial Covenants:** The financial covenants that are applicable to projects are included in loan agreements. The Auditor should list, describe and fully reference all applicable financial covenants, review and comment on the compliance.
2. **Compliance with Financial Covenants.** The auditor will confirm compliance with each financial covenant contained in the project legal documents. Where present, the auditor should indicate the extent of any noncompliance by comparing required and actual performance measurements for each financial covenant for the financial year concerned.
3. **Financial Assurances Applicable to Projects:** The financial assurances that are applicable to the EA—such as a commitment to employ suitably-qualified accounting personnel—will be included in project legal documents. The auditor should list, describe and fully reference all applicable financial assurances, review and comment on the compliance.
4. **Compliance with Financial Assurances.** The auditor will confirm compliance with all financial assurances contained in the project legal documents. Where present, the auditor should indicate the extent of any noncompliance by comparing required and actual performance of the borrower in respect of these ADB requirements for the financial year concerned.

A sample for list of required documents

A. General project documents

1. Report and Recommendations of the President
2. Loan Agreement
3. Project Administration Manual
4. Documents on appointments of Project Management Units (Director, Deputy Director, Chief Accounts) and delegation of authorities
5. Documents on registration of VAT codes with local authorities
6. Documents on registration of authorized signatories with the banks
7. Annual budget and work plans, including all revisions, if any
8. Annual procurement plans, if any
9. Quarterly and annual progress reports
10. Comparison between actual expenses and budgets, if any, prepared by Project management,
11. A summary of key financial covenants as indicated in the Loan/Financing Agreements and the self-assessment of the Project management on these financial covenants
12. Copies of all meeting minutes of Project Steering Committee and Project management unit, if any
13. Internal audit reports, prior year audited reports and management letter, if any External review reports.

B. Accounting books/records

1. Annual Financial Statements for the year subject to audit, including the financial statements of the Central PMU and all PPMU (Summary sources of funds, Summary of expenditures, Balance sheet, IA statement...etc).
2. Accounting books and all original supporting documents (hard and soft copies)
3. Confirmations of fund received from the ADB during the year
4. Disbursements and payment vouchers with original supporting documentation
5. Bank statements, cash count minutes, periodic bank reconciliation documents (signed by authorized personnel of the Project)
6. Reports and supporting documents for counterpart expenditure for the year subject to audit
7. Documents on monthly VAT declaration and periodic VAT refund claims, if any
8. List of outstanding advances at the year end and the related aging report, if any. The total of this list should be reconciled to the advances of the balance sheet
9. Summary of procurement contracts signed and ongoing during the year
10. Bidding documents (if any)
11. Consultant contracts (local and international), minutes of evaluation board, consultant reports (if any)
12. Record of training courses, attendance lists and course evaluations (if any)
13. Fixed asset registers
14. Minutes recording annual physical checking of equipment (including all minutes completed by PPMU)
15. Logbooks for vehicles (if any)
16. Access to Programme's/ Projects' computers and other office equipment under the supervision of responsible Programme/ Project personnel (strictly for audit purposes only)

C. Personnel

1. List of all contracted staff and their related recruitment documents, personnel records
2. Documents on PIT, Social Insurance and Health Insurance calculations and monthly declaration and payments

**Procurement Mode and requested document to be submitted by
Audit firms:**

1. The procurement method agreed for auditor recruitment will follow “Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers” (available at: <http://www.adb.org/documents/guidelines-use-consultants-asian-development-bank-and-its-borrowers>)

The contract will be on lump sum in accordance with annual based performance.

2. In order to meet with the working plan and schedule report delivery as requested, the auditing firm must submit a Description of Approach, Methodology and Work Plan for Performing the Assignment including:

(i) **Technical Approach and Methodology:** explain the understanding of the objectives of the assignment, approach to the services, methodology for carrying out the activities and obtaining the expected output, and the degree of detail of such output. Should also highlight the problems being addressed and their importance, and explain the technical approach would adopt to address such problems. Explain the methodologies you propose to adopt and highlight the compatibility of those methodologies with the proposed approach.

(ii) **Work Plan.** Propose the main activities of the assignment, their content and duration, phasing and interrelations, milestones (including interim approvals by the Client), and delivery dates of the reports. The proposed work plan should be consistent with the technical approach and methodology, showing understanding of the TOR and ability to translate them into a feasible working plan. A list of the final documents, including reports, drawings, and tables to be delivered as final output, should be included here. The work plan should be consistent with the Work Schedule.

(iii) **Organization and Staffing.** Propose the structure and composition of your team. Should list the main disciplines of the assignment, the key expert responsible, and proposed technical and support staff.

3. Submitted Document must indicate: How many Team Leaders and Senior auditors/auditors allocated for the assigned audit with suitable qualification and experience by each position.

4. For each audit period, how many are expected person-months to fulfill auditing works of each auditor position: for example Audit Director: (how many) person-months; Team Leader: (how many) person-months; ...etc.

5. The person-months are only as an estimate since the auditing company will be recruited on lump sum based performance for each annual package. The auditing company should provide to the Government project management unit details in the followings: working schedule, management and execution method together with allocated man power implementing auditing activities in project's financial reports for a good contract performance.

BASELINE INFORMATION AND ASSUMPTIONS

A. Introduction

1. This Annex provides baseline information for monitoring tourism performance in the participating countries and subproject areas. Together with forecasts for tourist arrivals, average receipts per-tourist, tourism-related employment, and other indicators, the information will be monitored and the results incorporated into project baseline, midterm, and completion reports.

Table 1: Key Tourism Indicators

Country	2011 IVA	2012 IVA	11/12 % increase	2012 receipts (\$ billion)	2012 direct employment ('000 jobs)	IVA/job	Receipts/ IVA (\$)	Receipts/ job (\$)
Cambodia	2,881,862	3,584,307	24.5	2.21	782.5	4.6	616	2,824
Lao PDR	2,723,564	3,330,072	22.3	0.51	134.0	24.9	154	3,805
Viet Nam	6,014,032	6,847,678	13.9	7.70	1,831.5	3.7	1,124	4,202
Total	11,619,458	13,762,057	-	10.4	2,748	-	-	-

IVA = international visitor arrivals

Source: GMS National Tourism Organizations, World Travel and Tourism Council

Table 2: GMS Source Markets, Showing Number & Percentage of Destination IVA, 2012

Destination	2012 IVA	Sending Country									
		Cam	%	Lao	%	PRC	%	Vie	%	Tha	%
Cambodia	3,584,307	..	..	254,022	7.0	333,894	9.3	763,136	21.0	201,422	5.6
Lao PDR	3,330,072	15,140	0.5	..	..	199,857	6.0	705,000	21.0	1,937,000	58.2
Viet Nam	6,847,678	331,399	4.8	150,678	2.2	1,428,693	20.9	..	..	225,866	3.3
Thailand	22,303,065	424,766	1.9	951,090	4.3	2,789,345	12.5	617,804	2.8	..	..

Cam = Cambodia, IVA = international visitor arrivals, Lao = Lao PDR, PRC = People's Republic of China, Tha = Thailand, Vie = Viet Nam

Source: GMS National Tourism Organizations

Table 3: Inbound International Aviation Capacity

	No. Airlines		No. Inbound Flights		No. Inbound Seats	
	2013	2014	2013	2014	2013	2014
Cambodia	26	23	25,233	28,721	3,764,955	4,350,653
Lao PDR	8	8	10,314	10,457	1,211,483	1,318,352
Viet Nam	43	40	54,227	55,753	10,996,468	11,247,464
Total	77	71	89,774	94,931	15,972,906	16,916,469

Source: IATA

Table 4: Accommodation Capacity (2012)

Province	Rooms	Occupancy Rate
Champassak	3,215	0.62
Khammouane	1,321	0.51
Luangprabang	3,529	0.69
Oudomxay	1,124	0.58
Koh Kong	1,239	0.60
Kampot	1,524	0.60
Kep	689	0.60
Dien Bien	1,300	0.65
Lao Cai	4,640	0.66
Ha Tinh	3,000	0.58
Tay Ninh	4,152	0.60
Kien Giang	5,293	0.51

Source: GMS National Tourism Organizations

Table 5: Contribution of Tourism to GDP

	2012	2025
Cambodia	11.4%	11.5%
Lao PDR	5.3%	5.4%
Viet Nam	4.5%	4.6%
Southeast Asia		
Benchmark	5.0%	5.1%

Source: World Travel and Tourism Council.

Table 6: Per-capita Tourism Receipts 2012

Country	Population (million)	Receipts (\$million)	Per-capita Receipts (\$)
Cambodia	14.74	2,210	150
Lao PDR	6.52	506	78
Viet Nam	88.87	8,000	90

Source: Asian Development Bank and National Tourism Organizations.

Table 7: Distribution of National Tourism Receipts 2012

	Total Receipts (\$million)	Participating Province Receipts (\$million)	Share
Cambodia	2,210	15	0.7%
Lao PDR	506	163	32.2%
Viet Nam	8,000	197	2.5%

Source: National Tourism Organizations.

B. Impact and Outcome Baseline and Performance Targets

3. This section describes the assumptions used to compute the baseline and performance targets for the impact and outcome indicators presented in the Design and Monitoring Framework.

4. **Impact indicator: Increase in aggregate tourism employment in the project provinces.** For the past 20 years, the World Travel and Tourism Council (WTTC), in cooperation with Oxford Economics, has been producing comprehensive annual economic reports to quantify, compare, and forecast the economic impact of tourism at the global, regional and country levels. These data include statistics on tourism employment in each participating country and are reliable and widely accepted standards used by the travel and tourism industry. National tourism receipts for 2012 were divided by the WTTC tourism employment figures to determine a baseline receipts to job ratio that was applied to estimate the number of jobs in project provinces. Table 8 shows the 2012 baseline and 2025 projections, taking into account annual inflation and efficiency gains (i.e. more receipts will be required to sustain one job in 2025). The target for the percentage of jobs held by women is based on current workforce participation rates and set between 50% and 60%.

Table 8: Aggregate Tourism Employment in Project Provinces

	2012 National			2012 Provinces		2025 Provinces		
	Receipts (\$million)	Jobs	Receipts: Job Ratio	Receipts (\$million)	Jobs	Receipts: Job Ratio	Receipts (\$million)	Jobs
Cambodia	2,210	782,500	2,824	15.3	5,408	5,326	127.7	23,978
Lao PDR	506	134,000	3,776	162.9	43,143	7,120	504.4	70,834
Viet Nam	8,000	1,831,500	4,368	197.4	45,194	8,237	1,139.3	138,321

Sources: Revenue 2012: National Tourism Organizations; Revenue 2025 PPTA estimates. National employment: 2012 and 2025: World Travel and Tourism Organization; Provincial employment 2012 and 2019 PPTA estimates.

5. **Outcome indicator: Increase in aggregate annual tourism receipts in project provinces.** Table 9 presents baseline and targets for this indicator. 2012 baseline receipts are derived from official statistics and PPTA estimates. 2019 targets were set based on

expected incremental growth in tourist arrivals, length of stay, and spending that will arise from project investments, official forecasts and consultations with the executing agencies, and the experience of past projects.

Table 9: Aggregate Annual Tourism Receipts in Project Provinces; Baseline and Targets

Country	2012	2019
	(\$million)	(\$million)
Cambodia	15.3	64.4
Lao PDR	162.9	331.6
Viet Nam	197.4	489.0

Sources: National Tourism Organizations; PPTA estimates.

C. Other Indicators

Table 10: Estimated Use of Roads to be Upgraded

Table 10: Estimated Use of Roads to be Upgraded			
Road Section	length (km)	average daily vehicle-kilometers	
		2012	2018
Lao PDR			
Chom Ong Cave	54	20,189	44,961
Xang Cave	4	1,252	2,930
Ban Xang Hai-Pak Ou	10	-	-
Viet Nam			
Mouang Phang	19	16,974	40,112
Ta Phin-Ban Khoang	15	2,190	2,589

Source: PPTA estimates.