

Project Administration Manual

Project Number: 46443-003
Loan Number: {LXXXX}
October 2015

Lao People's Democratic Republic: Second Greater
Mekong Subregion Corridor Towns Development
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 the Asian Development Bank (ADB) policies and procedures. The PAM includes references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The executing and implementing agencies of Government, through the Ministry of Public Works and Transport (Executing Agency) and the Provincial Departments of the Public Works and Transport (PDPWT) are wholly responsible for the implementation of this ADB financed project, as agreed jointly between the Government (borrower) and ADB (lender), and in accordance with Government and ADB's policies and procedures. ADB staff are responsible to support implementation including compliance by the executing and implementing agencies of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At loan negotiations, the borrower and the 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
CQS	-	consultant qualification selection
CS	-	contract supervision
DED	-	detailed engineering design
DMF	-	design and monitoring framework
EA	-	executing agency
EARF	-	environmental assessment and review framework
EIA	-	environmental impact assessment
EMP	-	environmental management plan
ESMS	-	environmental and social management system
GACAP	-	governance and anticorruption action plan
GAP	-	gender action plan
GDP	-	gross domestic product
GMS	-	Greater Mekong Subregion
ICB	-	international competitive bidding
IEE	-	initial environmental examination
IPP	-	indigenous people plan
IPPF	-	indigenous people planning framework
LAR	-	land acquisition and resettlement
LIBOR	-	London interbank offered rate
MPWT	-	Ministry of Public Works and Transport
NCB	-	national competitive bidding
NGOs	-	nongovernment organizations
PAI	-	project administration instructions
PAM	-	project administration manual
PCU	-	project coordination unit
PIU	-	project implementation unit
QBS	-	quality based selection
QCBS	-	quality-and-cost based selection
RP	-	resettlement plan
RRP	-	report and recommendation of the president to the Board
SBD	-	standard bidding documents
SOE	-	statement of expenditure
SPRSS	-	summary poverty reduction and social strategy
SPS	-	safeguard policy statement
TOR	-	terms of reference

I. PROJECT DESCRIPTION

1. The Second Greater Mekong Subregion (GMS) Corridor Towns Development Project (the project) represents the second phase of the ongoing GMS Corridor Towns Development Project in Cambodia, Lao People's Democratic Republic (Lao PDR) and Viet Nam.¹ It supports the first four strategic thrusts of the GMS Strategic Framework 2012–2022² namely (i) strengthening infrastructure linkages; (ii) facilitating cross-border trade, investment, and tourism; (iii) enhancing private sector participation and competitiveness; and (iv) developing human resources. The focus on corridor town development follows an approach that will maximize the economic benefits of increased trade and traffic flows along the major transport corridors in the GMS with the expected positive impacts resulting from accelerated investments in strategically located towns and cities, and added value on economic growth through development oriented on green growth and climate resilience. The objective is to strengthen competitiveness of the GMS economic corridors through environmental infrastructure.

2. Towns along the North-South Economic Corridor (NSEC) which links Lao PDR with People's Republic of China (PRC), Thailand and Myanmar are well positioned to serve as dynamic centers of investment and economic growth. The strategic location of the corridor towns provides the stimulus for increased trade and investment. Access to markets will provide many incentives for local economies in the hinterlands of the corridor towns. Given these development opportunities, and with the rapid growth of the urban population and expansion of these areas, several corridor towns are now facing demands for urban infrastructure and essential support services.

3. Two project towns in Lao PDR along the NSEC, which traverses the region from the city of Kunming in Yunnan Province of the PRC to Bangkok, Thailand, were selected as project areas on the basis of their economic potential, environmental infrastructure constraints and expressed commitments. Houayxay is a medium-sized town and the administrative capital of Bokeo Province in the north-western part of Lao PDR and lies in proximate distance to the country's border with Myanmar and Thailand. Luang Namtha Town is the administrative capital of the Luang Namtha Province in the north-western part of Lao PDR bordering PRC and Myanmar. Luang Namtha Town is strategically located in proximate distance to the Lao PDR-PRC border.

4. **Impact and Outcome.** The project's impact for Houayxay and Luang Namtha Towns is aligned with the Government's National Socio-Economic Development Plan (7th Plan – 2011 to 2015)³ targets of maintaining economic growth, achieving poverty reduction targets, ensuring sustainable development and supporting regional integration. The outcome will be improved urban infrastructure in Houayxay and Luang Namtha.

5. **Outputs.** Outputs of the project are: (1) Strategic Local Economic Development Plans (SLEDPs) developed; (2) priority urban infrastructure investments implemented; (3) institutional capacities for managing public investments strengthened; and (4) community awareness on project activities and environmental sustainability improved.

¹ ADB. 2012. Loan 2983-CAM: Greater Mekong Subregion Southern Economic Corridor Towns Development Project, Loan 2931-LAO: Greater Mekong Subregion East-West Economic Corridor Towns Development Project, and Loan 2969-VIE: Greater Mekong Subregion Corridor Towns Development Project. Manila.

² ADB. 2011. *The Greater Mekong Subregion Economic Cooperation Program Strategic Framework: 2012–2022*. Manila.

³ National Socio-Economic Development Plan (8th Plan – 2016 to 2020) is under preparation.

II. IMPLEMENTATION PLANS

A. Project Readiness Activities

Figure 1: Project Readiness Activities



Table 1: Project Readiness Filters

	Key Project Preparation Elements	Stage of Project Preparation					Status
		Fact-Finding (21-27 May 2015)	Time Between Fact-Finding & Negotiations	Negotiations	Approval	Effectiveness	
1	Project Administration Manual (PAM)	Drafted	Completed	Updated			
2	Environmental Impact Assessment, Social Impact Assessment, Land Acquisition, Land Resettlement Plan and Ethnic Minority Development Plan (where applicable)	Draft IEE and EMPs under final review; draft RPs under review and final IOL, SES, public consultations ongoing, no EMDP required	Completed				
3	Monitoring & Evaluation Plan		Completed				
4	Project Coordination Unit and Project Implementation Units	Project organization chart agreed					
5	Procurement Capacity Assessment	Completed					
6	Procurement Plan for 1 st 18 months	Drafted	Completed				
7	Recruitment of 1 st year Consultants	Draft TOR for PISCD under review		Start-up support consultant recruited			
8	Procurement of 1 st Year Works and Goods	Not started yet		Not started yet			
9	Financial Management Assessment	FMA under review	Completed				
10	Government Counterpart Funds	Agreed					
11	Subsidiary Agreements	n/a					
12	Legal Opinion	Not yet started					

B. Overall Project Implementation Plan

Project Component	Key Milestones												Loan Effective				Midterm Review				Project Close					
	2015				2016				2017				2018				2019				2020					
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2
Project Start-Up																										
1. Recruit Project Management and Implementation Support & Capacity Building Consultants				—————																						
A. Houayxay – All Subproject Components																										
1. Detailed Engineering design					—————																					
2. Bidding and Award					—————																					
3. Construction and Implementation																										
4. Land Acquisition/Resettlement					—————																					
B. Luang Namtha – All Subproject Components																										
1. Detailed Engineering Design					—————																					
2. Bidding and Award					—————																					
3. Construction and Implementation																										
4. Land Acquisition/Resettlement					—————																					
C. Project Management, Implementation and Institutional Strengthening (Both Cities)																										
1. Training and Capacity Building																										
2. Institutional Strengthening																										

Note:
 Defects Liability Periods for Civil Works Contract
 - - - - - Intermittent Inputs of Various Consultancies/Activities

III. PROJECT MANAGEMENT ARRANGEMENTS

6. The Ministry of Public Works and Transport (MPWT) will be the Executing Agency (EA) for the project through the Department of Housing and Urban Planning (DHUP). It will provide for overall policy guidance and oversee implementation in accordance with the objectives and scope of the project. Under DHUP, a project coordination unit (PCU) will work as the technical team and will liaise closely with project implementation units (PIUs) to be established at provincial level. The PIUs will work through the provincial Departments of Public Works and Transport (P-DPWT) and will report directly to the DPWT Directors in each town. The Implementation Agencies (IAs) will be the P-DPWT. They will provide for overall policy guidance and oversee implementation in accordance with the objectives and scope of the Subproject. The implementation structure is summarized below in D – Project Organization Structure.

7. The PCU is responsible for recruiting the Project Implementation Support and Capacity Building Consultants (PISCB) and for the procurement of vehicles and equipment for project administration. It will also have oversight of and provide guidance for the procurement of goods and works done on the provincial level. The PCU's representative will be a member of Provincial Bidding Committee and supervise the overall management of subprojects.

8. A Central Project Steering Committee (CPSC) will be established and will be chaired by the Vice Minister from MPWT. The CPSC members will comprise of: the Vice Governors from Bokeo and Luang Namtha Provinces, the Director General of DHUP, the Director General of P-DPWTs and representatives from Ministry of Finance (MOF), Ministry of Planning and Investment (MPI), Ministry of Home Affairs (MHA), and Ministry of Natural Resources and Environment (MONRE). The PCU will be the secretary of CPSC. The ADB may be invited to join the meetings from time to time. The CPSC will: (i) oversee implementation in conformity with the project's development objectives and scope; (ii) coordination among government agencies involved in project implementation and policy reforms; (iii) ensure coordinated and efficient project implementation activities; (iv) monitor the progress of all outputs, in particular, measuring the development impact and outcome envisaged under the project; and (v) provide guidance and direction towards the accomplishment of the Project's impact and outputs.

9. Provincial Project Steering Committees (PPSCs) will be established and will be chaired by the provincial Vice Governor. The PPSC will be composed of: the District Governor, and Directors of P-DPWTs, and representatives from the Department of Finance (DOF), Department of Planning and Investment (DPI), Department of Home Affairs (DHA), Department of Natural Resources and Environment (DONRE), Lao Women's Union (LWU) and other agencies related to the subproject components. The PIUs will be the secretaries of PPSC for meeting arrangements.

10. The PIUs will generally be responsible for coordinating detailed preparation and implementation of project activities; including: (i) conduct of procurement of civil works and for vehicles and equipment for solid waste management; (ii) promotion of the project to the beneficiaries; (iii) assist in subproject development and implementation; (iv) evaluate the technical, financial, economic, social and environmental viability of the proposed subprojects; (v) undertake project supervision and monitoring; (vi) establish and implement the Project Performance Management System (PPMS), (vii) prepare community action plans; (viii) prepare bidding arrangements, documents, evaluate bids and award and supervise contracts – civil works only; (ix) administer the grievance redress system; and (x) exercise quality control.

11. The structure and resources of the PIUs will reflect the needs of the subprojects in each town and will be built around the existing professional, administrative and technical support staff and supplemented as appropriate. It is recommended that the professional disciplines should

include as far as possible (i) municipal engineers - drainage/flood protection and solid waste management; (ii) civil engineers - roads/highways; (iii) environment specialist; (iv) resettlement safeguards specialist; (v) social development and gender professional(s); (vi) urban planner/landscape architect; and (vii) procurement/ contracts/construction professional(s). There will also be a need for a range of other administrative and technical support staff, including: financial management, accounting, administration, translation and an English speaking secretary.

12. Quality control will be critical such that CVs for the required key professionals nominated by each of the PCUs/PIUs will be submitted to the ADB for concurrence prior to their appointment. The government is required to nominate qualified candidates for staff positions, especially the PCU Director and PIU Director at provincial level.

13. Further details of the proposed roles and responsibilities of the principal project implementation organizations and the recommended core professional staff for the PIUs are described below.

14. An outline of Institutional Arrangements for Environmental Safeguards is presented in Appendix 6.

A. Project Implementation Organizations – Roles and Responsibilities

Project Organization	Implementation Management Roles and Responsibilities
<ul style="list-style-type: none"> Ministry of Public Works and Transport (MPWT) 	<p>Executing Agency</p> <ul style="list-style-type: none"> Oversee project activities in each town Approve rolling plans/program for implementation Ensure compliance with loan covenants Submit disbursement projections and ensure counterpart fund allocation Approve procurement plans Approve bidding process for contracts in accordance with Government and ADB regulations. Major bidding contracts and key implementation issues (including project extensions, budget reallocation etc.) to be approved at the Minister/Vice Minister level; general project administration activities to be approved at the DG-level. Ensure that project implementation complies with ADBs safeguard policy and provisions in the EMPs and RPs. Review and endorse any proposed change in the project scope or implementation arrangements.
<p>Department of Housing and Urban Planning (DHUP-MPWT)</p>	<p>Project Coordination Unit</p> <ul style="list-style-type: none"> Coordinate project activities and assist the PIUs in project implementation activities Manage procurement and conduct all bidding activities and procurement of consultants (except for civil works contracts) Prepare the consultants for project management, capacity building and awareness building Coordinate and liaise with ministries and other agencies at national level on common policy, regulatory context, implementation procedures and financial issues Day to day coordination and liaison with the two PIUs to ensure policy, administrative and financial compliance and

Project Organization	Implementation Management Roles and Responsibilities
	<ul style="list-style-type: none"> ensuring project progress and quality control. ▪ Providing the linkage between the two PIUs and communications to the EA, the PSC and other relevant agencies. ▪ Review of design and tender documents, contract documents, bid evaluations, contract variations, time extension, etc ▪ Provide views, comments and suggestions to PIUs on matters relating to project implementation ▪ Monitor project activities and the quality of the works ▪ Provide a quality check of procurement documents and withdrawal applications prior to submission (PCU endorsement required) ▪ Act as focal point for project agency coordination, and communication with ADB and other agencies ▪ Organize timely provision of agreed counterpart funds for project activities ▪ Set up and maintain a strong project financial management system through Project Accounting Software ▪ Be responsible for project payments, as required, through the sub- accounts. ▪ Coordinate timely audit of project accounts, and ▪ Prepare consolidated project reports for submission to MPWT and ADB.
<ul style="list-style-type: none"> • Provincial Departments of Public Works and Transport (Implementing Agencies) 	<p>Project Implementation Units (PIU)</p> <ul style="list-style-type: none"> ▪ Undertake day to day management of the project activities ▪ Prepare detailed designs and procurement documents, bid evaluation and contract awards ▪ Update the resettlement plans and submit to PCU for endorsement prior to submitting to the ADB for clearance prior to implementation ▪ Update EMPs and validate costs in the project cost table ▪ Monitor implementation of resettlement plans and submit monitoring reports to the PCU for endorsement before submitting to EA and ADB ▪ Manage procurement and conduct all bidding activities including civil works contracts and procurement of vehicles and equipment for solid waste management ▪ Ensure environmental protection and mitigation measures (in the EMPs) are incorporated in detailed designs and contract awards ▪ Ensure implementation of the EMPs and submit regular monitoring reports through the IAs to the EAs ▪ Submit regular (quarterly and annual) project reports to the PCU. ▪ Submit resettlement plans to the ADB for agreement prior to implementation ▪ Implement GAP, Poverty Reduction and Social Strategy, Stakeholder Participation Plan and WU capacity building program. ▪ Set up and maintain project financial management system and be responsible for project payments through sub-

Project Organization	Implementation Management Roles and Responsibilities
	account.
<ul style="list-style-type: none"> • ADB 	<p>Funding Agency</p> <ul style="list-style-type: none"> ▪ Review and approve procurement and disbursement requests. ▪ Conduct six monthly reviews to assess: (i) overall project implementation; (ii) land acquisition and resettlement; (iii) environmental management; (iv) project expenditure, disbursements and counterpart funding, (v) procurement and contract awards; (vi) compliance with loan covenants; (vii) achievement of project outputs and outcomes ▪ Update the project performance review reports in conjunction with the EAs ▪ Ensure compliance of financial audits and recommendations ▪ Post project documents requiring public disclosure on ADB web-site (e.g. ADB safeguards compliance) ▪ Conduct mid-term project review to: (i) assess need to restructure or reformulate the project; (ii) update the project DMF; (iii) assess need to keep to the project completion deadline.

Project Coordination and Implementation Units (Key Staff – Roles and Responsibilities)

Key Position	Roles and Responsibilities
PCU Project Director	<ul style="list-style-type: none"> • Reports to the Project Steering Committee (PSC) on the overall supervision and implementation of the project; • Ensure that the Subregional Project Steering Committee (SPSC) and ADB are kept informed of project developments, issues and progress; • Oversight of the work of PCU and PIU staff, and the recruitment and performance of international and national consultants; • Ensure budgets and work plans are approved and executed on time and on target.
Deputy Project Directors	<ul style="list-style-type: none"> • Reports to the Project Director on the overall supervision and implementation of the Project; • Ensures effective coordination and implementation of the project; • Assistance in the PIU's prepare and implement detailed annual work plans and budgets, including a five-year project implementation plan and rolling annual action plans; • Assist PCU Project Director in the management of consultant recruitment and procurement; • Oversight of 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.
Chief of Finance and Accounting	<ul style="list-style-type: none"> • Assistance with the establishment of the required accounting, withdrawal approval and audit systems and procedures; • Undertaking of day-to-day project financial accounting activities; • Monitoring of the flow of funds to the PCU and PIUs; • Providing training and coaching to PIU's as needed; • Monitoring of cash flow;

Key Position	Roles and Responsibilities
	<ul style="list-style-type: none"> • Ensures that accurate, up-to-date information regarding the project's finances is available to the Project Director upon demand; • Preparation of regular financial reports for transmission to the EA and the ADB; and • Assisting external auditors carry out the annual audit.
Director PIU/Engineer	<ul style="list-style-type: none"> ▪ Coordination and liaison with central government agencies, PPC, wards and communes and other stakeholders; ▪ Management of the PIU staff and the consultants. ▪ Oversight of contract management, construction, works, monitoring and operations and maintenance; ▪ Ensuring design and implementation of the sub-projects in a timely manner and to a high quality; ▪ Advising on relevant government policies and guidelines relevant to the design and implementation of the subprojects; ▪ Providing overall support to the consultant selection process; and ▪ Establishing the consultant services office and facilities.
Deputy Director PIU and Civil/Municipal Engineer (1) Civil/Municipal Engineer and Procurement Specialist (1)	<ul style="list-style-type: none"> ▪ Coordination and liaison with consultant team counterparts; ▪ Coordination with engineering consultants, including the international solid waste management specialist on all aspects of construction, works, monitoring and operations and maintenance; ▪ Ensuring design and implementation of the subprojects in a timely manner and to a high quality; ▪ Providing engineering and technical inputs/guidance to the design and implementation of the urban roads and drainage, solid waste management and other proposed construction aspects of the subproject components, including the recreation parks and the ferry port at Houayxay; ▪ Advising on relevant government policies and guidelines relevant to the design and implementation of the drainage and flood protection subcomponents; ▪ Coordination and liaison with key stakeholders, including government agencies, private sector companies, and project affected communities; ▪ Attending training seminars and workshops as part of the capacity building program. ▪ <i>For Civil/Municipal Engineer and Procurement Specialist:</i> In addition to the above, support project procurement, including aspects related to detailed designs, cost estimates, bidding documents, and other contract documentation.
Environment Specialist	<ul style="list-style-type: none"> ▪ Coordination and liaison with counterparts in the consultants' team; ▪ Coordination with the environment consultants on the implementation of the EMP and the application of environment safeguards in both towns. ▪ Assisting the environment consultants in the design and conduct of environmental monitoring, including water quality testing and air pollution; ▪ Advising on relevant government policies and guidelines relevant to the environment sector; ▪ Coordination and liaison with key stakeholders, including government agencies, private sector companies and project affected communities; and ▪ Attending training seminars and workshops as part of the capacity building program.
	<ul style="list-style-type: none"> ▪ Coordination and liaison with consultant team counterparts; ▪ Coordination with the resettlement and safeguards consultants on the

Key Position	Roles and Responsibilities
Resettlement Specialist	<p>design and implementation of the resettlement plans and the application of resettlement safeguards in both towns;</p> <ul style="list-style-type: none"> ▪ Assisting the resettlement and safeguards consultants in coordination and liaison with key stakeholders, including the project affected communities; ▪ Assisting in resettlement plan implementation and monitoring; ▪ Advising on relevant government policies and guidelines relevant to the environment sector; ▪ Attending training seminars and workshops as part of the capacity building program; and ▪ Coordination and liaison with consultant team counterparts and the Lao Women's Unions (LWU).
Social Development and Gender Specialist	<ul style="list-style-type: none"> ▪ Coordination with the social, gender and livelihood consultants on the design and implementation of the social development initiatives and in particular the Gender Action Plan (GAP); ▪ Assisting the social, gender and livelihood consultants in coordination and liaison with key stakeholders, including the project affected communities. ▪ Assisting the social, gender and livelihood consultants in working closely with the LWU and communities on the environmental awareness and livelihood related initiatives proposed in both towns; ▪ Advising on relevant government policies and guidelines relevant to the social development and gender sectors; and ▪ Attending training seminars and workshops as part of the capacity building program.
Urban Planner/Urban Designer/Architect	<ul style="list-style-type: none"> ▪ Coordination and liaison with counterparts in the consultants' team; ▪ Coordination with the other consultants on "Enabling the Implementation of SLEDPs); ▪ Coordination with the other consultants on all aspects of the proposed recreation parks and to master planning, landscape design, ecology, community tree planting and recreation and open space uses; ▪ Ensuring design and implementation of the subproject components in a timely manner and to a high quality; ▪ Coordination and liaison with key stakeholders, including government agencies, private sector companies, and the project affected communities; ▪ Coordination and liaison with project affected communities, including schoolchildren to optimize community participation and ownership of large scale tree planting; and ▪ Attending training seminars and workshops as part of the capacity building program.
Finance and Accounting Officer	<ul style="list-style-type: none"> ▪ Coordination and liaison with counterparts in the consultants' team;. ▪ Coordination with the financial and administration specialists on all the financial, accounting and auditing aspects of the project in both towns; ▪ Assisting in the implementation and operation of the financial management systems and for financial accounting, reporting and loan disbursements, financial projections and budgeting; ▪ Advising on government policies and guidelines relevant to the project's financial management and accounting; and ▪ Attending training seminars and workshops for capacity development.

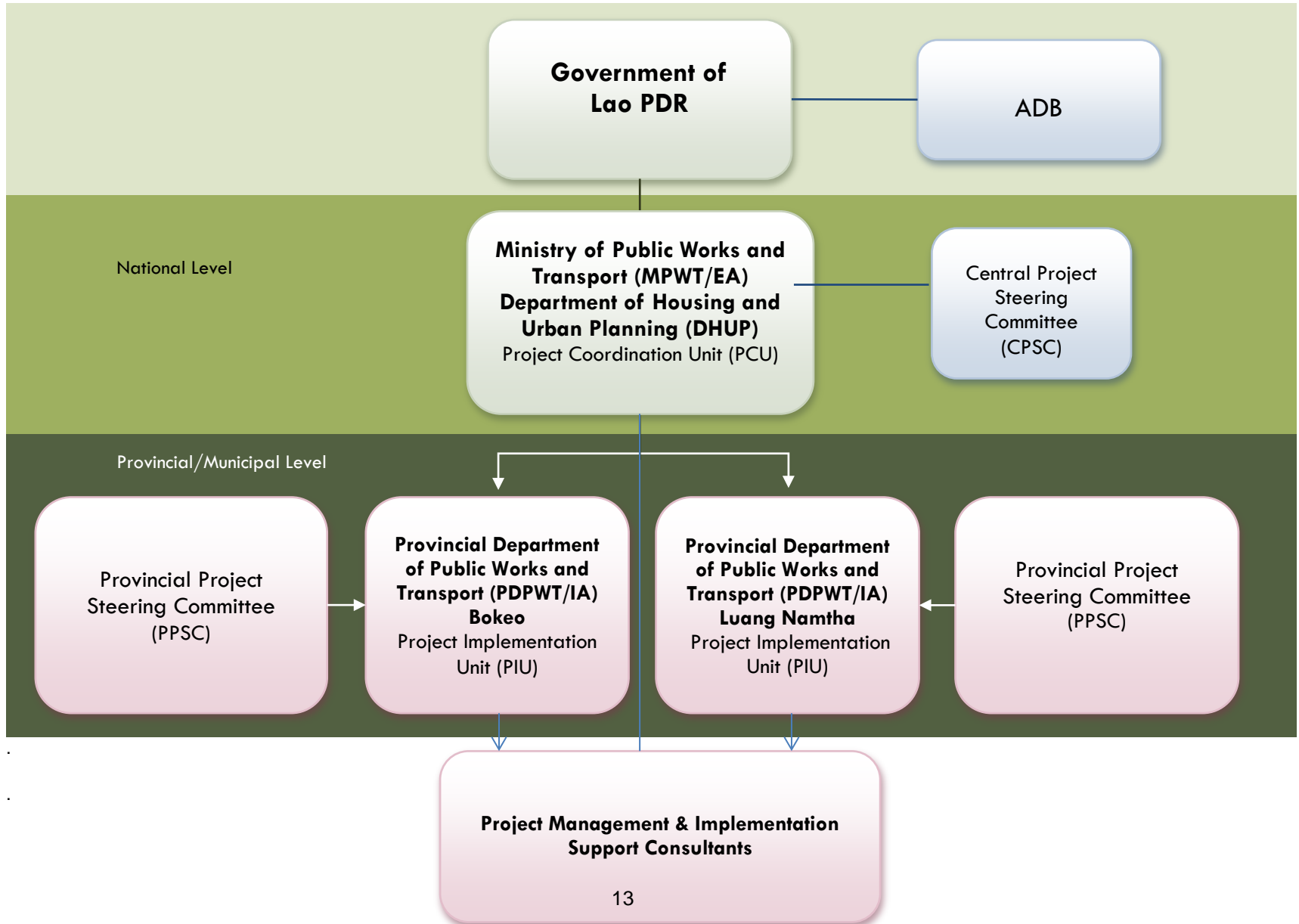
B. Key Persons Involved in Implementation

Executing Agency/Project Organization	
Government of Lao PDR	
<ul style="list-style-type: none"> Ministry of Public Works and Transport (MPWT) 	<p>Executing Agency: MPWT Dr. Bounchanh Sinthavong Position: Minister Office Address: Ministry of Public Works, Vientiane, Lao PDR</p> <p>Executing Agency: MPWT (DHUP) Mr Khamthavy Thaiphanchanh Position: Director General – Department of Housing and Urban Planning Office Address: Ministry of Public Works and Transport, Vientiane Lao PDR Telephone No: +856 21 412283 Fax No: +856 21 412282 Phone: +856 20 556 76 353 Email address: tkhamthavy@yahoo.com</p>
<ul style="list-style-type: none"> MPWT – Department of Housing and Urban Planning (DHUP) 	<p>Project Coordination Unit: (DHUP) Ms: Malychanh Sananikhom Position: Project Coordination Unit Director Office Address: Ministry of Public Works and Transport, Vientiane, Lao PDR Telephone No: +856 21 454 884 Fax No: +856 21 416262 Phone: +856 20 555 26 431 Email address: malychanhs@gmail.com</p>
<ul style="list-style-type: none"> Department of Public Works and Transport 	<p>Implementing Agency: Department of Public Works and Transport (DPWT) of Bokeo Province Mr Chome Saysongkham Position: Director General Office Address: Department of Public Works and Transport, Bokeo Province, Lao PDR Telephone No: +856 84 211489 Fax No: +856 84 211489 Phone: +856 20 56051666 Email address:</p>
	<p>Project Implementation Unit (P-DPWT) Mr. Souchath Souttavoong Position: Project Director Office Address: Department of Public Works and Transport, Bokeo Province, Lao PDR Telephone No: +856 84 211489 Fax No: +856 84 211489 Phone: +856 20 56051666 Email address: souchat76@gmail.com</p>
<ul style="list-style-type: none"> Department of Public Works and Transport 	<p>Implementing Agency: Department of Public Works and Transport (DPWT) of Luang Namtha Province Mr Souvanhpheng Vongxay Position: Director General Office Address: Department of Public Works and Transport, Luang Namtha Province, Lao PDR</p>

Executing Agency/Project Organization		
	Telephone No: +856 86 312299 Fax No: +856 86 312299 Phone: +856 20 55488285 Email address: spvongxay@hotmail.com	
	Project Implementation Unit (P-DPWT) Mr. Layang Huelong Position: Project Director Office Address: Department of Public Works and Transport, Luang Namtha Province, Lao PDR Telephone No: +856 86 312299 Fax No: +856 86 312299 Phone: +856 20 56161500 Email address: layanghl70@gmail.com	
ADB		
Southeast Asia Urban Development and Water Division	Staff Name	Tatiana Gallego-Lizon
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Mission Leader	Staff Name	Rudolf Frauendorfer
	Position	Lead Urban Development Specialist
	Telephone No	(632) 632-5987
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C. Project Organization Structure

Figure 2: Project Organization Structure



IV. COST AND FINANCING

15. The proposed project is estimated to cost \$52.00 million. The government has requested a loan from ADB (ADF \$37.00 million and ASEAN Infrastructure Fund [AIF] \$10.00 million) to finance the project. The ADF 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. The AIF loan will have a 20-year term, including a grace period of 5 years, an interest rate of 2.568% (1.168% for a 3-year fixed swap plus 1.40% contractual spread).

16. The Government will cover taxes and duties, land acquisition and resettlement amounting to \$5.00 million. The government will on-grant the ADB loan proceeds to the Bokeo and Luang Namtha provinces.

Table 2: Financing Plan

(\$ million)		
Source	Amount	Share of Total (%)
Asian Development Bank (Special Funds resources (loan))	37.00	71.2%
ASEAN Infrastructure Fund ^a	10.00	19.2%
Government of Lao PDR	5.00	9.6%
Total	52.00	100.0%

Source: Asian Development Bank estimates.

^a The Association of Southeast Asian Nations (ASEAN) Infrastructure Fund is administered by ADB.

A. **Detailed Cost Estimates by Expenditure Category**

Table 3: Detailed Cost Estimates by Expenditure Category

Item		KIP billion			\$ million			% of Total Base Cost
		Local	Foreign	Total	Local	Foreign	Total	
A.	Base Cost							
1	Civil Works	216.24	95.14	311.38	25.07	11.03	36.10	85.9%
2	Equipment and Materials	4.09	6.13	10.22	0.48	0.73	1.21	2.8%
3	Land Acquisition and Resettlement	3.58	-	3.58	0.44	-	0.44	1.0%
4	Consultancy Services	12.78	16.20	28.98	1.49	1.90	3.39	8.0%
5	Incremental Administration Cost	6.81	1.70	8.51	0.78	0.20	0.98	2.3%
	Subtotal (A)	243.50	119.18	362.68	28.27	13.85	42.11	100.0%
B.	Contingencies							
1	Physical contingencies	19.95	10.20	30.15	2.32	1.18	3.50	8.3%
2	Price contingencies	35.49	4.92	40.41	4.12	0.57	4.69	11.1%
	Subtotal (B)	55.43	15.12	70.55	6.44	1.76	8.19	19.5%
C.	Financial Charges During Implementation							
		-	14.61	14.61	-	1.70	1.70	4.0%
	Total (A+B+C)	298.93	148.91	447.84	34.70	17.30	52.00	123.5%

Base cost in April 2015 prices. Includes taxes and duties of \$4.53m (\$4.42 million financed by the government through exceptions; and \$0.11 million for taxes and duties for incremental administration cost financed by the ADB/AIF loans); and land acquisition and resettlement costs of \$0.44 million (financed by the government).

Physical contingency is 0% for land acquisition and resettlement cost; 7.7% for Houayxay riverbank, riverside, river port, ecological park and recreation area, urban roads and drainage; and Luang Namtha urban village, urban roads drainage and urban recreation; and 10% for other costs.

Price contingency is based on foreign inflation rates of 0.3% in 2015, 1.5% in 2016, 1.4% in 2017 and 1.5% from 2018 and onwards; and local inflation rates of 3.5% in 2015, 4.0% in 2016, 4.5% in 2017 and onwards.

ADF loan interest at 1% per year and AIF loan interest at 2.568% per year during implementation.

Incremental administration cost includes salaries, travel expenses, office running costs (including utilities), equipment (e.g. computer, copier, fax machine, air conditioner, camera, telephone, GPS, voice recorder, etc.), vehicles (leased or purchased), workshops, trainings and seminars (including venue rental, per diem, honorarium, transport, workshop materials, translation costs, and lodging costs for participants), and annual project audit (\$20,000 per year, financed under the loans).

Source: ADB estimates

B. Allocation and Withdrawal of Loan Proceeds

Table 4: Allocation and Withdrawal of Loan Proceeds – ADF

Allocation and Withdrawal of Loan Proceeds-ADF				
No.	Item	Amount Allocated \$ million	Percentage and Basis for Withdrawal from Loan Account	
1	Civil Works**	26.06	79.4%	of total amount claimed*
2	Equipment and Materials**	0.87	79.4%	of total amount claimed*
3	Consultancy Services**	2.45	79.4%	of total amount claimed*
4	Incremental Administration Cost**	0.78	79.4%	of total amount claimed
5	Financial Charges During Implementation	1.02	100.0%	percent of amounts due
6	Unallocated	5.82		
	Total	37.00		

Source: ADB estimates

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

**Subject to the condition for withdrawal described in the loan agreement for the ADF loan

Table 5: Allocation and Withdrawal of Loan Proceeds - AIF

Allocation and Withdrawal of Loan Proceeds-AIF				
No.	Item	Amount Allocated \$ million	Percentage and Basis for Withdrawal from Loan Account	
1	Civil Works**	6.75	20.6%	of total amount claimed*
2	Equipment and Materials**	0.23	20.6%	of total amount claimed*
3	Consultancy Services**	0.63	20.6%	of total amount claimed*
4	Incremental Administration Cost**	0.20	20.6%	of total amount claimed
5	Financial Charges During Implementation	0.68	100.0%	percent of amounts due
6	Unallocated	1.51		
	Total	10.00		

Source: ADB estimates

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

**Subject to the condition for withdrawal described in the loan agreement for the AIF loan

C. Detailed Cost Estimates by Financier

Table 6: Detailed Cost Estimate by Financier

(\$ million)

Item	ADB-ADF		ADB-AIF		Government				Total
	Amount	%	Amount	%	Amount	Amount (Taxes and Duties)	Amount (Total)	%	
A. Base Cost									
1 Civil Works	26.06	72.2%	6.75	18.7%	-	3.28	3.28	9.1%	36.10
2 Equipment and Materials	0.87	72.2%	0.23	18.7%	-	0.11	0.11	9.1%	1.21
3 Land Acquisition and Resettlement	-	0.0%	-	0.0%	0.44	-	0.44	100.0%	0.44
4 Consultancy Services	2.45	72.2%	0.63	18.7%	-	0.31	0.31	9.1%	3.39
5 Incremental Administration Cost	0.78	79.4%	0.20	20.6%	-	-	-	0.0%	0.98
Subtotal (A)	30.16	71.6%	7.82	18.6%	0.44	3.70	4.14	9.8%	42.11
B. Contingencies									
1 Physical contingencies	2.50	71.3%	0.65	18.5%	0.05	0.31	0.36	10.2%	3.50
2 Price contingencies	3.32	70.8%	0.87	18.4%	0.09	0.41	0.50	10.7%	4.69
Subtotal (B)	5.82	71.1%	1.51	18.5%	0.14	0.72	0.86	10.5%	8.19
C. Financial Charges During Implementation	1.02	60.0%	0.68	40.0%	-	-	-	0.0%	1.70
Total (A+B+C)	37.00	71.2%	10.00	19.2%	0.58	4.42	5.00	9.6%	52.00

Base cost in April 2015 prices. Includes taxes and duties of \$4.53m (\$4.42 million financed by the government through exceptions; and \$0.11 million for taxes and duties for incremental administration cost financed by the ADB/AIF loans); and land acquisition and resettlement costs of \$0.44 million (financed by the government).

Physical contingency is 0% for land acquisition and resettlement cost; 7.7% for Houayxay riverbank, riverside, river port, ecological park and recreation area, urban roads and drainage; and Luang Namtha urban village, urban roads drainage and urban recreation; and 10% for other costs.

Price contingency is based on foreign inflation rates of 0.3% in 2015, 1.5% in 2016, 1.4% in 2017 and 1.5% from 2018 and onwards; and local inflation rates of 3.5% in 2015, 4.0% in 2016, 4.5% in 2017 and onwards.

ADF loan interest at 1% per year and AIF loan interest at 2.568% per year during implementation.

Incremental administration cost includes salaries, travel expenses, office running costs (including utilities), equipment (e.g. computer, copier, fax machine, air conditioner, camera, telephone, GPS, voice recorder, etc.), vehicles (leased or purchased), workshops, trainings and seminars (including venue rental, per diem, honorarium, transport, workshop materials, translation costs, and lodging costs for participants), and annual project audit (\$20,000 per year, financed under the loans).

Source: ADB estimates

D. Detailed Cost Estimates by Outputs

Table 7: Cost Estimate by Output

(\$ million)				ADF		AIF		Government			
Item	Amounts	% of Total	Amount	%	Amount	%	Amount (Costs)	Taxes + Duties	Subtotal	%	
A. Base Cost											
1 Houayxay											
1.1 Houayxay Riverbank Upgrading and Protection	2.35	4.5%	1.70	72.2%	0.44	18.7%	-	0.21	0.21	9.1%	
1.2 Houayxay Riverside Road and Walkway	0.91	1.7%	0.65	72.2%	0.17	18.7%	-	0.08	0.08	9.1%	
1.3 Houayxay River Port Rehabilitation	1.31	2.5%	0.95	72.2%	0.25	18.7%	-	0.12	0.12	9.1%	
1.4 Houayxay Ecological Park and Recreation Area	1.03	2.0%	0.75	72.2%	0.19	18.7%	-	0.09	0.09	9.1%	
1.5 Houayxay Solid Waste Management	2.19	4.2%	1.58	72.2%	0.41	18.7%	-	0.20	0.20	9.1%	
1.6 Houayxay Urban Roads and Drainage Upgrading	10.43	20.1%	7.53	72.2%	1.95	18.7%	-	0.95	0.95	9.1%	
Subtotal Houayxay	18.23	35.1%	13.16	72.2%	3.41	18.7%	-	1.66	1.66	9.1%	
2 Luang Namtha											
2.1 Luang Namtha Solid Waste Management	2.12	4.1%	1.53	72.2%	0.40	18.7%	-	0.19	0.19	9.1%	
2.2 Luang Namtha Urban Village Upgrading	10.64	20.5%	7.68	72.2%	1.99	18.7%	-	0.97	0.97	9.1%	
2.3 Luang Namtha Urban Roads Drainage	2.46	4.7%	1.77	72.2%	0.46	18.7%	-	0.22	0.22	9.1%	
2.4 Luang Namtha Urban Recreation Facilities Upgrading	1.32	2.5%	0.95	72.2%	0.25	18.7%	-	0.12	0.12	9.1%	
2.5 Luang Namtha Nam Tha River Bridge	2.55	4.9%	1.84	72.2%	0.48	18.7%	-	0.23	0.23	9.1%	
Subtotal Luang Namtha	19.08	36.7%	13.77	72.2%	3.57	18.7%	-	1.73	1.73	9.1%	
3 Project Implementation and Capacity Building	3.39	6.5%	2.45	72.2%	0.63	18.7%	-	0.31	0.31	9.1%	
4 Incremental Administration Cost	0.98	1.9%	0.78	79.4%	0.20	20.6%	-	-	-	0.0%	
5 Land Acquisition and Resettlement	0.44	0.8%	0.00	0.0%	0.00	0.0%	0.44	-	0.44	100.0%	
Subtotal (A)	42.11	81.0%	30.16	71.6%	7.82	18.6%	0.44	3.70	4.14	9.8%	
B. Contingencies											
1 Physical contingencies	3.50	6.7%	2.50	71.3%	0.65	18.5%	0.05	0.31	0.36	10.2%	
2 Price contingencies	4.69	9.0%	3.32	70.8%	0.87	18.4%	0.09	0.41	0.50	10.7%	
Subtotal (B)	8.19	15.8%	5.82	71.1%	1.51	18.5%	0.14	0.72	0.86	10.5%	
C. Financial Charges During Implementation	1.70	3.3%	1.02	60.0%	0.68	40.0%	-	-	-	0.0%	
Total (A+B+C)	52.00	100.0%	37.00	71.2%	10.00	19.2%	0.58	4.42	5.00	9.6%	

Base cost in April 2015 prices. Includes taxes and duties of \$4.53m (\$4.42 million financed by the government through exceptions; and \$0.11 million for taxes and duties for incremental administration cost financed by the ADB/AIF loans); and land acquisition and resettlement costs of \$0.44 million (financed by the government).

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Source: ADB estimates

E. Detailed Cost Estimates by Year

Table 8: Detailed Cost Estimate by Year

(\$ million)

Item		2016	2017	2018	2019	2020	Total
A.	Base Cost						
1	Civil Works	-	15.11	16.83	3.57	0.59	36.10
2	Equipment and Materials	-	1.21	-	-	-	1.21
3	Land Acquisition and Resettlement	0.44	-	-	-	-	0.44
4	Consultancy Services	1.13	0.76	0.76	0.51	0.23	3.39
5	Incremental Administration Cost	0.15	0.24	0.24	0.20	0.15	0.98
	Subtotal (A)	1.72	17.32	17.83	4.27	0.97	42.11
B.	Contingencies						-
1	Physical contingencies	0.14	1.44	1.48	0.36	0.08	3.50
2	Price contingencies	0.19	1.93	1.99	0.48	0.11	4.69
	Subtotal (B)	0.33	3.37	3.47	0.83	0.19	8.19
C.	Financial Charges During Implementation	0.07	0.70	0.72	0.17	0.04	1.70
	Total (A+B+C)	2.12	21.39	22.02	5.28	1.20	52.00

Base cost in April 2015 prices. Includes taxes and duties of \$4.53m (\$4.42 million financed by the government through exceptions; and \$0.11 million for taxes and duties for incremental administration cost financed by the ADB/AIF loans); and land acquisition and resettlement costs of \$0.44 million (financed by the government).

Physical contingency is 0% for land acquisition and resettlement cost; 7.7% for Houayxay riverbank, riverside, river port, ecological park and recreation area, urban roads and drainage; and Luang Namtha urban village, urban roads drainage and urban recreation; and 10% for other costs.

Price contingency is based on foreign inflation rates of 0.3% in 2015, 1.5% in 2016, 1.4% in 2017 and 1.5% from 2018 and onwards; and local inflation rates of 3.5% in 2015, 4.0% in 2016, 4.5% in 2017 and onwards.

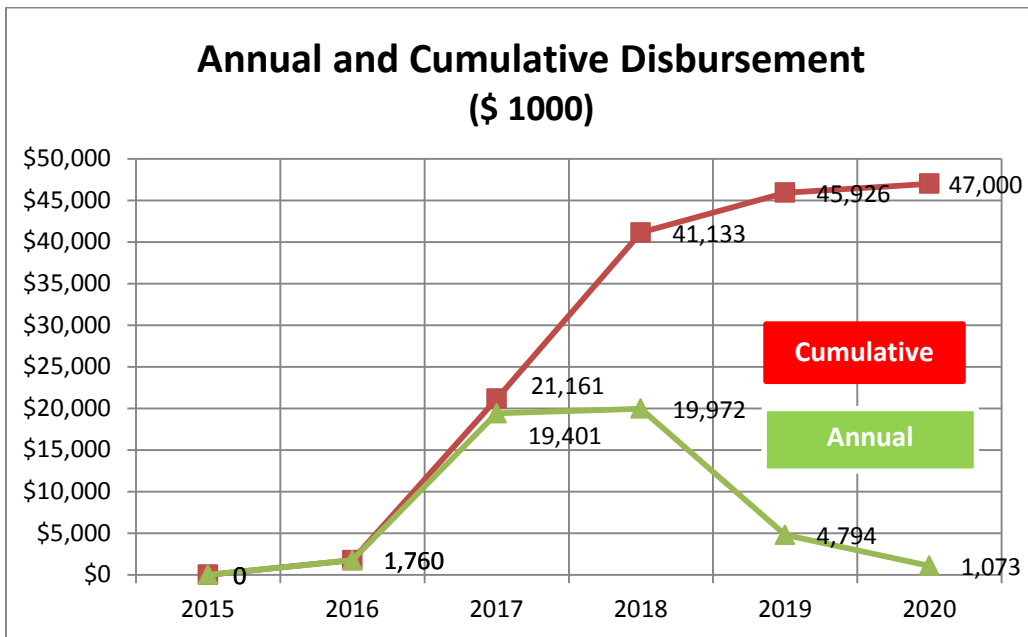
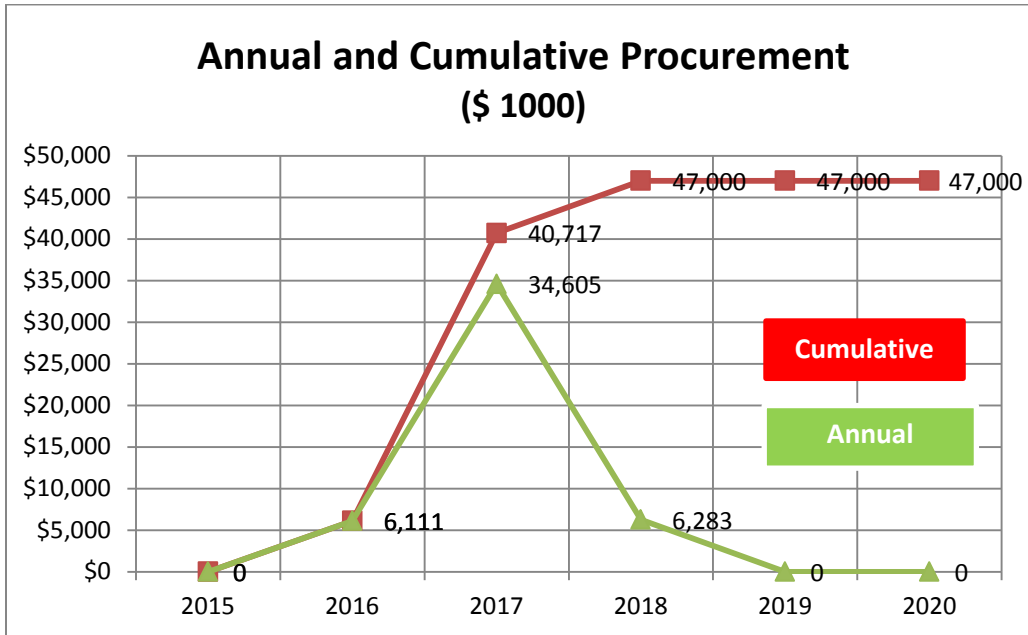
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Source: ADB estimates

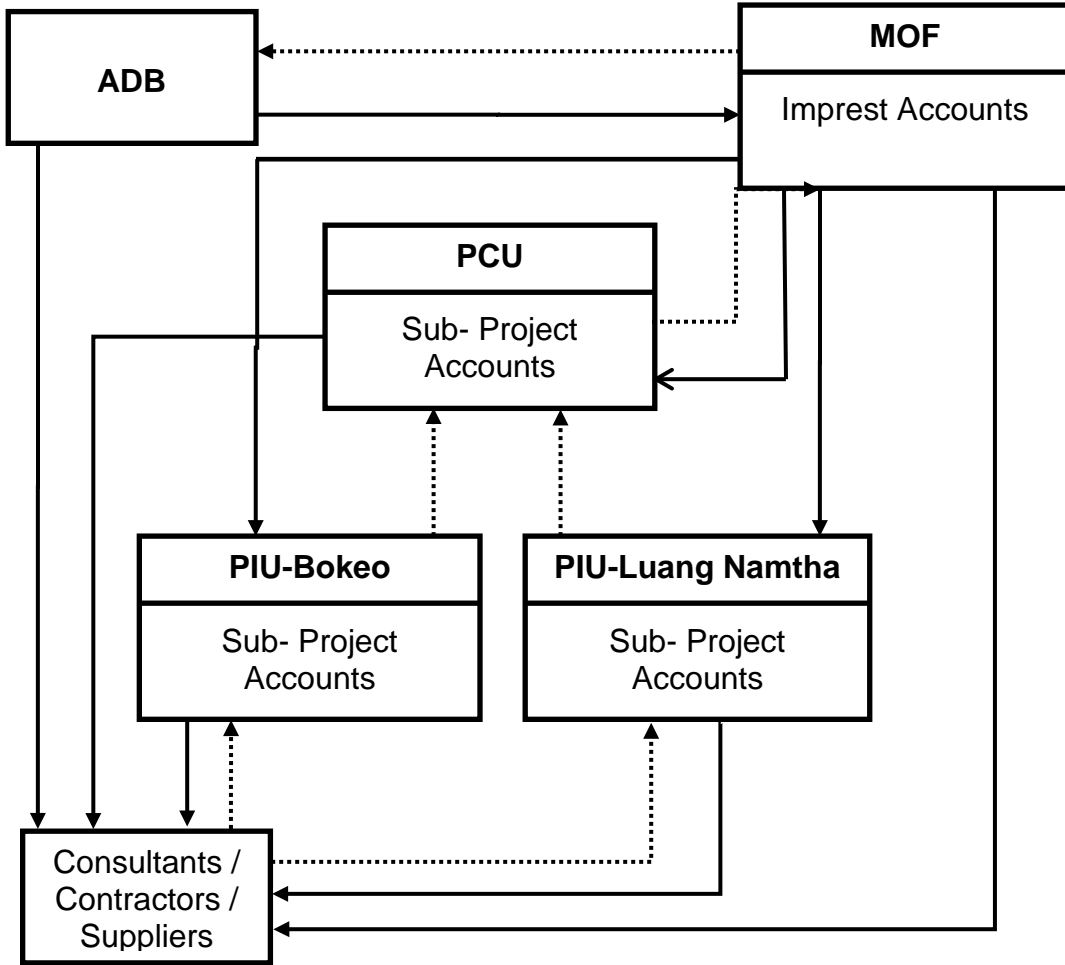
F. Contract and Disbursement S-curve

Figure 3: Contract and Disbursement S-Curve



G. Fund Flow Program

Figure 4: Fund Flow Diagram



Notes:
 ADB – Asian Development Bank
 MOF – Ministry of Finance
 PCU – Project Coordinating Unit
 PIU -- Project Implementation Unit

—→ Funds flow
→ Documents flow

V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

17. Overall assessment of project financial management risk is high. The risks identified include: (i) uninsured fixed assets (except for vehicle), weak asset monitoring and inventory arrangement which could lead to loss of asset; (ii) weak actual revenue and expenditure recording system which may result to lack of accountability; (iii) levels of tariff are not linked to operation and maintenance (O&M) requirement and can result to under maintenance of assets; and (iv) lack of knowledge/training in ADB procurement and disbursement procedures which can result to unnecessary delay in project start up. While all the risks identified are a threat to the successful implementation and sustainability of the completed infrastructure, the most critical is the issue on financial sustainability. Two of the project components (solid waste management in Houayxay and Luang Namtha) were included in a previous foreign funded project and are now in a poor physical condition due to lack of funds for a proper O&M regime.

18. This assessment raises concerns about the capacity to administer the project in accordance with the financial management procedures. The risks identified will be minimized through a capacity building assistance that will include training for the EA and IA on fixed asset management and compliance to budget law. This will be further strengthened by providing the staff with ADB training on project implementation, disbursement and procurement procedures. Also, the implementation of the required tariff to attain financial sustainability will be strengthened and monitored as part of the financial covenants.

19. The financial management assessment (FMA) was conducted in accordance with the ADB Financial Management Technical Guidance Note (May 2015). Data were gathered from a completed FMA questionnaire (FMAQ) by the MPWT dated 22 September 2014, a new FMAQ filled-up by the DHUP, and interviews with the relevant government officials. The FMA of the EA and the IA covered the following aspects: (i) project funds flow arrangement; (ii) organization and staffing; (iii) accounting policies and procedures; (iv) safeguard of assets; (v) audit; (vi) project financial reporting; and (vii) information systems. The FMA was conducted in October 2014.

20. A review of the Country Partnership Strategy prepared for Lao PDR last October 2011 for the period 2012 to 2016, showed the following weaknesses in Lao PDR's public sector management that are still relevant today based on analysis of financial reports and interview with local government officials⁴: absence of strategic linkages between planning and budgeting; inadequate resources to finance recurrent budget; high dependence on external financing for investment budget with severe shortage of funds for operation and management; no decree and policy to improve revenue mobilization; central-provincial fiscal relations are challenging and, in practice, the Ministry of Finance is unable to exercise sufficient control over revenues collected and expenditure undertaken by the provincial governments; and budget execution is weak, including deficient accounting and reporting arrangements. These weaknesses are the source of financial management risks which were considered high during the CPS preparation.

21. A PCU, housed within DHUP and in MPWT has been implementing the Pakse Urban Environment Project and the 1st GMS Corridor Towns Development Project. Currently, the PCU has eight staff composed of two technical, four financial and two management staff. To accommodate the new Project, the PCU will be expanded to add six more contractual staff as follows: accountant, finance officer, administration chief officer, executive assistant/secretary,

⁴ Other weaknesses identified in the CPS, needs to be validated due to the elapsed time between now and the preparation of the report in 2011.

cashier and driver. Similarly, PIUs in Bokeo and Luang Namtha provinces will be manned by adequate finance and accounting staff.

1. Strengths

22. The EA and IAs have already implemented several foreign-funded projects successfully, including projects funded by ADB. With further training and experience, the PCU has good potential as a training ground for other MPWT staff involved in ADB project implementation.

2. Weaknesses

23. Some of the weaknesses identified are: assets acquired/procured are not insured (except for vehicles); assets are not also monitored/ inventoried regularly; the revenue-generating components of the two towns are currently not financially sustainable without subsidy from the provincial budgets; and some staff of the PCU/PIUs lack knowledge/training in ADB project implementation procedures. It will be beneficial to the project if further training will be given to the PCU and PIU on ADB implementation procedures. The revenue-generating components of the two towns are currently not financially sustainable without subsidy from the provincial budgets. This financial deficiency can be addressed by ensuring that the proposed tariff will be implemented as scheduled.

24. The proposed time-bound action plan will form part of the loan covenants.

25. Some of the risks identified in the ADB's CPS completed in October 2011 are still present in Lao's financial management system.

Table 9: Risk Assessment and Management Plan

Risk Description	Impact	Likelihood	Risk Assessment	Mitigation Measures / Risk Management Plan
Inherent Risk				
Entity Specific- Assets, after procurement/completion of construction, are turned over officially to user government entity and recorded in the Fixed Asset Register of the receiving entity. These assets are not monitored/ inventoried regularly. There is a risk of loss of asset not monitored and maintained properly.	High	Likely	High	Update Fixed Asset Register every year during and after project implementation. Train government staff in fixed asset management including linkage to asset preventive maintenance activities.
Entity Specific - Recording of actual revenues and expenditure is weak in the provincial and town levels which may result to lack of accountability.	High	Likely	High	Review compliance of the two provincial and two town governments in the implementation of the Budget Law. Identify deficiencies and include a training program in the Capacity Building component of this project.
Entity Specific - Level of tariffs is not linked to O&M fund requirement of the facilities, resulting to higher subsidy from the government's regular budget. With limited budget, proper operation and maintenance of facilities cannot be implemented.	High	Likely	High	Update tariff computation after project completion. Monitor implementation of proposed tariff as stipulated in the feasibility study report. Require annual budget commitment from local government to cover funding gap.
Overall Inherent Risk			High	
Control Risk				
Implementing Entity - Lack of knowledge /training in ADB procurement, disbursement and reporting standards may result to delays in project start up.	High	Unlikely	Substantial	Train local government staff in ADB procurement, disbursement and financial reporting before loan effectiveness
Overall Control Risk			Substantial	
Overall Risk			High	

B. Time Bound Action Plan

26. The proposed time-bound action plan is in Table 9.

Table 10: Time-Bound Action Plan

Weakness	Mitigation Action	Responsibility	Timeframe
Inherent			
Entity Specific - Assets, after procurement/completion of construction, are turned over officially to user government entity and recorded in the Fixed Asset Register of the receiving entity. These assets are not monitored/ inventoried regularly.	Update Fixed Asset Register every year during and after project implementation. Provide capacity building assistance to government staff on fixed asset management including linkage to asset preventive maintenance activities.	Urban Development Administration Authority (UDAA); Executing Agency (EA) Implementing Agency (IA)	Within 3 months after the end of each fiscal year.
Entity Specific - Recording of actual revenues and expenditure is weak in the provincial and town levels which may result to lack of accountability.	Review compliance of the two provincial and two town governments in the implementation of the Budget Law. Identify deficiencies and include a training program in the Capacity Building component of this project.	DoF; UDAA; EA / IA /Project Implementation Consultants (PISCB)	During first year of project implementation (2016).
Entity Specific - Level of tariffs is not linked to O&M fund requirement of the facilities, resulting to higher subsidy from the government's regular budget. With limited budget, proper operation and maintenance of facilities cannot be implemented.	Update tariff computation after project completion. Monitor implementation of proposed tariff as stipulated in the feasibility study report. Require annual budget commitment from local government to cover funding gap.	EA / IA / PISCB; UDAA	Within 3 months prior to project completion.
Control			
Staffing - Lack of knowledge /training in ADB procurement, disbursement and reporting standards may result to delays in project start up.	Train local government staff in ADB procurement and financial reporting prior to project start up.	EA / IA / PISCB; ADB	Before loan effectiveness.

27. The identified risks will be potentially minimized through the following loan covenants: (i) local government to update the Fixed Asset Register annually to reflect information on the physical count and condition of each asset; (ii) compliance of the four local governments in the implementation of the budget law, and local government to implement the proposed tariff and allocate in annual budgets any funding gap identified by the PISCB.

C. Disbursement

28. The loan proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time) and detailed arrangements agreed upon between the Government and ADB.⁵ Online training for project staff on disbursement policies and procedures is available at: http://wpqr4.adb.org/disbursement_elearning. Project staff are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control. In case the commitment letter procedure is to be used, a special commitment letter form (Appendix 8) will be used for funds from the ASEAN Infrastructure Fund.⁶

29. The Government will, immediately upon project effectiveness, establish separate imprest accounts at the Ministry of Finance (MOF) in US Dollars for the ADB and AIF loans. The PCU will establish separate sub-project accounts in US Dollars for the ADB and AIF loans (not exceeding \$30,000 in total) at a commercial bank designated by MOF; and will be responsible for establishing, managing, replenishing, and liquidating these accounts. The total outstanding advance to the imprest accounts should not exceed the estimate of ADB's share of expenditures to be paid through the imprest accounts for the forthcoming 6 months.

30. The PCU will be responsible for: (i) preparing disbursement projections; (ii) collecting supporting documents; and (iii) 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 MOF. To meet administration and recurrent costs at the provincial level, the PIUs will set up separate sub-project accounts for the ADB and AIF loans (not exceeding \$20,000 in total) with a commercial bank designated by the MOF. Liquidation of the sub-project accounts will be subject to submission of full documentation to the PCU. The MOF's imprest account and the PCU's and PIUs' sub-project accounts will be established and maintained for the loan proceeds only and managed, replenished and liquidated in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time), and other detailed arrangements agreed upon between the Borrower and ADB. The imprest and sub-project accounts are to be used exclusively for share of eligible expenditures. The MOF who established the imprest accounts in its name is accountable and responsible for proper use of advances to the sub-project accounts. Requests for the budgetary allocations for counterpart funds will be under the responsibility of the PIUs in each province.

31. The MOF may request for initial and additional advances to the imprest accounts based on an Estimate of Expenditure Sheet setting out the estimated expenditures to be financed through the accounts for the forthcoming six 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.

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

⁵ ADB. 2015. *Loan Disbursement Handbook*. Manila.

⁶ The commitment letter procedure is outlined in the ADB's *Loan Disbursement Handbook*, Chapter 9.

33. 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. Individual payments below this amount should be paid by the EA/IA and subsequently claimed from ADB (i) through reimbursement; or (ii) from the imprest/sub-accounts, unless otherwise accepted by ADB.

34. Contract staff salaries that are to be covered under incremental administration costs must be claimed through reimbursements.

35. Prior to a disbursement of the Loan, the Borrower shall cause, directly or indirectly through the Project Executing Agency or the relevant Provincial Authority, the PCU and each PIU to employ the necessary financial management and accounting staff to administer, implement, coordinate and undertake all financial management and accounting activities required under the PAM or as otherwise required by or agreed to with ADB.

D. Accounting

36. The MPWT, PCU and PIUs will maintain, or cause to be maintained, separate books and records by funding source, through Project's Accounting Software which will be designed after loan approval, for all expenditures incurred on the project following the Government's financial regulations on cash-based accounting. The MPWT, PCU and PIUs will prepare consolidated project financial statements in accordance with the government's accounting laws and regulations which are consistent with international accounting principles and practices. Non-cash transactions, such as taxes and duties and other government in-kind contributions, need to be disclosed in the notes to the financial statements.

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

E. Auditing and Public Disclosure

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

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

40. 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.

41. The Government, MPWT and PPWTs 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. 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. The Government, MPWT, PPWTs have been made aware of ADB's approach to delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements.⁷ 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.

42. 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)⁸. 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.

⁷ ADB approach and procedures regarding delayed submission of audited project financial statements:

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

⁸ Available from <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting

43. All advance contracting will be undertaken in conformity with ADB's *Procurement Guidelines* (2015, as amended from time to time) and ADB's *Guidelines on the Use of Consultants* (2015, as amended from time to time). 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 does not commit ADB to finance the project.

44. To accelerate project implementation, advance actions for consulting services will be used. ADB will recruit a technical assistance individual start-up consultant to assist the EA in recruiting the Project Implementation Support and Capacity Building consultant. Prior to loan approval, the EA will launch the recruitment process for the Project Implementation Support and Capacity Building consultant.

B. Procurement of Goods, Works and Consulting Services

45. All procurement of goods and works will be in accordance with ADB's *Procurement Guidelines*. Civil works will be procured through international competitive bidding (ICB) procedures for packages exceeding \$3,000,000 equivalent, and through national competitive bidding (NCB) under procedures acceptable to ADB for packages up to \$3,000,000, equivalent. Goods will be procured through ICB procedures for packages exceeding \$1,000,000 equivalent, and through NCB procedures acceptable to ADB for packages up to and including \$1,000,000 equivalent. For packages of \$100,000 equivalent or less, shopping may be used.

46. The procurement plan covers all procurement activity for the Project and shall be finalized at loan negotiations. Within one year after the date of loan effectiveness, the EA will submit a revised procurement plan to ADB for approval that captures all ongoing as well as proposed procurement. The plan will be updated annually or as required after every loan review mission or after award of each major ICB contract.

47. When the need arises during project implementation to change procurement arrangements (threshold, review requirements, method of procurement, contract packaging), the EA, in consultation with ADB, will prepare a letter justifying the change submitted together with an updated procurement plan, and present it for ADB's approval. For the purpose of oversight and monitoring, ADB will be responsible for posting the initial procurement plan and subsequent updates on the ADB website.

48. All consultants will be recruited according to ADB's *Guidelines on the Use of Consultants* (2015, as amended from time to time)⁹. An estimated 328 person-months are required, of which 93 are international and 235 are national of consulting services and will: (i) provide technical support to ensure that project implementation will fully comply with ADB policy and operational requirements in terms of oversight to detailed design, procurement, oversight to local construction supervision consultants, financial management, and social and environmental safeguards; (ii) design and conduct capacity strengthening and training programs in the areas of public infrastructure planning and implementation, financial management, and environmental management; (iii) help local communities increase awareness of public health, sanitation, environmental management, and develop income generation activities; (iv) provide support to and landfill management operations in Houayxay and Luang Namtha and assist the PCU/PIUs

⁹ Checklists for actions required to contract consultants by method available in e-Handbook on Project Implementation at: <http://www.adb.org/documents/handbooks/project-implementation/>

in overall project management and monitoring and regular reporting to the EA and the ADB. The Terms of References for key consultancies are presented in Appendix 2. Consulting firms will be engaged using the quality-and-cost-based selection (QCBS) method with a quality:cost ratio of 90:10.

C. Procurement Plan

49. A procurement plan indicating threshold and review procedures, goods, works and consulting service contract packages and National Competitive Bidding Annex is in Appendix 1. 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 project implementation, the EA and IAs shall prepare a letter justifying the change with the updated procurement plan and submit the documents for ADB's 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.

50. A procurement capacity assessment has been completed and based on the results, there is an identified shortage of trained professional staff capacity for conducting consultant recruitment and procurement of goods and works, which risks delay in project implementation. The project will therefore recruit a management/procurement specialist to work with the PCU to assist in preparing documents for recruiting the consulting team. The results of this assessment are summarized in Appendix 5.

D. Consultant's Terms of Reference

51. An outline Terms of Reference is provided in Appendix 2.

VII. SAFEGUARDS

52. The relevant safeguard plans include the: (i) Environmental Management Plan (EMP); and (ii) Resettlement Plans (RP).

A. Environmental Safeguards

53. The project is classified as Category B for environment in accordance with the ADB's Safeguard Policy Statement (2009). One initial environmental examination (IEE) report has been prepared for project, and two EMPs have been prepared (one each for Houayxay and Luang Namtha).

54. The proposed subprojects are not expected to cause irreversible adverse environment impacts. Mitigation measures for identified impacts related to siting, design, construction, and operation have been incorporated in the EMPs. In addition, potential impacts of climate change and natural hazards (e.g., flooding, earthquake) on the project are recommended for integration into the design/engineering stage as part of the IEE assessment whenever feasible/practical and appropriate. An initial estimate of the costs associated with climate change measures is presented in Appendix 7.

55. At the detailed design stage, the IEEs/EMPs will be updated, and finalized to confirm that the proposed mitigating measures are adequate to ensure that environmental receptors are not adversely affected. The final estimated costs for implementing the EMPs will be integrated into the project costs. Likewise, further consultation is required to address the concerns raised

during previous consultations to ensure that all public concerns are updated and publicly acknowledged and incorporated into detailed designs and updated EMP.

56. The final EMPs, cleared by ADB, will form part of the contract bidding documents to ensure mitigation of identified environment impacts during construction. Proof of compliance with applicable national (government) environmental requirements/clearances/approval (e.g., Environmental Compliance Certificate) shall be submitted by EA/IA before award of contract. The successful contractor shall be required to prepare and implement a Construction Environmental Management Plan (CEMP) based the EMP, and include this in his bid. The project cost shall include the budget necessary for implementation of the CEMP. This shall be included in the works contract as competitive cost items.

57. Finally, the grievance redress mechanism (to cover all safeguards) shall be established prior to any field activities that may be conducted.

B. Social Safeguards (Involuntary Resettlement and Indigenous Peoples)

58. The project is classified as Category B for social safeguards in accordance with the ADB's Safeguard Policy Statement (2009). Two resettlement plans (RP) have been prepared, one each for the land acquisition required in Houayxay and in Luang Namtha.

59. In Houayxay, a total area of 28.19 ha of land acquisition is required. This acquisition is related to the river bank upgrading, river port development, the ecological park, and the urban road and drainage components. Cumulatively, these components will affect a total of 45 households (244 APs) and one boat association, with one affected household (AH) for Urban Roads and Drainage Upgrading component, 11 AHs for the River Bank Upgrading and Protection component, and 33 AHs for Ecological Park and Recreation Area component. A total of three AHs (11 Affected Persons - APs) require physical relocation and 23 AHs (125 APs) will experience a loss of more than 10% or more of their productive assets, three AHs (11 APs) will require relocation, seven AHs (45 APs) will lose business, and two AHs (seven APs) will have remaining agricultural areas rendered too small for continued cultivation. Additionally, there are nine ethnic minority, five poor, and five female headed households in Houayxay. All other impacts include crops, trees, and aquaculture products.

60. In Luang Namtha, a total land area of 0.92 ha will be acquired. This acquisition is related to the urban road drainage and urban village upgrading components. A total of 10 households (107 persons), will be affected with three AHs for the Urban Road Drainage component, and seven AHs for the Urban Village Upgrading component. None of the AHs will require physical relocation or experience a loss of more than 10% or more of their productive assets, while one AH is poor household. The other impacts include crops and trees in Luang Namtha. Given the magnitude of impacts, the project is categorized as 'B' in accordance with the requirements outlined in OM/F1 and ADB's SPS 2009.

61. Two RPs have been prepared and integrated into project costs. The draft RPs at the appraisal stage and the updated RPs at the detailed design stage will be cleared by ADB. The RP includes a review of local laws and regulations, gap analysis and proposed gap-filling measures. The resettlement policy proposed in the project is consistent with the provisions of the ADB's SPS and takes into consideration relevant provisions of local laws.

62. The cost is estimated to be \$0.44 million, which includes base costs, allowances, and the income restoration program. Project information has been disclosed to affected persons through the project preparation during consultations and surveys and a project information booklet will be distributed to all the affected people in by project approval. It will be updated and

distributed during Detailed Measurement Survey (DMS). All land acquisition and resettlement costs will be financed from the counterpart funds.

63. Effective monitoring and public consultation with all stakeholders and affected people at all stages of subprojects implementation will be ensured. In compliance with ADB's information disclosure and consultation requirements, the safeguard documents will be posted on ADB's website. Stakeholder consultations will continue through formal and informal focus group discussions. A grievance redress mechanism will help to facilitate resolution of complaints regarding project performance. The resettlement plan will be updated and disclosed after detailed design and cleared by ADB prior to contract awards.

64. Pursuant to ADB's Safeguard Policy Statement (2009) (SPS), ADB funds may not be applied to the activities described in the ADB's Prohibited Investment Activities set forth at Appendix 5 of ADB's SPS (2009).

65. An outline of the RP monitoring report is presented in Appendix 3.

VIII. GENDER AND SOCIAL DIMENSIONS

A. Overall Objective and Strategy

66. A social, poverty and gender analysis was undertaken in accordance with the Asian Development Bank guidelines. Information collected contributed to the project design, ensuring social inclusion of the poor and economically vulnerable as well as supporting the need for measures to mitigate the impacts of climate change on the urban and peri-urban populations. A Gender Action Plan (GAP), and Stakeholder Communication Strategy (SCS) were prepared, and input was provided into the Summary Poverty Reduction and Social Strategy (SPRSS).

67. From the analysis conducted, the project is classified as General Intervention (GI). The poverty and social assessment identified the following key issues: lack of solid waste collection leading to poor environmental cleanliness, lack of physical access and connectivity, lack of sustainable livelihoods and limited vocational skills to capture economic opportunities, and risks of human trafficking. The project will result in improved climate resilient infrastructure and urban environmental services in Houayxay and Luang Namtha to benefit the combined population of 28,529 residents, in 5,254 households, of which 847 are female-headed households and 26, are poor households. The number of households including poor and vulnerable with enhanced protection from flooding in Houayxay and Luang Namtha will be increased by some 10,600 persons from nil baseline. Solid waste collection services will be available to 24,175 people in both towns, up from current 17,460 (baseline). Almost 36kms of new and improved roads will improve access and local drainage in Houayxay and Luang Namtha. The key poverty reduction and socially inclusive design features of the project include i) provision of basic infrastructure for solid waste collection and management to the 57% and 60% of un-served households in Houayxay and Luang Namtha respectively; ii) residents improved connectivity and environmental sanitation due to expansion of urban roads and drainage systems; and iii) livelihood opportunities associated with improved river port facilities and riverbank protection and recreational areas. The project is likely to contribute to poverty reduction through employment creation, in the short- term through opportunities in project civil works. Job creation in the medium and long- term will be enhanced by targeted skills development (supported by market and value chain studies) under the Capacity Development Plan and an increase in private investments, expected as a result of improvements in urban services.

68. The project is categorized as Effective Gender Mainstreaming (EGM). The gender assessment identified the following issues: low female representation in partner government institutions and decision-making positions, limited availability of sustainable livelihoods, and risks and lack of awareness of human trafficking. The key gender equity and female empowerment measures are (i) gender sensitive design elements in urban infrastructure provision; (ii) targets for female staff in PCU-PIUs overall and in decision-making positions, supported by training in key management areas; (iii) gender sensitization training for all community leaders, government officers, and consultant involved in project implementation and delivery; (iv) promotion and monitoring of women's employment in all available project positions; and (v) community information campaigns to enhance awareness of benefits from environmental sanitation improvements and dissemination of social risks of human trafficking. Collection and monitoring of sex-disaggregated data will gender sensitive indicators will be established in the Project's Performance Monitoring and Information System (PPMIS). Budget and Implementation Arrangements.

B. Budget and Implementation Arrangements

69. The GAP budget is \$150,000 for the two towns. Of this, \$125,000 is allocated for two Community Development Specialists (one international and one national) that are part of the PISCB consultancy. The consultancy also includes additional specialists (social development and gender, and capacity building and training) who would support GAP implementation. The remaining budget is part of the incremental administration budget administered by government, and focuses on information campaigns and community outreach.

70. MPWT, through DHUP (EA) and DPWT in Bokeo and Luang Namtha provinces (IA) will be responsible for GAP implementation, monitoring and reporting. LWU will be engaged to deliver community outreach, information campaigns and dissemination, and organize livelihood trainings as identified by PISCB specialists.

71. Designated counterpart Social and Gender Staff/s in project coordination or implementation units (PCU/PIUs), supported by the PISCB consultants will guide the overall GAP implementation, while project gender focal points at district, town, or village levels in the project area will assist with GAP implementation.

Gender Action Plan

Action	Indicators and Targets	Responsible
Outcome. Improved urban services in Houayxay and Luang Namtha		
Adequate resources are allocated to ensure GAP implementation	7,645 women in Houayxay and 6,620 in Luang Namtha will benefit from improved urban infrastructure	
Output 1. Strategic Local Economic Development Strategies (SLEDPs)		
Social and Gender specialist inputs to the development of SLEDPs.	The SLEDPs include consideration of poverty, social and gender issues with provision of specific strategic measures.	Steering Committees PCU
Output 2. Priority urban infrastructure investments and urban upgrading projects implemented		
Riverbank flood protection in Houayxay	Space is reserved on covered rest area platform for Female informal food stall/vendors to operate. Access	PCU/PIU

Action	Indicators and Targets	Responsible
enhanced.	to existing riverbank gardens ensured.	
Solid waste management in both towns strengthened.	100% of informal waste pickers near existing dumpsites (2015 baseline: 30 people) ensured continued access to rehabilitated landfill sites.	PCU/PIU UDAA
River transport and operational capacity in Houayxay improved	Public toilets separate for women and men provided in port area and seating for waiting passengers; safe access road with signage, lighting and pedestrian walkways; parking space, including for loading trucks provided; space and facilities for restaurant(s) provided.	PCU/PIU
Urban recreation opportunities in both towns enhanced.	Good lighting, security and space for retail stalls/food outlets in designated areas provided. Access for those with mobility problems ensured. Opportunities are maximized for women and provided wage employment in park maintenance and at upgraded/expanded sports hall with minimum 30% females (jobs vary from customer services to operation and maintenance). In Houayxay, 50% participants in tree planting scheme with schools, organic farming at eco-park, and community awareness for ecology/bio-diversity are male.	PCU/PIU
Output 3. Institutional capacities for managing public investments strengthened		
Targets for female representation in sector/decision making/training	At least 20 persons (30% female) trained in key project management areas. At least 100 persons (50% female) involved in project implementation and delivery (community leaders, government officers, and consultants) provided gender sensitization training. PCU and PIUs staff will recruitment include minimum 30% female staff, of which 20% in decision making positions.	PISCB
International and national social and development / community development and specialists. Designated PCU/PIU counterpart Social and Gender staff.	The specialists will be part of the PISCB consultant team and assist the PCU/PIUs, working with designated social/gender staff, will provide technical leadership in preparation of community awareness campaigns, GAP implementation and monitoring. Identification of competitive livelihood activities will be supported by market and value chain studies	PISCB
Employment creation	10% of unskilled laborers employed sub-project construction is women; 30% of staff employed in O&M is women; 75% of all unskilled laborers/staff are of local origin.	PCU/PIU
Gender monitoring	PPMIS will include sex-disaggregated data and gender-sensitive monitoring indicators.	PCU/PIU
4. Community awareness on project activities, environmental sustainability improved		
At least six community awareness and dissemination campaigns	At least three campaigns in each town covering 'clean city-green city' themes supporting utilization and maintenance of parks and public recreational areas,	PCU/PIU

Action	Indicators and Targets	Responsible
covering environmental sustainability themes conducted.	access to and benefits from environmental sanitation from solid waste and wastewater collection; and information dissemination of social risks of human trafficking. Baseline 0.	

GAP = Gender Action Plan; PCU = Project Coordination Unit; PISCB = Project Implementation Support and Capacity Building; PIU = Project Implementation Unit; SLEDP = Strategic Local Economic Development Strategy; PPMIS - Performance Monitoring and Information System; UDAA = Urban Development Administration Authority.

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION

A. Project Design and Monitoring Framework

Impacts the Project is aligned with:
 Maintain economic growth, achieve poverty reduction targets, ensure sustainable development, and support regional integration in the towns of Houayxay and Luang Namtha (Seventh Five-Year National Socio-Economic Development Plan, 2011–2015)^a

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
Outcome Improved urban services in Houayxay and Luang Namtha	By 2021 a. 35.9 km of roads built or upgraded (including drainage improvements) for improved mobility, safety, and reduced travel time in both towns (2015 baseline: 0 km) b. 24,175 people serviced by solid waste collection in the two towns (2015 baseline: 17,460 people) c. 10,600 people with enhanced protection from flooding due to improved flood management for 640 hectares of land in both towns (2015 baseline: 0 people) d. 7,645 women in Houayxay and 6,620 in Luang Namtha benefit from improved urban infrastructure (2015 baseline: 0 women) e. Annual number of trips by big boats (passengers and freight) in Houayxay increases by 33% to 2,000 (2015 baseline: 1,460 trips)	a.– e. Construction records, project progress reports, end of project survey	Lack of capacity for project implementation and management. Lack of financial sustainability due to noncost recovery tariffs.
Outputs 1. The SLEDPs developed	By 2016 1a. SLEDPs endorsed by the participating provinces and towns (2015 baseline: final drafts of SLEDPs completed)	1a. Letter of endorsement from executing agency	Delay in project start-up and implementation. Irregularities in procurement and financial management.
2. Priority urban infrastructure investments implemented	By 2020 2a. 10% of unskilled laborers employed for subproject construction are women, 30% of staff employed in operation and maintenance are women, and 75% of all unskilled	2a. Construction records and progress monitoring reports	Potential presence of unexploded ordnance. Potential archeological finds could cause delays.

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
	laborers are of local origin (2015 baseline: not applicable)		
	<p>2b. 2 km of riverbank stabilization works designed that considers climate change factors and is in line with government standards (2015 baseline: 0 km)</p> <p>2c. Two existing landfills rehabilitated and made operational, one in each town (2015 baseline: 0)</p> <p>2d. 100% of informal waste pickers near existing dumpsites given continued access to rehabilitated landfill sites (2015 baseline: 30 people)</p> <p>2e. Solid waste bill collection efficiency increased to 90% (2015 baseline: 60%)</p> <p>2f. 20.8 km of roads (including drainage improvements) and 13.1 km of drainage channels built in Houayxay and Luang Namtha; 2 km of river walkway built and upgraded in Houayxay (2015 baseline: 0)</p> <p>2g. 6.8 km of wastewater drains rehabilitated in Houayxay and Luang Namtha (2015 baseline: 0), with residents benefiting from free connections and affordable tariffs</p> <p>2h. River port in Houayxay rehabilitated (2015 baseline: not applicable)</p> <p>2i. Urban parks and recreation space in both towns increased to 38.6 ha, with 36.5 ha in Houayxay and 2.1 ha in Luang Namtha (2015 baseline: 0 ha)</p>	<p>2b. Construction records, subproject completion reports</p> <p>2c. Construction records and progress monitoring reports</p> <p>2d. PCU and PIU monitoring reports</p> <p>2e. Reports of the department of public works and transport, urban development and administration authority (UDAA) reports, project progress reports</p> <p>2f. Construction records, subproject completion reports</p> <p>2g. Construction records, subproject completion reports</p> <p>2h. Government statistics</p> <p>2i. Construction records and progress monitoring reports</p>	
3. Institutional capacities for managing public	By 2020 3a. At least 20 persons	3a. Project progress and	Staff (and other relevant

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
investments strengthened	(30% female) trained in key project management areas (Baseline: not applicable)	completion reports, training manuals	stakeholders) not able to fully commit to capacity-building activities because of other assigned tasks Lack of motivation of community and private sector stakeholders to join capacity building activities
	3b. At least 100 persons (50% female) provided gender sensitization training (Baseline: not applicable) 3c. PCU and PIUs recruit at least 30% female staff, including 20% in decision-making positions (Baseline: not applicable)	3b. Project progress and completion reports, training manuals 3c. Government employment records	
4. Community awareness of project activities and environmental sustainability improved	4a. At least six community awareness and dissemination campaigns covering environmental sustainability themes conducted, with equal participation by men and women (2015 baseline: 0)	4a. Attendance records, project progress, and completion reports, surveys	Provinces and towns do not allocate sufficient resources to implement community-awareness programs Gender mainstreaming is inadequately resourced and implemented

Key Activities with Milestones

Output 1: The SLEDPs developed

1.1 Participating provinces and towns endorse SLEDPs (Q2 2016)

Output 2: Priority urban infrastructure investments implemented

2.1 Complete detailed engineering designs (Q4 2016)

2.2 Complete land acquisition and resettlement (Q4 2016)

2.3 Bid on civil works contracts (Q4 2017)

2.4 Sign civil works contracts (Q4 2017)

2.5 Complete civil works (Q4 2020)

2.6 Conduct safeguards monitoring and reporting (Q1 2016–Q4 2020)

Output 3: Institutional capacities for managing public investments strengthened

3.1. Formulate capacity building program (Q4 2016)

Output 4: Community awareness on project activities and environmental sustainability improved

4.1 Conclude community awareness and dissemination campaigns (Q4 2020)

Inputs

Asian Development Bank: \$37,000,000 (loan)

ASEAN Infrastructure Fund: \$10,000,000 (loan)

Government of the Lao People's Democratic Republic: \$5,000,000

Assumptions for Partner Financing

Not applicable.

ASEAN = Association of Southeast Asian Nations, ha = hectare, km = kilometer, PCU = project coordination unit, PIU = project implementation unit, SLEDP = strategic local economic development plan, UDAA = urban development and administration authority.

^a Government of the Lao People's Democratic Republic, Ministry of Planning and Investment. 2010. *Seventh Five-Year National Socio-Economic Development Plan, 2011–2015*. Vientiane.

Source: Asian Development Bank.

B. Monitoring

72. **Project performance monitoring** - The PCU/PIUs will be responsible for all aspects of monitoring and evaluation, including: (i) performance testing against project milestones; (ii) safeguards monitoring; and (iii) financial commitments. Reports on project achievements will be provided quarterly and summarized annually.

73. Within three months of loan effectiveness the consultants will have presented and the EA approved a Project Performance Management System (PPMS) using targets, indicators, assumptions and risks from the design and monitoring framework (DMF). The PIUs will conduct regular monitoring, using the same indicators and submit reports on their findings to the EA and the ADB. Results of a comprehensive completion survey will be included in the project completion report

74. **Compliance monitoring** - The status of compliance with loan covenants, covering policy, legal, financial/economic, environmental and others will be reviewed at each ADB review mission. Any non-compliance issues will be specified in the quarterly progress reports together with remedial actions.

75. **Safeguards monitoring.** The contractors will be required to prepare brief monthly reports on mitigation activities and environmental issues for the PIUs. The PCU/PIUs with the assistance from the consultants will be responsible to prepare and send quarterly reports on environmental issues and overall performance of the EMP to the EA/IA. The EA reviews and submits to the relevant environmental departments. The environmental departments at their discretion will conduct their own inspections of EMP performance. An outline of the RP monitoring report is presented in Appendix 3.

76. Status of the implementation of the IEE/EMP and RP will be discussed at each ADB review mission and integrated into semi-annual reports for IEE/EMP and RP implementation using the integrated safeguards monitoring format. These will be prepared by the respective EAs with assistance from safeguard specialists of project consultants and safeguards officer in PCU/PIUs, based on the information provided by IAs, contractors and community mobilizers, where relevant. The EAs will submit semi-annual reports to ADB, within 30 days of the end of reporting period, for review and disclosure. The safeguards monitoring team structure and responsibilities are summarized in table below.

Task Team	Responsibility
Project Director	Oversee safeguard implementation for the Project through PCU, PISCB and consultants. Submit semi-annual safeguard monitoring reports to ADB.
PCU Safeguards Officer/s	Analyze the consolidated monitoring data on safeguards and report the results and corrective actions to the Project Director.
IAs/PIU Safeguards officer/s	Oversee field work of contractors and consultants. Review monthly environmental reports submitted by consultants and contractors, and consolidate and send to PCU.
PISCB Environmental Safeguards Specialist Social Safeguards Specialist	Will assist the EA/PCU and IA/PIUs in the overall safeguards implementation and monitoring.

77. **Safeguards monitoring – resettlement.** The implementation and effectiveness of the RPs will be monitored both internally and externally. The PIUs are directly responsible for internal monitoring of RP implementation. In particular, the PIUs with assistance from the consultants will supervise and manage monitoring of resettlement activities and implementation arrangements.

78. The PCU/PIU through the EA will provide quarterly reports to the ADB. They will assure the EA that the consultant's reports include progress and status reports, information on location and numbers of people affected, compensation amounts paid by item, and assistance provided to displaced people. The ADB will also monitor these activities in its regular supervision missions during the period of project implementation.

79. The objectives of the monitoring program are to (i) ensure that the standard of living of affected persons are restored or improved; (ii) monitor whether the overall project and resettlement objectives are being met; (iii) assess if rehabilitation measures and compensation are sufficient; (iv) identify problems and risks; and (v) identify measures to mitigate problems. Consequently, the range of activities and issues that need to be recorded and verified, include:

- (i) Compensation, allowance payments and delivery of assistance measures;
- (ii) Re-establishment of displaced persons, settlements and livelihoods;
- (iii) Reaction of displaced persons, to resettlement and compensation packages; and
- (iv) Re-establishment of income levels.

80. The principal indicators for internal monitoring of resettlement activities include:

- (i) Timely and complete disbursement of compensation to AHs according to the compensation policy agreed in the RP;
- (ii) Timely and complete delivery of relocation, income restoration and rehabilitation allowances and measures;
- (iii) Allocation of replacement land and development of individual and/or group resettlement sites and infrastructure;
- (iv) Public information dissemination and consultation procedures;
- (v) Adherence to grievance procedures and identification of outstanding issues that require further attention and resolution;
- (vi) Attention given to grievance priorities of affected persons regarding the options offered; and the priorities of AHs regarding the options offered;
- (vii) Completion of resettlement activities required before the award of civil works contracts.

81. **Gender and social dimensions monitoring.** The monitoring of impacts on social and gender aspects, including social and gender benefit monitoring, will be incorporated into the overall project monitoring and evaluation. Assisted by the international social and gender specialists in the consultant PISC team, the PCU/PIUs will be responsible for progress in the achievement of the outputs in the GAP analyzing and consolidating the performance data. The social and gender monitoring will be designed to allow adequate flexibility to adopt remedial actions regarding the project design, schedules, activities, and development impact. The PCU will develop a Project Performance Monitoring Information System (PPMIS); establishing sex disaggregated monitoring indicators for project performance, monitoring, and evaluation. The PPMIS will include monitoring tools, reporting templates (including use of ADB GAP progress report template) and output indicators, assisted by the PISC. Specific indicators in the SPRSS and the GAP will be further considered during the detailed design phase. Quarterly GAP monitoring will be carried out in accordance with ADB GAP Progress Report template. The IAs will submit periodic (minimum bi-annual) reports to the EA/PCUs using these tools, templates and indicators. Monitoring of the pro-poor and social inclusion design measures, indicated in the

SPRSS and Stakeholder Communication Strategy, will be the responsibility of the PCU. Periodic activity reports will be submitted by the IAs to the EAs. The PCU will be assisted by the PISC in devising the monitoring indicators and reporting templates in assessing progress of the social inclusion action plans.

C. Evaluation and Reporting

82. The government and the ADB reporting requirements will be harmonized by the consultants, who will produce detailed reporting formats within one month of project commencement.

83. The EA/IA will provide the ADB with quarterly progress reports in a format consistent with ADB's PPMS and consolidated annual reports including: (i) progress achieved by output as measured through the indicator's performance targets, (ii) key implementation issues and solutions; (iii) an updated procurement plan, and (iv) an updated implementation plan for the following 12 months. Refer Appendix 4 for outline of the quarterly progress report.

84. The government and the ADB will jointly review the project at least twice a year. This includes: (i) the performance of the PCU/PIAs and the IAs, PUI consultants, and contractors; (ii) physical progress of each project component; (iii) effectiveness of capacity development and awareness building programs; (iv) compliance with loan covenants; and (v) assessment of project component sustainability in technical and financial terms.

85. In addition to the regular reviews, government and the ADB will undertake a comprehensive mid-term review after 2.5 years of project implementation to identify problems and constraints encountered and suggest measures to address them. Specific items to be reviewed will include (i) assessment of need to restructure or reformulate the project; (ii) update of the project's DMF; and (iii) examination of the need to extend the loan closing date.

86. The PIUs will submit financial reports in the prescribed format to the PCU/IAs on a monthly basis. Financial reports will be audited annually by qualified auditors approved by the ADB and government and the audit report, together with comments on any action being taken, shall be submitted to the ADB by the EA annually. These reports should be adequately reviewed.

87. The EA (and the PCU/PIUs) will also provide other reports as may be reasonably be requested by the ADB, including the project's environmental reports and resettlement reports.

88. Within six months of physical completion of the project the EA will submit a project completion report to the ADB, detailing, amongst other items, (i) information on project completion; (ii) use of loan proceeds on project components, and (iii) the extent to which the project outcome has been accomplished.

D. Stakeholder Communication Strategy

89. The preparation and adoption of a stakeholder communication strategy (SCS) is required by the ADB to ensure inclusiveness, transparency, timeliness and the meaningful participation¹⁰ of stakeholders in the project. The SCS promotes select messages targeted at

¹⁰ 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 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.

key stakeholders consistent with established communication objectives as to what perspectives; actions and changes should be promoted to ensure the project's success. The SCS ensures that vulnerable groups, such as the poor, elderly, indigenous and ethnic groups, and women, who risk being marginalized, are provided with opportunities.

90. Key stakeholders, who are essential to engage to achieve project objectives and lessen project specific risks and challenges, have been identified. Stakeholders include: (i) government agencies responsible for the design, management, and implementation of the project; (ii) utility companies who provide essential urban infrastructure services and facilities (e.g., UDAA); (iii) residents in urban villages; and (iv) local media. The strategy serves to inform and support community development, enhance government agency capacity to manage project outcome, enhance project benefits and mitigate negative impacts. The SCS has the following objectives:

- (i) To enhance project benefits and mitigate potential negative impacts, through timely information on the subproject components specific to each town with a focus on their potential social and economic benefits, particularly for the poor, women, and indigenous people;
- (ii) To establish two-way information sharing/dialogue mechanisms with stakeholders;
- (iii) To raise public awareness on urban environmental sustainability through focusing upon wastewater management, solid waste management and the "greening industry"; and
- (iv) To promote gender equity generally and with a particular focus upon women empowerment and women's access to economic opportunities;

91. The SCS activities will be organized in cooperation with the LWU as relevant. The responsibility for implementing the strategy will be shared between several stakeholders:

- (i) The PIUs will have the overall responsibility for updating and implementing the SCS and will be in charge of the activities targeted at the private sector.
- (ii) The Lao Women's Union (LWU) will assist in dissemination of information and conduct awareness raising activities on the subjects listed in the GAP.
- (iii) The local media will provide support through production of print materials, newspapers, radio and TV programs, web, etc.

92. To fulfil the tasks, capacity building activities will be organized as follows:

- (i) The PIU officers in charge of Communication: Training in communication skills.
- (ii) The LWU: Training in communication skills of community women members.
- (iii)** Key LWU members: training in gender equity through applying a Training of Trainers approach (ToT).

93. These stakeholders will receive the support from the national and international Community Development Specialists and the national and international Social and Gender Specialists.

94. The resources required for the implementation will be covered by:

- (i)** The cost of the SCS activities included in the Capacity Building Program.
- (ii) The Consultancy cost for the National and International Community Development Specialists, and for the National and International Social Development and Gender Specialists.

95. The Stakeholder Communication Strategy is described in the table below

Stakeholder Communications Strategy

Objective	Key Risks / Challenges	Main Stakeholders	Key Messages	Means of Communication (Channels/ Languages/ Activities)	Timeline	Responsibility	Resources (Human, \$)
<p>To disseminate timely information on the subproject components specific to each town with a focus on their potential social and economic benefits, particularly for the poor, women, and indigenous people.</p>	<ul style="list-style-type: none"> ▪ Not enough attention paid to women, illiterate people and indigenous peoples. ▪ Limited/lack of locally relevant IAE-material and TV-radio programs. 	<ul style="list-style-type: none"> ▪ PIU (DPWT) ▪ District PWT ▪ Provincial and District Resettlement Office ▪ UDAA ▪ LWU ▪ Village Heads ▪ Lao Front ▪ Local media ▪ Beneficiaries ▪ Local Private sector 	<ul style="list-style-type: none"> ▪ Project's terms for access to benefits, and subsidy scheme for septic tanks ▪ Subproject implementation phases ▪ Subproject impacts – both positive and negative ▪ Relocation and compensation procedures ▪ Expected participation of the communities 	<ul style="list-style-type: none"> ▪ Messages tailored to the specificity of the local communities ▪ Print IAE materials: fact sheets, leaflets... ▪ Media outreach (radio, newspaper, TV, web, etc.) ▪ Village meetings ▪ Cultural events ▪ Market days 	<ul style="list-style-type: none"> ▪ From outset of subproject and throughout subproject life in accordance with progress of activities ▪ Outset of project: + Creation of IAE materials on subproject components + Training of stakeholders 	<ul style="list-style-type: none"> ▪ PIU ▪ UDAA ▪ LWU ▪ Lao Front ▪ Village Heads 	<ul style="list-style-type: none"> ▪ Funds through the Capacity Building Program ▪ Consultancy cost for National and International Community Development Specialists, and for National and International Social and Gender Specialists
<p>To establish two-way information sharing/ dialogue mechanisms with stakeholders.</p>	<ul style="list-style-type: none"> ▪ Women's limited participation in consultations and decision-making due to cultural barriers, traditional gender relationships and time constraints. ▪ Vulnerable groups like the poorest people, and the disabled have no time or lack means to 	<ul style="list-style-type: none"> ▪ PIU ▪ LWU ▪ Village Heads ▪ Lao Front ▪ Beneficiaries ▪ Local private sector 	<ul style="list-style-type: none"> ▪ Role of stakeholders' consultation in subproject ▪ Present feedback mechanisms ▪ Discussion on preferred channels of consultations 	<ul style="list-style-type: none"> ▪ Village meetings ▪ Group discussions ▪ Communities Workshops ▪ Local media ▪ Use of participatory methods and tools 	<ul style="list-style-type: none"> ▪ From outset of subproject and throughout subproject life in accordance with progress of activities 	<ul style="list-style-type: none"> ▪ PIU ▪ LWU ▪ Lao Front ▪ Village Heads 	

Stakeholder Communications Strategy							
Objective	Key Risks / Challenges	Main Stakeholders	Key Messages	Means of Communication (Channels/ Languages/ Activities)	Timeline	Responsibility	Resources (Human, \$)
	attend meetings. <ul style="list-style-type: none"> ▪ Low motivation to participate in consultations related to enforcement of wastewater management, and solid waste and landfill management in accordance with Lao PDR regulations. 						
To raise public awareness on urban environmental sustainability through focusing upon wastewater management, solid waste management and “greening industry”.	<ul style="list-style-type: none"> ▪ Limited/lack of locally relevant IAE-material and TV-radio programs 	<ul style="list-style-type: none"> ▪ PIU ▪ UDAA ▪ LWU ▪ Village Heads ▪ Lao Front ▪ Local media ▪ Beneficiaries ▪ Private sector 	<ul style="list-style-type: none"> ▪ Our city - clean city – green city ▪ Subproject impacts – both positive and negative ▪ Expected participation of the communities 	<ul style="list-style-type: none"> ▪ Public meetings, fair, exhibitions ▪ Workshops, conferences ▪ Group discussions ▪ Separate meetings held for women ▪ Print IAE materials ▪ Radio and TV programs 	<ul style="list-style-type: none"> ▪ From outset of subproject and throughout subproject life in accordance with progress of activities ▪ Outset of project: <ul style="list-style-type: none"> ▪ + Creation of IAE materials on subproject components ▪ + Training of stakeholders 	<ul style="list-style-type: none"> ▪ PIU ▪ UDAA ▪ LWU ▪ Lao Front ▪ Village Heads 	
To promote gender equity generally and with a particular	<ul style="list-style-type: none"> ▪ Low interest from men due to traditional gender relationships 	<ul style="list-style-type: none"> ▪ PIU ▪ UDAA ▪ LWU ▪ Village 	<ul style="list-style-type: none"> ▪ Employment and livelihood support opportunities for women in urban 	<ul style="list-style-type: none"> ▪ Technical training, including training for government officials 			

Stakeholder Communications Strategy

Objective	Key Risks / Challenges	Main Stakeholders	Key Messages	Means of Communication (Channels/ Languages/ Activities)	Timeline	Responsibility	Resources (Human, \$)
focus upon women empowerment, women's access to economic opportunities.	<ul style="list-style-type: none"> ▪ Limited/lack of locally relevant IAE-material and TV-radio programs 	Heads <ul style="list-style-type: none"> ▪ Lao Front ▪ Local media ▪ Beneficiaries ▪ Private sector 	services improvement process and urban villages upgrading <ul style="list-style-type: none"> ▪ Risks of human trafficking 	<ul style="list-style-type: none"> ▪ Community workshops and seminars ▪ Village meetings ▪ Group discussions with men and women together ▪ Print IAE materials ▪ Radio and TV programs 			

X. ANTICORRUPTION POLICY

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

97. To support these efforts, relevant provisions are included in the loan agreement or regulations and the bidding documents for the project. In particular, all contracts financed by ADB in connection with the project will include provisions specifying the right of the ADB to audit and examine the records and accounts of the EAs and all contractors, suppliers, consultants, and other service providers as they relate to the project.

98. Full information disclosure and participatory monitoring at both central and local levels are expected to be effective in reducing the risk of corruption and improving governance at central and local levels.

99. The EA/IAs will prepare a grievance redress mechanism acceptable to the ADB, and ensure that there is an appointed officer, with the requisite capacity in the PCU/PIUs to receive, resolve or act upon, both independently and expeditiously, complaints or grievances or reports from stakeholders on misuse of funds and other irregularities relating to the project, or the specific project components, including but not limited to grievances due to resettlement. Each PIU will inform stakeholders of their right to submit complaints or grievances relating to the project.

100. Project-specific measures to enhance government and prevent corruption designed along with the stages of project implementation and the disbursement chain in mind, include (i) the requirement for the EA/IAs and the PIUs to follow government rules and procedures for all expense and revenue items including cash and the proper and accurate maintenance of financial records; and (ii) establishing a project website at EA/provincial level to provide transparency on project details including procurement.

XI. ACCOUNTABILITY MECHANISM

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

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

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

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

XII. RECORD OF PAM CHANGES

102. The PAM will be subject to change after ADB Board approval of the project and during the period of project implementation. All revisions and updates of the PAM made should be recorded in this section to provide a chronological history of the changes to the implementation arrangements recorded in PAM.

103. A first draft of PAM was prepared and agreed upon during and following the ADB Loan Fact Finding in May/June 2015.

104. This draft PAM was updated on 8 July 2015 following receipt of the PPTA draft final report, and subsequently updated on August 11, 2015.

105. Draft PAM updated during loan negotiations on 14-15 September 2015.

XIII. APPENDICES

1. PROCUREMENT PLAN
2. TERMS OF REFERENCE FOR CONSULTING SERVICES
3. OUTLINE OF RESETTLEMENT PLAN MONITORING REPORT
4. OUTLINE QUARTERLY PROGRESS REPORT FORMAT
5. PROCUREMENT CAPACITY AND RISK ASSESSMENT
6. INSTITUTIONAL ARRANGEMENTS FOR ENVIRONMENTAL SAFEGUARDS
7. SUMMARY OF CLIMATE CHANGE ASPECTS AND COSTS
8. SAMPLE COMMITMENT LETTER FOR ASEAN INFRASTRUCTURE FUND (AIF)
8. LIST OF LINKED DOCUMENTS

APPENDIX 1

PROCUREMENT PLAN

Basic Data

Project Name: Second Greater Mekong Subregion Corridor Towns Development Project	
Project Number: 46443-003	Approval Number:
Country: LAO PEOPLE'S DEMOCRATIC REPUBLIC	Executing Agency: Ministry of Public Works and Transport (MPWT)
Project Procurement Classification: B	Implementing Agency: Provincial Department of Public Works and Transport (PDPWT) of Houayxay, and Luang Namtha Provinces
Procurement Risk: Average to High	
Project Financing Amount: \$ 52.00 million ADB Financing: \$ 37.00 million AIF Financing: \$ 10.00 million Government: \$ 5.00 million	Project Closing Date: 31 December 2020
Date of First Procurement Plan: [Date of Approval]	Date of this Procurement Plan:

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	Comments
International Competitive Bidding (ICB) for Works	\$3,000,000 and above	Prior
International Competitive Bidding for Goods	\$1,000,000 and above	Prior
National Competitive Bidding (NCB) for Works ²	Beneath that stated for ICB, Works	First contract under Prior review; and subsequently Post review
National Competitive Bidding for Goods ²	Beneath that stated for ICB, Goods	First contract under Prior review; and subsequently Post review
Shopping for Works	Below \$100,000	Post
Shopping for Goods	Below \$100,000	Post

Consulting Services	
Method	Comments
Quality and Cost Based Selection (QCBS)	Project Implementation Support package, including Detailed Engineering Design, Construction Supervision & Capacity Building (Above package will cover both the 2 implementing provinces)

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/Post (Sample)]	Bidding Procedure	Advertisement Date (quarter/year)	Comments
1	CIVIL WORKS Houayxay Package HXYA – Integrated Urban Development Riverbank Upgrading and Protection, Riverside Road and Walkway, River Port Rehabilitation and Ecological Park and Recreation Area.	6.73	ICB	Prior	1S1E	3/2016	No PQ; small works bidding documents
2	Package HXYB – Urban Services: Urban Roads and Drainage Upgrading and Solid Waste Management.	10.92	ICB	Prior	1S1E	3/2016	No PQ; large works bidding documents
3	Luang Namtha Package LNTA – Urban Services 1: Urban Village Upgrading, Urban Roads & Drainage, Namtha River Bridge and Urban Recreation Facilities Upgrading.	16.96	ICB	Prior	1S1E	3/2016	No PQ; large works bidding documents
4	Package LNTB – Urban Services 2: Solid Waste Management.	1.51	NCB	Prior/Post	1S1E	3/2016	No PQ; NCB works harmonized standard bidding documents
5	GOODS Houayxay Managed Landfill	0.60	NCB	Prior/Post	1S1E	1/2016	Goods

	Equipment/Vehicles: 8m3 compactor truck-1 unit; 8m3 dump truck-1 unit; skip truck-1 unit; 5m3 skips-20 units; 6m3 soil dump truck-1 unit; 0.6m3 bucket excavator-1 unit; 1m3 handcart-20 units, bulldozers						
6	Luang Namtha Managed Landfill Equipment/Vehicles: 8m3 compactor truck-1 unit; 8m3 dump truck-1 unit; skip truck-1 unit; 5m3 skips-20 units; 6m3 soil dump truck-1 unit; 0.6m3 bucket excavator-1 unit; 1m3 handcart-20 units, bulldozers	0.60	NCB	Prior/Post	1S1E	1/2016	Goods

1S1E = single stage-one envelope; ICB = international competitive bidding; NCB = national competitive bidding; PQ = prequalifications

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
1	Project Management and Implementation Support, Detailed Design, Construction Supervision (Package 1) and Capacity Building (Package 2)	\$3.39 million	QCBS	Prior	3Q'15	FTP, 90:10	International & national, 331 person-months

QCBS = quality-cost based selection; FTP = full technical proposal

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/Post (Sample)]	Bidding Procedure	Advertisement Date (quarter/year)	Comments

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

B. Indicative List of Packages Required Under the Project

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

Goods and Works							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Review [Prior / Post/Post (Sample)]	Bidding Procedure	Comments

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

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

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

1. Awarded and On-going Contracts

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

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

2. Completed Contracts

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

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

D. Non-ADB Financing

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

Goods and Works				
General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Comments

Consulting Services				
General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Comments

E. National Competitive Bidding

1. General

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

2. Application

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

3. Eligibility

The eligibility of bidders shall be as defined under Section 1 of the Procurement Guidelines; accordingly, no bidder or potential bidder should be declared ineligible for reasons other than those provided in Section 1 of the Guidelines, as amended from time to time.

4. Advertising

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

5. Procurement Documents

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

6. Preferences

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

7. Rejection of all Bids and Rebidding

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

8. National Sanctions List

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

9. Corruption Policy

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

10. Disclosure of Decisions on Contract Awards

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

APPENDIX 2

TERMS OF REFERENCE FOR CONSULTING SERVICES

A. Introduction

1. The proposed Second Greater Mekong Subregion (GMS) Corridor Towns Development Project for the Lao People's Democratic Republic (Lao PDR) will improve urban services in the two towns of Huoayxay (Bokeo Province) and Luang Namtha (Luang Namtha Province). The project will contribute to maintaining economic growth, achieving poverty reduction targets, ensuring sustainable development and supporting regional integration in line with the National Socio-Economic Development Plan, 2010-2015. Outputs of the project are: (1) Strategic Local Economic Development Plans (SLEDPs); (2) priority urban infrastructure investments implemented; (3) institutional capacities for managing public investments strengthened; and (4) community awareness on project activities and environmental sustainability improved.

2. In Luang Namtha, the project will finance solid waste management; urban drainage; urban village upgrading; urban recreation facilities and construction of a bridge. This will include: (i) restoration and upgrading of an existing dumpsite to a controlled landfill that will service 2,140 households comprising about 13,050 people; (ii) 12.8 km of priority roads upgraded from dirt roads to tar sealed roads and rehabilitation of wastewater ponds and 4.0 km of wastewater drains; (iii) improvement of 3.3 km of priority roads through construction of roadside drainage; (iv) upgrading of three facilities (community recreation park, sports hall and night market) for sports and recreation opportunities for residents and tourists; and (v) construction of a bridge to allow for passage of heavy trucks over Nam Tha River.

3. In Houayxay, the project will finance solid waste management; urban roads and drainage; riverbank protection, road and walkway; river port rehabilitation; and an ecological park and recreation area. This will include (i) construction of 2.0 km river walkway to provide enhanced access to the river side, (ii) construction of a 1 km riverside embankment for enhanced protection from flooding; (iii) rehabilitation of river port to increase annual number of trips by big boats (passenger/freight) by an estimated 33% to 2,000; (iv) construction of a 36.5 ha lakeside ecological park to provide recreation opportunities for residents and tourists; (v) restoration and upgrading of an existing dumpsite to a controlled landfill that will service 2,060 households comprising about 11,100 people; and (vi) building and upgrading 8.0 km of priority roads (including improvements to roadside drains) and 9.8 km of priority drainage channels, and rehabilitation of 2.8 km of wastewater drains.

B. Scope of Work

4. These consulting services will include an estimated 331 person months of consulting services (83 person-months international consulting and 248 person-months national) to (i) assist the PCU and PIUs with detailed design and tendering and supervision of civil works; (ii) assist with compliance with ADB's policies and operational requirements, including social and environmental safeguards monitoring and compliance; (iii) strengthen the institutional and operational capacity of provincial and district administrations, and (iv) provide project management and administrative support to the PCU and PIUs. The contract for this package will include provisional sums for project accounting, external resettlement monitoring and project audit requirements. Consulting services will consist of two packages: Project Management and Implementation Support, Detailed Design and Construction Supervision (Package 1) and Capacity Building (Package 2), as described below.

5. Consultants will be recruited in accordance with the ADB Guidelines on the Use of Consultants (March 2013 and as amended from time to time) using the quality-and-cost-based selection (QCBS) method with a quality-cost ratio of 90:10. The firm shall be selected in the six months after project loan effectiveness and cover a period of five years from 2016 to 2020. All international consultants should have experience in developing countries. Experience in the Southeast Asia region, preferably Laos PDR, will be considered. All national consultants should be fluent in English as well as the national language, and have experience in international development projects. One consultant can cover more than one field of expertise provided that they satisfy all appropriate requirements for each position.

C. Project Management and Implementation Support, Detailed Design and Construction Supervision (Package 1)

1. The consultant will assist the EA, PCU and the PIUs with detailed design and tendering and construction supervision of civil works; compliance with ADB’s policies and operational requirements (including social and environmental safeguards monitoring and compliance) and provide project management and administrative support to the PCU and PIUs. The detailed studies and designs will be based on the feasibility studies for the subprojects prepared during project preparation. The full list of sub-projects is provided below.

Table 1: List of Sub-Projects

Towns	List of Sub-Projects
Houayxay	Integrated Urban Development (including riverbank upgrading and protection, river road and walkway, port rehabilitation and ecological park and recreation area)
	Solid Waste Management
	Urban Roads and Drainage Upgrading
	Wastewater Collection
Luang Namtha	Wastewater and Drainage Improvement
	Solid Waste Management
	Urban Village Upgrading
	Urban Roads Drainage
	Urban Recreation and Facilities Upgrading
	Nam Tha River Bridge

2. Package 1 will require a range of specialists, working under the guidance of the Team Leader / Municipal Engineer. It will consist of an estimated 240 person months of consulting services (60 person-months international consulting and 180 person-months national), as outlined below.

Table 2: Summary of Positions and Person-Months for Package 1 of this consultancy

	Position	Person Months		
		Intl	Nation	Total
	Project Management and Implementation Support, Detailed Design, Construction Supervision (Package 1)			
1	Team Leader / Municipal Engineer	18		18
2	Deputy Team Leader and Engineering and Procurement Specialist (x2)		36	36
3	Financial Analysis / Management Specialist	6		6

4	Accounting Specialist		24	24
5	Procurement Expert		12	12
6	Project Performance Monitoring System Expert		12	12
7	Solid Waste Management Specialist	4		4
8	Solid Waste Management Specialist		12	12
9	Municipal/Civil Engineer	10		10
10	Road Engineer		15	15
11	Drainage and Sanitation Engineer		15	15
12	Construction Manager	12		12
13	Site Engineers (X2)		24	24
14	Environment Specialist	3		3
15	Environment Expert		9	9
16	Resettlement Specialist	4		4
17	Resettlement Specialist		12	12
18	Social Development and Gender Specialist	3		3
19	Social Development and Gender Specialist		9	9
	CSDD – Sub Total	60	180	240

1. Team Leader and Municipal Engineer (International, 18 person-months)

3. The International Team Leader and Municipal Engineer will manage and coordinate overall consulting services, for both packages of the consultancy, and provide project management support to the Executing Agency (EA), the PCU and the PIUs in each town. The team leader will provide advice and guidance on sector coordination, policy coordination, policy implementation, sector regulations and other key project related issues to government, ADB and the consultant team members. The Team Leader should have at least a masters degree in civil/municipal engineering and/or a related subject, and be a chartered professional qualified engineer (meaning with appropriate qualifications to practice engineering with broad experience in the implementation of environmental engineering projects in South-East Asia. He/she should also have at least 15 years experience of project design and implementation under donor-funded projects of which 5 should be as Team Leader. Duties of the Team Leader will include:

- Establish the consulting services offices (one in each town), and coordinate, consolidate and manage the overall consulting services inputs
- Develop strong working relationships with the EA, PCU/PIUs and the provincial and local authorities and ensure smooth coordination among them;
- Confirm commitments to project implementation from all stakeholders;
- Develop detailed time bound implementation schedules;
- Design the program for initial training in project management and oversight for PIUs and advise the national counterparts on its implementation in both towns;
- Advise on compliance with the relevant GoL and ADB policies and guidelines;
- Check as necessary detailed designs, cost estimates, bidding documents, and other contract documentation;
- Provide regular oversight to PIU staff and local consultants in the management of civil works and goods contracts and in the supervision of construction and subsequent commissioning of works;
- Provide oversight for overall sub-project financial management, accounting, and disbursements;
- Assist in arranging for smooth handover of the project facilities to the agencies responsible for O&M including advice and assistance on the preparation of all documentation necessary (e.g. as-built drawings) to close out contracts;

- Ensure proper and timely submission of regular progress reports to the EA and the ADB, particularly the progress against target indicators;
- Initiate actions in the event of any adverse variances against the original plan;
- Provide overall guidance to the implementation of training and community awareness programs;
- Assist in ensuring all resettlement and environmental impact mitigation measures are fully implemented, ensure associated reporting is completed, and minimize adverse environmental impacts during construction;
- Provide site management guidance to the PIUs and local consultants in relation to the construction;
- Assist in project planning, scheduling, and reporting of sub-project activities;
- Assist in ensuring the quality of all of the infrastructure components;
- Update the draft procurement plan from time to time (at least annually);
- Ongoing guidance to the EA, IA/PCU staff on ADB procurement guidelines;
- Assist in the detailed monitoring and evaluation surveys; and
- Provide overall support for selection of contractors and suppliers, contract management, and quality control and inspection.

2. Deputy Team Leader and Engineering and Procurement Specialists (2 National, 18 persons-months each)

4. The National Deputy Team Leaders should have a university degree in civil/municipal engineering and at least 5 years experience in municipal and civil engineering and in contract procurement related matters. They should preferably have good experience in the design and implementation of donor funded projects, with particular reference to the ADB. They should work closely with and generally assist the Team Leader during the course of project implementation. Each of the Deputy Team Leaders will be allocated to a particular town, and will be responsible for:

- Developing strong working relationships with the PIUs and the provincial and local authorities and ensure smooth coordination among them;
- Assisting the international counterpart in confirming commitments to project implementation from all stakeholders;
- Assisting the international counterpart in developing detailed time bound implementation schedules;
- Working closely with the international counterpart and managing the provision of initial training in project management and oversight for PCU/PIUs;
- Help ensure compliance with the relevant government and ADB policies and guidelines;
- Check as necessary detailed designs, cost estimates, bidding documents, and other contract documentation and advise the international counterpart regularly;
- Assist the international counterpart in providing regular oversight to PIU staff and local consultants in the management of civil works and goods contracts and in the supervision of construction and subsequent commissioning of works;
- Assist the international counterpart in providing oversight for overall sub-project financial management, accounting, and disbursements;
- Assist the international counterpart in arranging for smooth handover of the project facilities to the agencies responsible for O&M including advice and assistance on the preparation of all documentation necessary (e.g. as-built drawings) to close out contracts
- Ensure proper and timely submission of regular progress reports to the EA and the ADB, particularly the progress against target indicators;
- Help the international counterpart to initiate actions in the event of any adverse variances against the original plan;

- Assist the international counterpart to provide overall guidance for the implementation of training and community awareness programs and in a timely manner;
- Assist the international counterpart in ensuring all resettlement and environmental impact mitigation measures are fully implemented, ensure associated reporting is completed, and minimize adverse environmental impacts during construction;
- Provide site management guidance to the PIUs and local consultants in relation to the construction;
- Assist the PIUs in project planning, scheduling, and reporting of sub-project activities;
- Assist the PIUs in ensuring the quality of all of the infrastructure components; and
- Assist the international counterpart to update the draft procurement plan from time to time (at least annually).

3. Financial Analysis / Management Specialist (International, 6 person-months)

5. The International Financial Specialist should have a university degree in business management, finance/accounting, economic business or a related discipline. He/she should have at least 7 years experience of financial management and accounting under donor-funded projects, with particular reference to the ADB and past experience of working in Southeast Asia. The specialist will report to the Team Leader and work closely with the Accounting Specialist. Specific activities will include:

- Plan and organize financial management training seminars for the accounting staff in the PCU and both PIUs. The training will cover loan disbursement procedures and financial management practices for ADB financed projects;
- Install good practices and knowledge for project accounting by providing on job training.
- Identify any issues in the financial management system for project implementation in the PCU/PIUs and recommend measures to address the issues identified;
- Advise PCU/PIUs on organizational arrangements for effective financial management for project implementation;
- Assist PCU/PIUs to develop procedures for financial accounting, reporting and auditing and loan disbursement for the project;
- Guide and assist PCU/PIUs to process ADB loan withdrawal in accordance with ADB's procedures. Assist the EA to coordinate with the PCU/PIUS and communicate with ADB in relation to financial management and loan withdrawal matters;
- Support PCU/PIUs to prepare documents for loan withdrawal including certificates and reporting formats for efficient and effective flow of funds between ADB, GoL, PIUs, other relevant local government departments and contractors;
- Assist PCU/PIUs to prepare and update continuously financial records, projections, and reports of the project in accordance with procedural requirements of ADB and the GoL;
- Review current budgeting, accounting, and financial reporting in the PIUs and Treasury agencies at the provincial and town levels, and recommend changes to improve the efficiency and accuracy of budgeting, accounting, and financial reporting systems; and
- Review internal control systems in the PIUs and recommend improvements for internal control systems in the PIUs.

4. Accounting Specialist (National, 24 person-months)

6. The Accounting Specialist (National) should have a university degree or equivalent in accounting or a related discipline. He/she should have at least 5 years relevant working experience in financial management and accounting under donor-funded projects, with particular reference to the ADB. The specialist will report to work and closely with the Financial Management/Analysis Specialist (International). Specific activities will include:

- Assist the international counterpart to plan and organize financial management training seminars for the accounting staff in the PCU and both PIUs. The training will cover loan disbursement procedures and financial management practices for ADB financed projects.
- Assist in the installation of good practices and knowledge for project accounting by providing on job training;
- Identify any issues in the financial management system for project implementation in the PCU/PIUs and work closely with the international counterpart to recommend measures to address the issues identified;
- Help advise PCU/PIUs on organizational arrangements for effective financial management for project implementation;
- Help assist PCU/PIUs to develop procedures for financial accounting, reporting and auditing and loan disbursement for the project;
- Guide and assist PCU/PIUs to process ADB loan withdrawal in accordance with ADB's procedures. Assist the EA to coordinate with the PCU/PIUS and communicate with ADB in relation to financial management and loan withdrawal matters;
- Help in supporting PCU/PIUs to prepare documents for loan withdrawal including certificates and reporting formats for efficient and effective flow of funds between ADB, GoL, PIUs, other relevant local government departments and contractors;
- Help in assisting PCU/PIUs to prepare and update continuously financial records, projections, and reports of the project in accordance with procedural requirements of ADB and the GoL;
- Assist the international counterpart to review current budgeting, accounting, and financial reporting in the PIUs and Treasury agencies at the provincial and town levels, and recommend changes to improve the efficiency and accuracy of budgeting, accounting, and financial reporting systems; and
- Assist the international counterpart review internal control systems in the PIUs and recommend improvements for internal control systems in the PIUs.

5. Procurement Expert (National, 12 person-months)

7. The Procurement Expert will assist the Team Leader and the Deputy Team Leaders on all aspects of procurement under the project. He/she will have a university degree in civil/municipal engineering or a related discipline and at least 5 years of experience of procurement related matters for donor funded projects in Lao PDR with specific reference to the ADB. He/she will work closely with the Team Leader and the two Deputy Team Leaders. Specifically the Procurement Expert will:

- Assist the Team Leader/Deputy Team Leaders in the preparation of all bidding documents for ICB/NCB and shopping packages based on the requirements of the ADB and GoL;
- Liaise with the ADB and the EA/PCU to secure approval for all the bidding documents on a timely basis;
- Assist the Team Leader/Deputy Team Leaders in supporting the PCU/PIUs to conduct pre-bid meetings, bid openings, bid evaluations and contract negotiations;
- Assist the Team Leader/Deputy Team Leaders in any procurement capacity development and training programs; and
- Participate in workshops and discussions with the EA/PCU, PIUs and provincial governments in procurement related matters and make presentations as appropriate.

6. Project Performance Monitoring System (PPMS) Expert (National, 12 person-months)

8. The Project Performance Monitoring System is required to monitor the progress of project implementation and monitor the delivery of outputs, outcomes and impacts under the project. The expert will have at least a university degree in social sciences, economics,

governance/administration or a related discipline, with at least 5 years experience of monitoring and evaluation under donor-funded projects, with particular reference to the ADB. He/she will be responsible to the Team Leader and be based in the PCU. Duties of the specialist will include:

- Assist the Team Leader and the PCU to design a PPMS framework, based on the Design and Monitoring Framework (DMF) and in harmonizing ADB and GoL monitoring requirements;
- Assist the PIUs in preparing detailed data formats, survey designs and monitoring schedules;
- In association with the resettlement, social, and environmental specialists, assist in training for the EA, the Implementing Agencies (IAs) and the PCU staff on overall project requirements for monitoring and evaluation.
- Assist the PIUs to collect, record and analyse all necessary data, including baseline data;
- Assist in preparing the terms of reference for the detailed monitoring and evaluation surveys, selecting a survey firm, supervising the baseline survey, and analyzing the survey results all as may be necessary;
- Review the PPMS survey results and provide comments for improvements;
- Assist the PIUs in ensuring the PPMS framework and its indicators are regularly updated; and
- Prepare annual PPMS reports and final PPMS reports for submission to the Team Leader and the PCU.

7. Solid Waste Management Specialist (International, 4 person-months)

9. The Solid Waste Management Specialist should have a university degree in civil/municipal engineering, environmental engineering and/or a related subject, and be a chartered professional qualified engineer (meaning with appropriate qualifications to practice engineering with broad experience in the implementation of solid waste management projects in South-East Asia. He/she should also have at least 7 years experience of the design, implementation and O&M of managed landfills. He/she should be familiar with donor funded projects, with particular reference to ADB policy and practice. The activities for the solid waste management specialist will include:

- Review and evaluate the present management of designated controlled dumpsites
- Proceed with initial soil quality analysis up to the water table to further monitor its evolution
- Estimate potentials for recycling improvement
- Final design of the proposed controlled landfill including production of a final design report, construction drawings and contract documentation
- Supervision of national design team members to produce final drawings
- Liaison with Provincial authorities during the design process
- Together with the Managed Landfill Specialist under the CBP, on the job training of UDAA's dumpsite managers (placing of wastes in consistent layers, compacting, adapting routing for collection monitoring and adapt dumping from collection trucks, sanitary management of pits for septic tanks sludge, etc.),
- Assist hospitals / health centers (in particular in Luang Namtha) and train their staff to facilitate medical waste collection and disposals.
- On the basis of the socio-economic surveys conducted by PPTA Consultants, preparation and implementation of awareness initiatives: positive/attractive presentations of UDAA's missions and duty, participate meetings on advantages of an efficient municipal solid waste service to improve living conditions in villages, dissuade habitants to burn their wastes,
- Surveys about the quality of service expected by residents and survey on willingness to pay for solid waste collection services.

8. Solid Waste Management Specialist (National, 12 person-months)

10. The specialist will have a university degree in civil engineering, environmental sciences or a related discipline, and have at least 5 years of experience in design of solid waste management, and will have prior experience on solid waste implementation projects.

The specialist will work with the international SWM specialist in final design, costing, project design documents and operation and maintenance manuals, as described under the ToR for the International SWM specialist above.

9. Municipal/Civil Engineer (International, 10 person-months)

11. The Municipal/Civil Engineer will have a university degree in civil/municipal engineering, environmental engineering and/or a related subject, and have at least five years of relevant experience. They will report directly to the Team Leader & he/she will be based in Vientiane but may be required to travel frequently to the field. He/she will be responsible to ensure the quality of design of urban roads, flood protection and embankment infrastructure, and drainage. In particular, he/she will be responsible for the following scope of work:

- Provide guidance in the design and implementation of urban roads and related structures, flood protection works and embankments, and both stormwater and wastewater drainage.
- Review and finalize detailed designs, cost estimates and procurement documents related to urban roads and related structures, flood protection works and embankments, and both stormwater and wastewater drainage.
- Assist in the preparation of specifications and bidding documents for urban roads and related structures, flood protection works and embankments, and both stormwater and wastewater drainage.
- Prepare work plans and schedule of activities including submission of regular physical reports on civil works and construction activities related to urban roads and related structures, flood protection works and embankments, and both stormwater and wastewater drainage.
- Provide technical specifications to ensure engineering quality of civil works and construction activities of urban roads and related structures, flood protection works and embankments, and both stormwater and wastewater drainage. ;
- Prepare manual outline for O&M outlining procedures and hand over arrangements for urban roads and related structures, flood protection works and embankments, and both stormwater and wastewater drainage for the agencies that are responsible for O&M of such structure; and the manual to be translated into Lao- English.
- Assist in the assessment of capacity development needs for planning, implementation and O&M of urban roads and related structures, flood protection works and embankments, and both stormwater and wastewater drainage for participating agencies and local institutions.

12. The Municipal/Civil Engineer will have a degree in civil engineering, municipal engineering, or other relevant discipline. He/she will have at least 10 years of work experience in road design in developing countries, of which 5 years will have been international development assistance funded projects

10. Road Engineer (National, 15 person-months)

13. The Road Engineer (National) should have a university degree in civil engineering or a related discipline, with at least 5 years of experience in the design and construction of roads. The Road Engineer reports to the Team Leader. The Road Engineer shall:

- Assist the Civil/Municipal Engineer (International) to design the project's road and other associated components as described under the ToR for the Municipal/Civil Engineer (International) above.
- Ensure the efficient implementation of the roads component of the project in association with the National drainage engineer.
- Design roads, prepare technical documents and specifications.
- Supervise construction and management of road projects.
- Conduct field investigations and community consultations.

11. Drainage and Sanitation Engineer (National, 15 person-months)

14. The Drainage and Sanitation Engineer (National) should have a degree in civil engineering or a related discipline, with at least 5 years of experience in the design and construction of drains and basic sanitation facilities. The Drainage and Sanitation Engineer (National) shall:

- Assist the Civil/Municipal Engineer (International) to design the project's stormwater and wastewater drains and other associated components as described under the ToR for the Municipal/Civil Engineer (International) above.
- Ensure the efficient implementation of the drainage component of the project including but not limited to designing and construction supervision of drainage outfalls and sanitation facilities.
- Prepare technical documents and specifications, and community consultation

12. Construction Manager (International, 12 person-months)

15. The specialist will have a university degree in civil engineering or related discipline and have at least 15 years experience in construction supervision and contract management, preferably in SE Asia.

- The Construction manager is to act as the Engineer's representative as delegated by the Team Leader and shall be responsible for construction supervision of all subprojects.
- The Construction manager shall ensure all technical and administrative clearances required by the constructing agencies which otherwise could result in delaying the sub projects.
- The Construction manager shall establish proper quality assurance systems as per international best practices and procedures.
- The Construction manager shall ensure compliance of the contract agreement in letter and spirit by observing strict vigilance to avoid any possibility of time and budget overrun
- The Construction manager shall be responsible to oversee the implementation of works and monitoring progress of works and ensuring the works are carried out in accordance with the contract, specifications, drawings and project plans.
- The Construction manager will visit the project sites on a daily basis in order to identify any problems and provide appropriate solutions through application of sound engineering standards in consultation with the Team Leader.
- The Construction manager shall undertake measurement of works in support of contractor claims for payment and supervise the Clerk of Works/Site Engineers (National) assigned to the Project and monitoring their performance.

13. Site Engineers (2 National, 12 person-months each)

16. The Site Engineers will have at least 10 years demonstrated experience in supervision of road and / or drainage and / or large building construction.

- The Site Engineers shall assist the Construction manager to monitor the project's construction activities and to administer construction contracts.
- Site Engineers will report to the Construction manager.

14. Environment Specialist (International, 3 person-months)

17. The Environment Specialist shall have a masters' degree in environmental engineering or related discipline and at least 10 years of experiences in environmental management and impact assessments, preferably with project experiences on donor-funded projects. The specialist will primarily ensure that the various subprojects conform to ADB's Safeguard Policy Statement 2009 particularly to the environmental aspects. The specialist will also assess compliance with applicable government environment laws and update environmental safeguard documents as may be necessary.

18. The Environmental Specialist will provide the PCU/PIUs: (i) technical assistance and advice in updating, revising of IEEs and EMPs and supervision of EMP implementation; and (ii) capacity development in environmental monitoring and reporting.

- Provide technical advice/support to the PCU/PIUs and other players in the:
 - Revision and/or updating of IEEs, specifically in case of design changes/revisions. And, updating and finalization of the EMPs based on final design.
 - Monitoring of the incorporation of relevant mitigation measures in the detailed designs, mitigation measures and monitoring activities in the O&M Manual/s, where applicable.
- Ensure implementation of the Environmental Management Plans (EMPs) in all subprojects.
- Formulation and/or update of the monitoring and reporting systems for all project components.
- Advise the PCU/PIUs in the preparation of terms of reference for the conduct of air water and air quality sampling, including follow up interviews with local residents on issues and concerns arising during project construction;
- Coordination with the procurement consultant/committee to ensure that the: Final Subproject EMPs are included in the respective bidding documents,
- Evaluation of Contractor's EMPs (CEMPs) including the establishment of environmental management criteria for bid evaluation.
- Provide technical advice and support to the PCU/PIUs in the operationalization of the Grievance Redress Mechanism and other necessary preparations, e.g., materials for dissemination and posting, documentation and communication systems, among others. Setting up of the grievance redress reporting format and system.
- Undertake the necessary capability building activities (seminar or workshops) for the PCU/PIUs and other implementation partners/stakeholders.
- Conduct visits to subproject working sites to ensure EMP/EMoP implementation, and provide advice on any actions required to ensure EMP/EMoP compliance.
- Review monthly/quarterly environment monitoring reports submitted by contractors, IAs, and other parties.
- Conduct independent monitoring of EMP implementation status and additional environmental monitoring if necessary, to verify that issues and subsequent actions reported in the internal environmental monitoring report, quarterly progress report, and semi-annual environmental progress report are in compliance with ADB's safeguard and other relevant policies;
- Review the implementation of the grievance redress mechanism. Identify necessary improvement/s in the mechanism. Review the reports prepared by the IAs/contractors.
- Make recommendations to resolve any issues and/or problems in implementing the EMPs, and provide advice to the executing agencies and implementing agencies;
- Assist the PCU/PIUs in preparing the integrated safeguards monitoring report that will be submitted to ADB on a semi-annual basis.
- Perform other tasks that are relevant to his position and are not mentioned above.

15. Environment Expert (National, 9 person-months)

19. The Environment Specialist shall have a masters' degree in environmental engineering or related discipline and at least 7 years of experience in environmental management and impact assessments, preferably with project experiences on donor-funded projects, and be familiar with the Environmental Protection Law of Lao PDR and other relevant laws and regulations. The specialist will ensure that the various subprojects conform to ADB's Safeguard Policy Statement 2009 particularly to the environmental aspects. The specialist will also assess compliance with applicable government environment laws and update environmental safeguard documents as may be necessary.

20. The Environmental Specialist will provide the PCU/PIUs: i) technical assistance and advice in updating, revising of IEEs and EMPs and supervision of EMP implementation; and ii) capacity development in environmental monitoring and reporting.

- Assist the international counterpart in providing technical advice/support to the PCU/PIUs and other players in the:
 - Revision and/or updating of IEEs, specifically in case of design changes/revisions. And, updating and finalization of the EMPs based on final design.
 - Monitoring of the incorporation of relevant mitigation measures in the detailed designs, mitigation measures and monitoring activities in the O&M Manual/s, where applicable.
- Ensure implementation of the Environmental Management Plans (EMPs) in all subprojects.
- Support the formulation and/or update of the monitoring and reporting systems for all project components.
- Coordinate with the procurement consultant/committee to ensure that the final subproject EMPs are included in the respective bidding documents,
- Evaluate the Contractor's EMPs (CEMPs) including the establishment of environmental management criteria for bid evaluation.
- Work with the international counterpart to provide technical advice and support to the PCU/PIUs in the operationalization of the Grievance Redress Mechanism and other necessary preparations, e.g., materials for dissemination and posting, documentation and communication systems, among others. Setting up of the grievance redress reporting format and system.
- Undertake the necessary capability building activities (seminar or workshops) for the PCU/PIUs and other implementation partners/stakeholders.
- Conduct visits to subproject working sites to ensure EMP/EMoP implementation, and provide advice on any actions required to ensure EMP/EMoP compliance.
- Review monthly/quarterly environment monitoring reports submitted by contractors, IAs, and other parties.
- Conduct independent monitoring of EMP implementation status and additional environmental monitoring if necessary, to verify that issues and subsequent actions reported in the internal environmental monitoring report, quarterly progress report, and semi-annual environmental progress report are in compliance with ADB's safeguard and other relevant policies;
- Review the implementation of the grievance redress mechanism. Identify necessary improvement/s in the mechanism. Review the reports prepared by the IAs/contractors.
- Make recommendations to resolve any issues and/or problems in implementing the EMPs, and provide advice to the executing agencies and implementing agencies;
- Assist the PCU/PIUs in preparing the integrated safeguards monitoring report that will be submitted to ADB on a semi-annual basis.
- Support the PCU/PIUs to disseminate to stakeholders the results of environment quality monitoring and implementation of safeguards, especially among households or small businesses near the proposed works;

- Conduct follow-up consultations and interviews with local residents to identify concerns or grievances arising construction.

16. Resettlement Specialist (International, 4 person-months)

21. The Resettlement Specialist (international) will prepare, monitor and supervise all land acquisition and resettlement activities required to implement the project. The specialist will have a university degree in the social sciences, sociology, or a related discipline, with at least 7 years experience in working with social safeguard policies and practice in Southeast Asia under donor-funded projects, preferably with the ADB. He/she will complete the following specific activities, working closely with the Resettlement Specialist (National) :

- Provide the project design and operational phases with technical leadership related to all land acquisition and resettlement (LAR) activities, including guidance on the conduct of Inventory of Losses (IOL) and Replacement Cost Surveys (RCS), methods of LAR assessment reporting requirements, LACP preparation and compliance monitoring during evaluation;
- Provide guidance to the Resettlement Specialist (National)/PIUs for the updating and implementation of the Resettlement Plans for each city, intermittently and over the life of the project;
- Work closely with the PIUs in preparing standard reporting formats for LAR monitoring reports;
- Advise the PIUs in undertaking consultations with local communities on LAR compensation and social issues to ensure that their needs and concerns are incorporated in subproject design and implementation.
- Advise the PIUs in: (i) verifying census, IOL, RCS and detailed measurement surveys (DMS); and (ii) preparing affected persons (AP) database and check accuracy and provide suggestions for improvements where appropriate;
- Assist the PIUs to define categories of impact and the eligibility of affected people for compensation, and prepare an entitlement matrix covering compensation for all lost assets and income and assistance to achieve full replacement costs for lost assets, income, and livelihoods;
- Provide advice to the PIUs for the preparation of public consultation plan and standard formats for documenting consultation with affected people, listing events, people consulted, documents disclosed and timing of disclosure in accordance with ADB policies and summarizing issues raised, agreed actions, and improvements resulting from the consultation;
- Working closely with the PIUs assist in conducting public consultations and document the findings and take action as appropriate, including possible changes in project design to minimize resettlement impacts.
- Ensure the grievance redress mechanisms are appropriate and advise on speedy resolution;
- Assist the PIUs to: (i) implement, supervise and monitor LAR activities in accordance with the approved RPs and ADBs safeguarded policies; and (b) implement the updated the updated RPs with a focus on community consultation and compensation based on the replacement cost survey;
- Assist the PIUs and as appropriate local resettlement committees to establish their AP database, including records of compensation;
- Prepare LACPs, meeting ADB and GoL standards for the all subproject components contained under the project loan, conduct IOL, conduct consultation and prepare public information booklets to be circulated to all APs and update as appropriate;
- Ensure that gender issues are accurately covered within the resettlement and livelihood restoration phases of the project and are accurately accounted for in resettlement planning and implementation in the subproject components.
- Incorporate social development dimensions in the grievance redress mechanism in preparation of compensation, assistance and benefits for displaced and affected persons.

- Accurately identify and track potential impoverishment risks and vulnerable households including those experiencing major impacts through the loss of assets and those with low income, households headed by women; and develop mitigation measures.
- Investigate implementation issues identified by the PCU/PIUs, external monitor, ADB missions, or previous reviews by ADB.
- Discuss issues and findings with the PCU/PIUs and formulate recommended actions.
- Provide resettlement training to project partners when necessary to inform them on the scope of: (i) ADB policy and procedural requirements, (ii) national laws and regulations, (iii) resettlement planning, including social impact, and gender analyses, (iv) resettlement implementation and supervision, and (v) monitoring and evaluation.
- Advise on monitoring LAR program and provide coordination with the PIUs and the project's community-based monitoring groups and advising the PIUs of any actions required to ensure compliance with the LACP.
- Assist in the design of a due diligence study and corrective action plan to identify permanent and temporary socio-economic impacts resulting from land acquisition, changes in land use, or restrictions of access to assets and common property resources.

17. Resettlement Specialist (National, 12 person-months)

22. The Resettlement Specialist (national) will have experience in social impact assessments, detailed measurement surveys, implementing and monitoring resettlement and in the conduct of public consultations and be familiar the ther relevant Lao legislation. He/she should have a university degree in the social sciences, sociology, or a related discipline, with at least 5 years experience in working with social safeguard policies and practice under donor-funded projects, preferably with the ADB. The specialist will work closely with the Resettlement Specialist (International) and provide a full range of professional/technical advice during design and implementation phases. He/she will carry out the following activities and will work alongside the Resettlement Specialist (International).

- Assist the Resettlement Specialist (International) in carrying out the initial orientation of the PCU/PIU staff and appropriate provincial and district officials;
- Regularly visit both towns during the project implementation and provide guidance to the PIUs relating to supervsion and compliance monitoring and providing guidance on LACP preparation for the project.
- Assist the PIUs in collecting data, surveys, preparation and review of the LACPs and coordinate with the PIUs for any further assessment and reporting that may reasonably be required.
- Help the PIUs in preparing for and conducting public consultation and in preparing reports on public consultation and identifying key outputs and courses of action;
- Assist the PIUs in providing inputs to feasibility studies, progress reports project monitoring reports and project completion report and other reports and papers as appropriate;
- Assist the PIU is addressing grievance issues and resolution;
- Assist the Resettlement Specialist (International) in all other activities related to preparing the LACPs for all subproject components and updating them during implementation in ccordance with the LACF;
- Update and implement the Resettlement Plans for each city, intermittently and over the life of the project; and
- Preparing reports, surveys and other materials in the Lao language.

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

23. The Social Development and Gender Specialist (International) will support the implementation and monitoring of poverty reduction, social inclusion, and the gender strategies

and action plans for the subprojects. This specialist will also support mainstreaming of gender into the project through application of the Gender Action Plan (GAP) and by gender awareness training. The specialist should have a university degree in social sciences, sociology or a related discipline. They should have at least 8 years experience of urban community development and gender related work, including working with ethnic minorities. They should be familiar with policies and practice in Lao PDR under donor-funded projects, preferably with the ADB. He/she should carry out the following activities in close association with the Social Development and Gender Specialist (National):

- Overall responsibility for supporting (and monitoring progress) implementation of project's social inclusion strategies and plans – GAP, Stakeholder Communication Strategy, SPRSS, and related DMF performance targets. Support PMU to ensure quarterly reporting of GAP using ADB GAP Progress report template and identification of poor and vulnerable households within the service areas
- At the project detailed design phase to provide technical leadership related to the proposed subproject components from the social development and gender perspectives; commencing with a review and reconfirmation of the subproject components developed during project preparation in close association with the PCU/PIUs;
- Review the SPRSS and the GAP prepared under the PPTA and their application in the two subprojects and specifically working with the LWUs/PIUs and the project affected communities in providing advice on implementing the GAP, including reference to: (i) coordinating gender development with sector/technical issues; (ii) gender sensitive communication; (iii) equal access to training and capacity development; and (iv) mentoring issues;
- Design and assist the PIUs in the implementation of appropriate additional socio-economic and other relevant surveys in each town, with data disaggregated by sex, ethnicity and income;
- Work closely with the respective branches of the Lao Women's Union (LWU) and the PIUs in both project towns and support them in implementing the LWUs activity plans that constitute part of the SPRSS/GAP. This will include, but not be limited to refining training and capacity building activities for the LWUs, with particular reference to support for implementation of the project loan;
- Design and assist the LWUs/PIUs in the implementation of information campaigns and community mobilization, and further, programs and projects to develop livelihoods, social development and vocational needs with an emphasis on economically competitive areas (identified from market and value chain studies) and targeting urban poor and disadvantaged households in the urban villages;
- Coordinate with the project resettlement specialists regarding the livelihood and social development aspects of the resettlement action plans, and advising the LWUs/PIUs on a training needs assessment of impacted households, including disaggregation of livelihoods by gender and ethnicity and to provide technical guidance to livelihood support and vocational training activities.
- Ensure that social development and gender issues are accurately covered within all phases of the project; and assess and carefully track youth and women's livelihood needs;
- Assist the LWU/PIUs with provision of technical assistance and coordination of demand-driven awareness building and training and guidelines to support vulnerable households and groups with direct reference to implementation and support for project loan components and in the urban villages.
- Working closely with the Social and Gender Specialist (National) prepare and assist in delivering training courses relevant to project loan implementation, including gender related issues for all the project implementation agencies and other stakeholders as appropriate;
- Work closely with Urban Planning Specialist in ensuring SLEDPs consider poverty, social and gender issues with provision of specific strategic measures.

- Facilitate knowledge sharing on social development and gender related issues, including through partner forums, web pages and reports and including lessons learned/ best practice from South-East Asia and elsewhere if relevant; and
- Support establishment of gender sensitive and socially inclusive indicators, tools, and reporting formats in the PPMIS.

19. Social Development and Gender Specialist (National, 9 person-months)

24. The Social and Gender Specialist (National) will support his/her international counterpart and the PCU/PIUs in the implementation of poverty reduction and social inclusion, and gender strategies and action plans for the subprojects. This specialist will also support mainstreaming of gender into the project through application of the Gender Action Plan (GAP) and by gender awareness training. The specialist should have at least a university degree in social sciences, sociology or a related discipline. They should have at least 5 years experience of urban community development and gender related work, including working with ethnic minorities. He/she should carry out the following activities: He/she will work alongside the Social Development and Gender Specialist (International) and will carry out the following activities:

- Assist the LWUs/PIUs and other stakeholders to implement and monitor (quarterly) the GAP in accordance with ADB and GoL gender related policies and plans and using ADB GAP Progress reporting template;
- Assist the LWUs/PIUs in to design and help manage the implementation of new socio-economic surveys as appropriate and which are relevant to all subproject components in the two towns, including gender and community development;
- Consult with the LWU and project related beneficiaries to ensure women's needs and aspirations are addressed in the subprojects detailed design, implementation and subsequent monitoring and with particular reference to the urban villages;
- Assist the LWUs/PIUs by acting as a gender focal point and facilitator for gender mainstreaming in data/information collection, monitoring, sector coordination, technical design issues, communication, training and capacity development and mentoring;
- Contribute to the preparation and delivery of training courses and stakeholder workshops to inform and raise awareness about project related and other more general social development and gender issues in both towns, with particular reference to the urban villages;
- Work closely with Urban Planning Specialist in ensuring SLEDPs consider poverty, social and gender issues with provision of specific strategic measures; and
- Facilitate knowledge sharing on social development and gender related issues, including through partner forums, web pages and reports and including lessons learned/ best practice from elsewhere in Lao PDR.

D. Capacity Building (Package 2)

25. Package 2 of the consulting services, Capacity Building, will support capacity-building for key stakeholders relevant to the project, including provincial and district administrations.

This capacity building will cover three key areas:

- Area 1: Implementation and O&M for project investments
- Area 2: Sustainable Livelihoods Development and Community Awareness
- Area 3: Refinement and Implementation of SLEDPs

Table 3: Overview of Capacity Building Areas and Packages

Area 1: Implementation and O&M for project investments
1.1 – Lessons Learned (Experiences, Cooperation and Cross Pollination)
1.2 – Assistance to Managed Landfill O&M
1.3 – Environmental Sanitation and Improved Solid Waste Collection
1.4 – Simplified Corporate Development Plan for UDAAAs
1.5 – Improving Business Climate for SSPs
1.6 – Revenue Improvement Action Plans
1.7 – Physical Assets Management
Area 2: Sustainable Livelihoods Development and Community Awareness
2.1 – Skills Development
2.2 – Improving Community Awareness
2.3 – Participatory Urban Greening
Area 3: Refinement and Implementation of SLEDPs
3.1 – SLEDP Implementation

26. The capacity building to be delivered under this consultancy will be managed by the Training Specialist (International), under the overall leadership and guidance of the Team Leader / Municipal Engineer. It will consist of an estimated 61 person-months of consulting services (23 person-months international consulting and 38 person-months national consulting).

Table 4: Summary of Positions and Person-Months for Package 2 of this Consultancy

	Position	Person Months		
		Intl	Nation	Total
	Capacity Building (Package 2)			
20	Training Specialist	4		4
21	Training Specialist		8	8
22	Community Development Specialist	4		4
23	Community Development Specialist		8	8
24	Business Management Specialist	3		3
25	Business Management Specialist		6	6
26	Municipal Finance Specialist	3		3
27	Municipal Finance Specialist		6	6
28	Managed Landfill Specialist	4		4
29	Urban Greening Specialist	2		2
30	Urban Greening Specialist		4	4
31	Urban Planning Specialist	3		3
32	Urban Planner/Urban Design Specialist		6	6
	Package 2 – Sub Total	23	38	61

20. Training Specialist (International, 4 person-months)

27. The Training Specialist (International) will lead the design, implementation and assessment of the proposed Capacity Building Program (CBP) and including advice on the design of training manuals and CBP sustainability. The Training Specialist will also lead preparation and delivery of 1.1 – Lessons Learned. The specialist should have a university degree in governance/administration, business management, sociology or a related discipline, with at least

5 years experience of the design and delivery of relevant training programs under donor-funded projects. The Trains Specialist should carry out the following activities:

- Design and manage the initial training needs assessment and participant identification in each town.
- Advise and agree on the selection of a representative set of participants for the training program, taking account of the need to focus on implementation staff and officials (provincial and town level) and subsequent project operators and maintainers and for general CTD P project coordination and implementation. Participants should also include: (i) the mass organizations (e.g., Lao Women's Union); and (ii) any relevant local community and non-government organizations personnel;
- Manage the preparation of the training course designs in coordination with other selected specialists implementing the CBP;
- Managing the training program in coordination with other selected specialists implementing the CBP and as appropriate, running the sessions and ensuring that all management support requirements are clearly communicated;
- Provide advice to PIUs on support management, including general administration, logistics and back-up services for the training courses,
- Carry out course evaluations, customized for the different target groups participating in the capacity building/training courses and involving a mix of questionnaires and interviews.
- Based on the findings of the pilot activities, make outline recommendations for the form and content of a long term program and identify the options for enhanced sustainability and institutionalization of the proposed program.
- Identify the sources for potential future trainers with the capacity for undertaking subsequent long term capacity-building and suggest the level of additional training such trainers may require.
- Make recommendations for the type of operational and training manuals that may be required for implementing long term capacity-building programs, with an outline of the contents and the resources required for drafting such manuals.

21. Training Specialist (National, 8 person-months)

28. The Training Specialist (National) will support the international counterpart for the design, implementation and assessment of the proposed Capacity Building Program (CBP) including advice on the design of training manuals and continuity and CBP sustainability, and also support preparation and delivery of 1.1 – Lessons Learned. The Training Specialist (National) should have a university degree in governance/administration, business management, sociology or a related discipline, with at least 5 years experience of the design and delivery of relevant training programs under donor-funded projects. A good working knowledge of the English language will be essential. He/She should carry out the following activities:

- Work closely with the international counterpart and the other national CBP specialists in the design and management of the initial training needs assessment and participant identification in each town.
- Advise the international counterpart and the other CBP on the selection of a representative set of participants for the training program, taking account of the need to focus on implementation staff and officials (provincial and town level) and subsequent project operators and maintainers and for general CTD P project coordination and implementation, including: (i) the mass organizations (e.g., LWU); and (ii) any relevant local community and non-government organizations personnel;
- Work closely with the international counterpart and the other national CBP specialists in the preparation of the training course designs in coordination with other selected specialists implementing the CBP and ensuring high levels of English-Lao language compatibility.

- Providing assistance in the implementation of the CBP including, running the sessions and ensuring that all management support requirements are clearly communicated;
- Assisting the PCU/PIUs on support management, including general administration, logistics and back-up services for the training courses;
- Assisting the international counterpart in carrying out course evaluations and in the design; implementation and results analysis of relayed evaluation questionnaires and interviews; and
- Based on the findings of the pilot activities, assist the international counterpart in defining the form and content of a long term capacity building program, to include the potential sources for future trainers;
- Advise the international counterpart on the type of operational and training manuals to suitable for long-term capacity building with particular reference to ensuring understanding of the Lao PDR cultural perspective; and
- Ensure high levels of quality control for all matters related to the English-Lao PDR language compatibility.

22. Community Development Specialist (International, 4 person-months)

29. The Community Development Specialist (International) will work closely with the PIUs and the Village Development Councils (VDCs) in all aspects of the project where community participation is beneficial, and lead preparation and implementation of 2.1 – Skills development and 2.2 – Improving Community Awareness. This specialist should have a university degree in sociology, social development, governance/administration, business management, or a related discipline, with at least 5 years experience of the design and delivery of relevant training programs under donor-funded projects. He/She should carry out the following activities:

- Designing and managing a “training of trainers program”, including focus groups in gender equality, “women in development” and self-esteem for women, and in particular its implementation in the urban villages within Houayxay and Luang Namtha;
- Designing a communications strategy and helping the LWUs in Houayxay and Luang Namtha to make better use of available media channels, including radio, website, brochures, meetings/seminars and events;
- Designing and assisting the implementation of training for both LWUs on survey methodologies for surveys among residents (socio - economics, health, education etc.) and including a limited pilot survey related to stakeholder priorities;
- Assisting in stimulating the contribution of women in urban services improvement in the project context and generally, including mini-workshops and case studies on how urban services and infrastructure upgrading can improve living conditions and equity;
- Assisting in stimulating the role of women in local economic activities, informed by market and value chain studies to identify suitable skills development leveraging subproject area economic competitiveness (e.g. hospitality services in tourism areas).;
- Enabling support for the protection and marketing of local cultural assets
- Advising and facilitating training and awareness raising on safeguarding vulnerable women and ethnic minority women against human trafficking and prostitution.

23. Community Development Specialist (National, 8 person-months)

30. The Community Development Specialist (National) will assist the international counterpart in working closely with the PIUs and the Village Development Councils (VDCs) in all aspects of the project where community participation is beneficial, and support preparation and implementation of 2.1 – Skills Development and 2.2 – Improving Community Awareness. This specialist should have a university degree in sociology, social development, governance/administration, or a related discipline, with at least 5 years experience of the design

and delivery of relevant training programs under donor-funded projects. He/She should carry out the following activities:

- Assisting the international counterpart in designing and managing the proposed “training of trainers program”, emphasizing the Lao societal and cultural perspectives;
- Advising the international counterpart on the design and implementation of the proposed communications strategy and helping the LWUs in Houayxay and Luang Namtha to make better use of available media channels, including radio, website, brochures, meetings/seminars and events;
- Working together with the international counterpart in the implementation of training for both LWUs on survey methodologies for surveys among residents (socio - economics, health, education etc.) and including a limited pilot survey related to stakeholder priorities;
- Carrying out surveys about the quality of service expected by residents and survey on willingness to pay for solid waste collection services in before and after situations;
- Working closely with the international counterpart and the PIUs in stimulating the contribution of women in urban services improvement in the project context;
- Working closely with the international counterpart and the PIUs in stimulating the role of women in local economic activities, informed by market and value chain studies to identify suitable skills development leveraging subproject area economic competitiveness (e.g. hospitality services in tourism areas).
- Assisting in providing support for the protection and marketing of local cultural assets by Vieng Chan Handicraft group and Xieng Khaoung Handicraft group;
- Working closely with the international counterpart in advising and facilitating training and awareness raising on safeguarding vulnerable women and ethnic minority women against human trafficking and prostitution.

24. Business Management Specialist (International, 3 person-months)

31. The Business Management Specialist (International) will lead preparation for 1.4 – Simplified Corporate Development Plan for UDAAAs and 1.5 – Improving Business Climate for Small Service Providers (SSPs). The specialist should have a university degree in governance/administration, business management, business economics or a related discipline, with at least 5 years experience of the design and delivery of corporate/management plans for government agencies and and private sector groups/companies delivering urban services. He/she should also have professional working experience of donor-funded projects, with particular reference to South-East Asia is also required. The international consultant should carry out the following activities:

Part A – Simplified Corporate Development Planning

- Based on the active participation of UDAA staff (working groups, internal surveys, study preparation of internal procedures), the international consultant will assist the two provincial UDAAAs to design and establish their own 5-year simplified Corporate Development Plan (CDP);
- Design and implement mini-workshops based on study cases (lessons learned) from within Lao PDR and in other Asian countries as an aid to preparing and implementing the CDPs;

Part B – Building Capacity of Small Service Providers (SSPs)

- Design and implement focus group discussions to work out requirements (and obstacles and opportunities) to stimulate local SSPs;
- Instigate interviews and participatory meetings to raise awareness on the need for sustainable urban services and the interest of small business communities;
- Instigate the identification of potential SSPs (entrepreneurs with an interest in investing in SSP development; equipment to provide a service);

- Design a database (and help manage its preparation) of potential investors/operators in both provinces, including characteristics and typology and SWOT business motivation per category and potential service areas:
- Manage preparation of an SSP Action Plan to be proposed to Provincial Governments to adopt a regulatory framework and mechanisms and incentives to stimulate SSP development (incl. tax incentives) in and around both Houayxay and Luang Namtha.

25. Business Management Specialist (National, 6 person-months)

32. The Business Management Specialist (National) will support preparation and implementation for 1.4 – Simplified Corporate Development Plan for UDAs and 1.5 – Improving Business Climate for Small Service Providers (SSPs). In particular, he/she would provide the essential local knowledge and experience in corporate planning and SSPs. The specialist should have a university degree in governance/administration, business management, business economics or a related discipline, with at least 5 years experience of working with the planning and management for government agencies and SSPs/SMEs. He/she should preferably have professional working experience of donor-funded projects. The national consultant should carry out the following activities:

Part A – Simplified Corporate Development Planning

- Support the international consultant in assisting the two provincial UDAs to design and establish their own 5-year simplified Corporate Development Plan (CDP);
- Support the design and implementation of mini-workshops based on study cases (lessons learned) from within Lao PDR and in other Asian countries as an aid to preparing and implementing the CDPs;

Part B – Building Capacity of Small Service Providers (SSPs)

- Support the design and implementation focus group discussions to work out requirements (and obstacles and opportunities) to stimulate local SSPs;
- Support interviews and participatory meetings to raise awareness on the need for sustainable urban services and the interest of small business communities;
- Support the identification of potential SSPs (entrepreneurs with an interest in investing in SSP development; equipment to provide a service);
- Support the design of a database (and help manage its preparation) of potential investors/operators in both provinces, including characteristics and typology and SWOT business motivation per category and potential service areas:
- Support the preparation of an SSP Action Plan to be proposed to Provincial Governments to adopt a regulatory framework and mechanisms and incentives to stimulate SSP development (incl. tax incentives) in and around both Houayxay and Luang Namtha.

26. Municipal Finance Specialist (International, 3 person-months)

33. The Municipal Finance Specialist (International) should have a post graduate degree in business management, finance/accounting, economic business or a related discipline. He/she should have at least 7 years experience of financial management and accounting under donor-funded projects, with particular reference to the ADB and past experience of working in Southeast Asia. The Municipal Finance Specialist will lead the preparation for 1.6 – Revenue Improvement Action Plans and 1.7 – Physical Assets Management. The Municipal Finance Specialist (International) specifically advise on revenue generating action plans and will carry out the following activities:

- Design and implement training sessions for Revenue Improvement Action Plans (RIAPs), covering, concepts, objectives, problems/opportunities, revenue improvement options and implementation approaches;

- Based on PPTA's Financial Assessment of Revenue-Generating potential, carry out the identification of provincial tax and non-tax revenues potential;
- Design and assist the implementation and analysis of willingness to pay surveys among tax and fees payers in Houayxay and Luang Namtha Districts;
- Organize focus groups to produce 5-year RIAPs in both towns; bridging with performance standards to increase quality of service; and
- Produce a manual for preparation, implementation and monitoring of RIAPs, which becomes an appropriate role model for use in both towns and elsewhere in Lao PDR.

27. Municipal Finance Specialist (National, 6 person-months)

34. The Municipal Finance Specialist (National) should have a university degree in business management, finance/accounting, economic business or a related discipline. He/she should have at least 5 years experience of financial management and accounting and should preferably have past experience of donor-funded projects. The Municipal Finance Specialist (National) will work closely with his/her international counterpart to support the preparation for 1.6 – Revenue Improvement Action Plans and 1.7 – Physical Assets Management. Specifically, they will carry out the following activities:

- Assist the international counterpart in the design and implementation of training sessions for Revenue Improvement Action Plans (RIAPs);
- Review existing O&M cost recording systems and propose ways to improve them;
- Manage training sessions introducing O&M cost analysis and cost control principles;
- Assist the international counterpart in the identification of provincial tax and non-tax revenues potential;
- Assist the design and manage the implementation and analysis of willingness to pay surveys among tax and fees payers in Houayxay and Luang Namtha Districts;
- Work closely with the international counterpart and organize focus groups to produce 5-year RIAPs in both towns; bridging with performance standards to increase quality of service;
- Ensure the RIAPs include measures to make technical and administrative tasks more cost effective; and
- Assist the international counterpart in the production of a manual for preparation, implementation and monitoring of RIAPs

28. Managed Landfill Specialist (International, 4 person-months)

35. The Managed Landfill Specialist should preferably have a university degree in civil/municipal engineering, environmental engineering, environmental planning or a related discipline, with at least 5 years experience of managing landfills in developing countries, providing on-the-job training, and design of landfills. Under the CBP, the Managed Landfill Specialist (International) will be responsible for providing on-the-job training to the permanent landfill Operator staff and UDAA staff. They will lead the preparation and implementation of 1.2 – Assistance to Managed Landfill O&M and 1.3 – Environmental Sanitation and Improved Solid Waste Collection. They will be required to provide inputs during and immediately after commissioning of the two landfills, as well as several follow up inputs over the initial years of operation to provide assistance in the development of sound and proper operation and maintenance procedures.

- Provide assistance during commissioning and production of a “snag list” of outstanding works required from the Contractor before Acceptance of the Works.
- Provide training on the importance of working within cells, daily cell use and weekly cell maintenance.

- Provide training on the correct use of vehicles on the site, movement of waste around the site and compaction.
- Training of the Gate staff in logging vehicles onto the site and recording of loads and fee collection from private vehicles.
- Monitoring of leachate production, level of leachate lagoon and methodology in pumping leachate back over the cells when close to overflow.
- Training in vehicle maintenance
- Organisation of waste pickers
- Organisation of waste collection from hand carts to transfer stations to compactor vehicles and open trucks.
- Overall support and follow up over a number of years to provide the best chance of success for the SWM site and service.

29. Urban Greening Specialist (International, 2 person-months)

36. The Urban Greening Specialist (International) will have a specific role in CBP (Subprogram 2) Package 9 for “Framing Sustainable and Participatory Urban Greening”, with an emphasis on Houayxay. They will lead the preparation and implementation of 2.3 – Participatory Urban Greening. This specialist should have a university degree in environmental planning, landscape planning, ecology/biodiversity or a related discipline and be familiar in working with communities in local “urban greening projects”. He/she should have at least 7 years experience of working in sustainable urban environments, including South-East Asia and preferably with experience of donor-funded projects. The Urban Greening Specialist (International) will carry out the following activities:

- Working closely with the community development specialists to confirm stakeholder expectations regarding use of green/recreational areas and developing an awareness of the full scope of the term “greening”;
- Manage the preparation of a pre-feasibility study for the urban greening sector development in both towns to improve urban livelihood and town attractiveness, and stimulate private initiatives in this sector (e.g. nurseries, green waste recycling, etc.) and jobs creation (in particular for women);
- Advise on the appropriate means and program for stakeholder consultation to ensure ownership and approval of the ecological park component and to help facilitate the participation of the local community and schoolchildren;
- Design and assist in training sessions for P-DPWT, P-DONRE and UDAA staff and the community investors on sustainable greening practices (prohibit chemical fertilizers, promote composting, avoid invasive species and protect local biodiversity, green corridors concept, expand natural filters on the river and creeks banks, etc.);
- Prepare an O&M greening technical manual describing innovative, sustainable and low cost practices;
- Design and work closely with the community development specialists to prepare and implement Community Planting Plans in conjunction with urban schools and to include a tree planting ownership program in public areas/realm with particular emphasis on the proposed ecological park and recreation area in Houayxay; and
- Explore the potential for other community led initiatives and working with the LWU and the education sectors in Houayxay to establish: (i) an organic farming center at the proposed ecological park and recreation area, in association with P-DAgric; and (ii) education and community awareness in ecological values through practical application in the proposed ecological park and recreation area.

30. Urban Greening Specialist (National, 4 person-months)

37. The Urban Greening Specialist (National) will work closely with both the Urban Greening Specialist (International) and the Community Development Specialists and will be primarily responsible for the ecological/biodiversity aspects of developing sustainable practices in urban greening. They will also support the preparation and implementation of 2.3 –Participatory Urban Greening. This specialist should have a university degree in ecology/biodiversity, landscape planning, forestry or a related discipline and be familiar in working with local communities. He/she should have at least 5 years working experience and preferably with experience of donor-funded projects. The Urban Greening Specialist will carry out the following activities:

- Working closely with international counterpart and the community development specialists to confirm stakeholder expectations regarding use of green/recreational areas and developing an awareness of the full scope of the term “greening”;
- Working closely with the international counterpart and advise on the appropriate means and program for stakeholder consultation to ensure ownership and approval of the ecological park component and to help facilitate the participation of the local community and schoolchildren.
- Assist the international counterpart in the preparation of a pre-feasibility study for the urban greening sector development in both towns to improve urban livelihood and town attractiveness, and stimulate private initiatives in this sector (e.g. nurseries, green waste recycling, etc.) and jobs creation (in particular for women);
- Assist in the design and manage training sessions for P-DPWT, P-DONRE and UDAA staff and the community investors on sustainable greening practices;
- Assist the international counterpart in preparing an O&M greening technical manual describing innovative, sustainable and low cost practices;
- Assist the international counterpart in working closely with the community development specialists to prepare and implement Community Planting Plans with particular emphasis on the proposed ecological park and recreation area in Houayxay; and
- Assist the international counterpart and the community development specialists in exploring the potential for other community led initiatives and working with the LWU and the education sectors in Houayxay to establish: (i) an organic farming center at the proposed ecological park; and (ii) education and community awareness in ecological values through practical application in the proposed ecological park.

31. Urban Planning Specialist (International, 3 person-months)

38. The Urban Planning Specialist (International) will lead the preparation and implementation of 3.1 – SLEDP Implementation, and will also lend support to 2.3 –Participatory Urban Greening. This specialist should have a university degree in urban planning, urban economics or a related discipline. He/she should have at least 7 years experience of working in sustainable urban planning in South-East Asia and preferably with experience of donor-funded projects and working with the ADB.

- Work closely with both towns (DPI/DPWT/PIUs) in reviewing the recommendations contained in the agreed SLEDPs and confirming/adjusting the project priorities contained in the Medium-Term Investment Programs as appropriate;
- Identify potential sources of government, donor agency, private sector and community led funding to implement the project priorities contained in the Medium-Term Investment Programs. This is to include communications with established donor agency and government coordination groups/committees and including ADB and MPWT;

- Where appropriate, prepare pre-feasibility studies/plans in support of project priority promotion;
- Work closely with DPIs and make recommendations/prepare plans for “Improved Business Development Climates” in Houayxay and Luang Namtha and including organizational frameworks, implementation mechanisms and incentives and marketing capability;
- Based on the recommendations contained in the plans for “Improvement Business Climates”, prepare training programs and assist in the implementation of appropriate capacity building to increase marketing capability, taking into account known resource constraints at provincial and town levels; and
- Generally provide advice and training to improve capacity in urban planning and urban design related issues within the PIUs in both towns and assist in the preparation of a conceptual Green City Action Plans.

32. Urban Planner and Urban Design Specialist (National, 6 person-months)

39. The Urban Planning/Urban Design Specialist (National) will support the preparation and implementation of 3.1 – SLEDP Implementation, and will also lend support to 2.3 – Participatory Urban Greening. This specialist should have a university degree in urban planning, urban design, architecture or a related discipline. He/she should have at least 5 years experience of working in urban planning/urban design, and preferably with experience of donor-funded projects. The Urban Planning/Urban Design Specialist (National) will carry out the following activities:

- Assist the international counterpart in reviewing the recommendations contained in the agreed SLEDPs and confirming/adjusting the project priorities contained in the Medium-Term Investment Programs as appropriate;
- Providing advice and information to assist the international counterpart in identifying potential sources of government, donor agency, private sector and community led funding to implement the project priorities contained in the Medium-Term Investment Programs;
- Where appropriate, assist the international counterpart in preparing pre-feasibility studies and plans in support project priority promotion;
- Work closely with DPIs and assist the international counterpart in making recommendations and preparing plans for achieving “Improved Business Development Climates” in Houayxay and Luang Namtha and including organizational frameworks, implementation mechanisms and incentives and marketing capability;
- Based on the recommendations contained in the plans for “Improved Business Climates”, work closely with the international counterpart in preparing training programs and managing appropriate capacity building to increase marketing capability taking into account local circumstances and;
- Generally provide advice and training to improve capacity in urban planning and urban design related issues within the PIUs in both towns and assist in the preparation of a conceptual Green City Action Plans.

E. Consulting Inputs (Summary)

40. The total consulting inputs are summarized below and including potential person-month specifications. In addition to the person-months for each package specified previously, 30 person-months have been allocated for overall technical and administrative support to the overall consultancy. This technical and administrative support could include individual consultant contracts/service contracts for project accounting, external resettlement monitoring and project audit requirements

Table 5: Summary of Consultant Inputs

#	Position	Person Months		
		International	National	Total
	Project Management and Implementation Support, Detailed Design, Construction Supervision (Package 1)			
1	Team Leader / Municipal Engineer	18		18
2	Deputy Team Leader and Engineering and Procurement Specialist (x2)		36	36
3	Financial Analysis / Management Specialist	6		6
4	Accounting Specialist		24	24
5	Procurement Expert		12	12
6	Project Performance Monitoring System Expert		12	12
7	Solid Waste Management Specialist	4		4
8	Solid Waste Management Specialist		12	12
9	Municipal/Civil Engineer	10		10
10	Road Engineer		15	15
11	Drainage and Sanitation Engineer		15	15
12	Construction Manager	12		12
13	Site Engineers (X2)		24	24
14	Environment Specialist	3		3
15	Environment Expert		9	9
16	Resettlement Specialist	4		4
17	Resettlement Specialist		12	12
18	Social Development and Gender Specialist	3		3
19	Social Development and Gender Specialist		9	9
	Package 1 – Sub Total	60	180	240
	Capacity Building (Package 2)			
#		International	National	Total
20	Training Specialist	4		4
21	Training Specialist		8	8
22	Community Development Specialist	4		4
23	Community Development Specialist		8	8
24	Business Management Specialist	3		3
25	Business Management Specialist		6	6
26	Municipal Finance Specialist	3		3
27	Municipal Finance Specialist		6	6
28	Managed Landfill Specialist	4		4
29	Urban Greening Specialist	2		2
30	Urban Greening Specialist		4	4
31	Urban Planning Specialist	3		3
32	Urban Planner/Urban Design Specialist		6	6
	Package 2 – Sub Total	23	38	61
33	Technical and Administrative Support - Sub Total		30	30
	TOTAL FOR CONSULTING SERVICES	83	248	331

APPENDIX 3

OUTLINE OF RESETTLEMENT PLAN (RP) MONITORING REPORT

Following requirements of the ADB Safeguard Policy Statement (2009) and the Operations Manual section on safeguard policy (OM F1), borrowers/clients are required to establish and maintain procedures to monitor the status of implementation of safeguard plans and ensure progress is made toward the desired outcomes. For projects categorized as A or B in Involuntary Resettlement and/or Indigenous People, the Borrowers/clients are required to submit semiannual monitoring reports for ADB review. The level of detail and comprehensiveness of a monitoring report is commensurate with the complexity and significance of social safeguards impacts (IR and IP) and with the current status of project implementation phase.

This outline can be used for:

1. Periodic monitoring report (semiannual) and/or
2. RP/IPP completion report to start the civil works on the impacted areas.

A safeguard monitoring report may include the following elements:

A. Executive Summary *This section provides a concise statement of project scope and impacts, key findings and recommended actions (as applicable).*

B. Background of the Report and Project Description *This section provides a general description of the project, including:*

- . Background/context of the monitoring report which includes the information on the project, project components, safeguards categorizations and general scope of the social safeguards impacts.
- . Information on the implementation progress of the project activities, scope of monitoring report and requirements, reporting period,
- . Changes in project scope, if any,
- Summary table of identified impacts and the mitigation actions.

C. Scope of Impacts *This section outlines the detail of*

- . Scale and scopes of the project impacts on involuntary resettlements or indigenous people as identified in the approved RP/IPP,
- . Adjusted safeguard measures due to changes in project scope, if applicable,
- . Vulnerability status of the affected people/communities,
- . Entitlements matrix and other rehabilitation measures, as applicable, as described in the approved final RP(s) /IPP(s).

D. Status of RP/IPP Implementation

a. Institutional Arrangement and Capacity

This section describes the actual implementation or any adjustment made to the institutional arrangement for implementing and managing the social safeguards issues in the projects. This may include the establishment of safeguards unit/ team and appointment of staff in the EA/IA; implementation of the GRM and its committee; supervision and coordination between institutions involved in the management and monitoring of safeguards issues, the roles of NGO and women's groups in the monitoring and implementation of the plan, if any; budget/fund availability for

implementing the GRM, RP/IPP; adequacy of EA/IA capacity to manage safeguards issues; updated RP/IPP implementation schedule, etc.

b. Compensation and Rehabilitation¹

1 Depending on the status of the final detail design during the submission of the report these activities might not yet started. In this situation provide the information on the project's readiness for the RP/IPP implementation and management (i.e. LAR fund availability, RP finalization, assets inventory and mapping, ID cards distribution, etc.) and the updated schedule of the compensation and rehabilitation activities, as applicable.

2 Specific for the FI projects, external agency may be required to conduct an audit of the project ESMS.

This section describes the process and progress of the implementation of the land acquisition and resettlement (LAR) and/or indigenous people (IP) impacts mitigation activities as determined in the RP/IPP. This includes payment of the affected assets compensation, allowances, loss of incomes, etc. to the entitled persons; provisions of other types of entitlement as described in the matrix and implementation of livelihood rehabilitation activities as determined in the plan. Quantitative as well as qualitative results of the monitoring parameters, as agreed in the plan, should be provided. (e.g., adequacy of IR compensation rates and timeliness of payments, adequacy and timeliness of IR rehabilitation measures including preparation of the replacement housing sites, house reconstruction, livelihood support measures, and training, etc.)

c. Disclosure and public consultation

This section describes public disclosure and consultations activities during the project's implementation as agreed in the plan. This includes final consultations with APs during RP finalization after the completion of detail design; the numbers of activities conducted; issues raised during consultations and responses provided by the project team, implementing NGOs, project supervision consultants, contractors, etc.

d. Grievance Redress Mechanism (GRM)

This section described the implementation of project GRM as design in the approved RP/IPP. The monitoring and evaluation include its readiness, effectiveness, procedures, complaints receive, timeliness to resolve issues/ complaints and adequacy of resources provided to solve the complaints. Special attentions should be given if there are complaints received from the affected people or communities.

E. Monitoring Results - Findings

This section describes the summary and key findings of the monitoring activities. The results are compared against previously established benchmarks and compliance status. It also compared against the objectives of safeguards or desired outcomes documented (e.g. IR impacts avoided or minimized; livelihood restored or enhanced; IP's identity, human right, livelihood systems and cultural uniqueness fully respected; IP not suffer adverse impacts, other social impacts avoided or minimized, etc.). For FI projects this includes the effectiveness of the Environmental and Social Management System (ESMS) managed by the FI and its participating institutions². If noncompliance or any major gaps identified, include the recommendation of corrective action plan.

F. Compliance Status

This section will summarize the compliance status of the project activities with the loan covenants, ADB SPS (2009) on SR 2, the approved final RP(s) and the Project Administration Manual (PAM).

G. Follow up Actions, Recommendation and Disclosure

This section describes recommendations and further actions or items to focus on for the remaining monitoring period. It also includes lesson learned for improvement for future safeguards monitoring activities. Disclosure dates of the monitoring report to the affected communities should also be included and, as needed, a time-bound summary table for required actions.

Appendix 1

- i. Summary of final/draft RP/IPP with entitlement matrix
- ii. Summary matrix of policy and loan covenants compliance status

Appendix 2

- i. List of Affected Persons and Entitlements
- ii. Copies of AP's certification of payment (signed by the APs)
- iii. Summary of minutes of meetings during public consultations
- iv. Summary of complaints received and solution status

APPENDIX 4

OUTLINE QUARTERLY PROGRESS REPORT FORMAT

A. Introduction and Basic Data

- ADB loan numbers, project title, borrower, executing agency(ies), implementing agency(ies);
- total estimated project cost and financing plan per loan;
- status of project financing including availability of counterpart funds by loan;
- dates of approval, signing, and effectiveness of ADB loans;
- original and revised (if applicable) ADB loan closing date and elapsed loan period based on original and revised (if applicable) loan closing dates; and
- date of last ADB review mission.

B. Utilization of Funds (ADB Loan and Counterpart Funds)

- cumulative contract awards financed by the ADB loan, and counterpart funds (commitment of funds to date), and comparison with time-bound projections (targets);
- cumulative disbursements from the ADB loan and counterpart funds (expenditure to date), and comparison with time-bound projections (targets); and
- reestimated costs to completion, need for reallocation within ADB loan categories, and whether an overall project cost overrun is likely.

C. Project Outcome and Outputs

- status of project scope/implementation arrangements compared with those in the report and recommendation of the President (RRP), and whether major changes have occurred or will need to be made;
- an assessment of the likelihood that the project outcome and outputs will be met in part or in full, and whether remedial measures are required based on the current project scope and implementation arrangements;
- an assessment of changes to the key assumptions and risks that affect attainment of the project outcome and outputs.

D. Implementation Progress

- for each loan, provide a brief summary assessment of progress or achievements in implementation since the last progress report;
- assessment of the progress of each project output, such as,
 - recruitment of consultants and their performance;
 - procurement of goods and works (from preparation of detailed designs and bidding documents to contract awards); and
 - the performance of suppliers, manufacturers, and contractors for goods and works contracts;
- assessment of progress in implementing the overall project to date in comparison with the original implementation schedule—quantifiable and monitorable target, (include simple charts such as bar or milestone to illustrate progress, a chart showing actual versus planned expenditure, S-curve graph showing the relationship between physical and financial performance, and actual progress in comparison with the original schedules; and
- an assessment of outcome and output achievements versus targets.

E. Major Project Issues and Problems

Summarize the major problems and issues affecting or likely to affect implementation progress, compliance with covenants, and achievement of project outcome and outputs. Recommend actions to overcome these problems and issues (e.g., changes in scope, changes in implementation arrangements, and reallocation of loan proceeds).

F. Compliance with Safeguards and Covenants

- review the borrower's compliance with policy loan covenants, and, where relevant, provide any reasons for any noncompliance or delay in compliance;
- provide a summary assessment of compliance with resettlement and environmental safeguards;
- provide a summary assessment and update on the implementation of the gender action plan (GAP).

APPENDIXES

1. Summary Loan Covenant Review
2. Summary Safeguards Update (Resettlement and Environment)
3. Summary Gender Action Plan Progress
4. Quarterly Environmental Monitoring Report
5. Quarterly Resettlement Monitoring Report

APPENDIX 5
PROCUREMENT CAPACITY AND RISK ASSESSMENT

Project Name: Second GMS Corridor Towns Development Project	Source of Funding: ADF/AIF
Country: Lao PDR Executing Agencies EAs: <ul style="list-style-type: none"> ▪ MPWT/DHUP/PCU Implementing Agencies IAs: <ul style="list-style-type: none"> ▪ PDPWT Houayxay PIU ▪ PDPWT Luang Namtha PIU 	Proposed Amount: US\$ Total Lao PDR: US\$ 47.00 <ul style="list-style-type: none"> ▪ Houayxay: 18.68 ▪ Luang Namtha: 19.08
Assessor: Leonardo M. Rodaje, International Procurement Specialist (Consultant), ADB PPTA Team	Date:
<p>Expected Procurement Houayxay PIU</p> <ul style="list-style-type: none"> ▪ Works for the construction of Riverbank Upgrading and Protection ▪ Works for the Construction of Riverside Road and Walkway ▪ Works for the Construction of River Port Rehabilitation ▪ Works for the construction of Ecological Park and Recreation Area ▪ Works for the construction of Sanitary Landfill-Solid Waste ▪ Works for the construction of Urban Roads, Drainage Upgrading ▪ Goods (equipment + garbage collection trucks) for Sanitary Landfill <p>Luang Namtha PIU</p> <ul style="list-style-type: none"> ▪ Works for the Construction of a managed Landfill Works for the Urban Village Upgrading Works for the Construction of Urban Roads Drainage ▪ Works for the construction of Urban Recreation facilities Upgrading ▪ Goods (equipment + garbage collection trucks) for Sanitary Landfill, <p>MPWT/Project Coordination Unit (PCU)</p> <ul style="list-style-type: none"> ▪ Services for the recruitment of Project Implementation Support and Capacity Building Consultants (PISCB) to prepare detailed engineering design and construction supervision (DED/CS) of all subprojects of Houayxay, and Luang Namtha and deliver capacity building to PCU/PIUs and provincial and district administrations during implementation. <p>Subprojects Implementation Arrangement</p> <p>Execution of subproject is delegated to the Provincial Department of Public Works and Transport (PDWT) in Luang Namtha and Houayxay. The PDWTs will each organize and established their respective Project Implementing Unit (PIU) to assume the responsibility of managing the implementation of subprojects on the day-to day basis. The Project Coordination Unit (PCU), established within the Department of Housing and Urban Planning (DHUP) of the Ministry of Public Works and Transport (MPWT), provides overall coordination, technical and management support to PIUs of Houayxay, and Luang Namtha</p>	

in subproject implementation.

The PCU is responsible in recruiting the Project Implementation Support and Capacity Building Consultants (PISCB) that will be tasked to prepare the detailed engineering design, and construction supervision (DED/CS) of all subprojects under implementation by Houayxay, and Luang Namtha PIUs. Houayxay, and Luang Namtha PIUs will be responsible in the procurement of works and goods and will be the contracting agency in accordance with the provisions of the agreed PAMs under the proposed project. The engineering designs, specifications, and bidding documents prepared by the PISCB, are subject to review and approval by the MPWT. Review and approval process, will be facilitated and coordinated by the PCU.

Assessment of the General Procurement Environment of Lao PDR

The Prime Minister's Decree 03/PM on Government Procurement of goods works and services and the Decree 0063/MOF, governs that procurement should be carried in transparent manner, uniformity, and efficiency in the applications of its rule, and procedures, and guaranteeing all prospective suppliers and contractors fair and equal access to winning contracts. The Law is comprehensive, as it covers the entire procurement process, and its implementing rules and regulations translated into procurement manuals are already put in place.

The procurement law of Lao PDR also requires that Invitation to bids for NCBs are advertised in newspapers with nationwide circulation, and ICBs are advertised in international paper or in ADB/WB websites, if these were funded by these Donors. The rules set certain thresholds for procurement procedures that are to be reviewed every two years by Ministry of Finance. Additionally, the rules open the possibility of limited bidding or direct contracting. Limited and direct contracting can be used where the value not exceeds certain thresholds or in case of urgency, or when no responsive bids were received in response to a public bidding procedure. The Law also contains provisions criminalizing fraud and corruption, including provisions for resolution of disputes during bidding and project implementation. The law also recognizes that donor rules and procedures on procurement may prevail where the "international treaty" entered into by Government of Lao PDR, states so (which applies in this case) (Table (26, 28)).

Most government agencies are competent to conduct procurement according to national rules and procedures, but not in procurement following ADB Guidelines.

General Resource Assessment of PCU

The Project Coordination Unit (PCU) is equipped with state of-the-art computer, scanner, and photo copying machine, and internet/Wi-Fi. Currently, the PCU has seven staff with qualifications in engineering, finance, and economics, with a plan to recruit more staff when the Project comes to full-blown implementation. A Director heads the PCU. She is an Urban Planner by profession, with over 18 years of experience in project administration for both local, and foreign funded projects of the MPWT.

PCU has been administering implementation of ADB funded projects, but ability to carry out procurement under ADB procurement guidelines has remained to be limited, because most procurements were done by international procurement consultant. While PCUs' current level of skills and knowledge of generally accepted principles in public procurement is good, but it is inadequate to recruit the PISCB following ADB's procurement terms and conditions.

The PCU Director's English Language proficiency level is good, but her staff has very limited English Language proficiency level hence interpreter from Lao Language to English would be required during training and project implementation. In addition, it would be more helpful if Lao version of Procurement Guidelines, BDs, and RFPs, (from English to Lao), would be made available to PCUs, and PIUs during procurement and implementation of project.

General Resource Assessment of Houayxay, and Luang Namtha PIUs

The organizational structure and staffing of Houayxay PIU has been completed but decision to officialize its establishment is still under review by the office of the Director of DPWT. Luang Namtha's PIU was formally established when the decision of its creation was issued by the Director of DPWT on 15 January 2015. The two PIUs will consist basically of three divisions; 1) finance and accounting, 2) engineering, and 3) procurement and contracts administration.

PIUs staff have very limited experience in public procurement following Lao Procurement Law and regulations, of locally funded works, goods and services as these procurement functions are mostly done by the MPWT at the national level, and none of the of PIUs staff had prior experience in conducting procurement following ADB procurement guidelines and procedures. The English proficiency level of the PIUs' staff of Houayxay, and Luang Namtha is limited hence interpreter, and translations work from Lao PDR Language to English Language would be required.

Overall, capacities of the two PIUs to conduct procurement following ADB's terms and conditions is nil, therefore, they would need hands-on training, and coaching from an International Procurement Consultant in the recruitment of consultants and procurement of contractors, particularly in; 1) preparation of TORs, 2) Bidding Documents (BDs), 3) Request for Proposals (RFPs), 4) evaluation of proposals/bids, 5) contracts negotiations, and recommendation for award of contract.

Houayxay PIU. The proposed PIU has 4 staff comprising of Director, one Deputy Director, and 2 engineers. The Director is a civil engineer, with over ten years of experience in general engineering, maintenance, and construction supervision works. Of these four staff, only one staff had the experience in working with ADB funded project, but not in procurement, because procurement was done by the consultants, and reviewed and approved by MPWT at national level. Works of the DPWT are focus mainly in supervising construction works that were being carried out by private contractors, and routine maintenance of roads, drainage, utilities and urban infrastructure. As planned, additional staff will be recruited to strengthen capacity of PIUs if it is to be required during project implementation.

Luang Namtha PIU. Has 10 staff, also with qualifications in engineering, finance, and economics. The PIU is headed by a Director. He is also a civil engineer; with over 10 years experience in general engineering, maintenance, and construction supervision works, and currently the head of the Housing and Urban Planning Division of DPWT. They will report to the PIU office and work fulltime once ADB Loan becomes effective and subprojects commence implementation. Works of the DPWT are focus mainly in supervising construction works that were being carried out by private contractors, and routine maintenance of roads, drainage, utilities and urban infrastructure. Thus experience in procurement, particularly in procurement following ADB procurement guidelines and systems is nil.

Houayxay, and Luang Namtha PIUs Procurement Processes: Goods and Works

Houayxay, and Luang Namtha PIUs have good understanding on the principle of public procurement and believes that public procurement should be done through public and open competitive bidding, and in procuring works and goods, PIUs follow regulations that governs the conduct of key bidding processes; such 1) advertisement, 2) preparation of bidding documents, 3) establishment of committee to evaluate bids, and 4) recommendation of award for approval by the Head of Procuring Agency, which normally by the MPWT if contracts amount exceeds cost thresholds beyond the limits assigned to DPWT.

The PIUs are well aware that for NCB of nationally funded project, invitation to bid is advertised in newspaper with national circulation, The Law on Procurement also provides different methods of tenderer selection with provisions for exception such as by single

source selection or by direct negotiation, but these shall be used only in exceptional cases. The Law on Bidding also specifies minimum period for preparation of bids, advertisement, bid evaluation, up to recommendation of award of the lowest and responsive bid. The Law also provides for the Resolution of Protest and Disputes regarding Bidding.

The bid opening is done in public immediately after the deadline for bid submission and late bids are not accepted. The minutes of bid opening are taken and signed by all members of bid opening committee and invited bidders and one copy distributed to bidders. An ad hoc evaluation committee undertakes an evaluation of bids.

With PIUs full knowledge and understanding of the principle of Lao public procurement, the transition from Lao Procurement to ADB procurement system would not be difficult.

While there is close compatibility between Procurement Law of Lao PDR and ADB's Procurement Guidelines, however, intensive training would still be required to equip the PIUs with the necessary skills and working knowledge of ADB Procurement Guidelines to minimize implementation risk in the procurement of goods and works under the Project.

To gain intensive knowledge in ADB procurement guidelines and systems, it is recommended that procurement skills training be provided to PIUs and PCU, to cover:

- Selection of bidding procedure;
- Preparation of Bidding Documents, and issuance of Bidding Documents to Bidders,
- Bid Evaluation (technical and financial evaluation of proposals),
- Recommendation for award of contract,
- Preparation of bid evaluation report (BER), and
- Bid Documentation.

PCU, Houayxay, and Luang Namtha PIUs Procurement Processes: Consulting Services

It is to be expected that the Project Coordination Unit (PCU) will recruit the Project Implementation Support and Capacity Building Consultant (PISCB), when the PPTA has ensued into a Loan. However, in view of the limited capacity of the PCU to undertake procurement of the PISCB, it is recommended that an International Procurement Consultant shall be recruited in advance, prior to the Loan signing, to help PCU in the recruitment of the PISCB to accelerate project implementation. Thus, an advance Recruitment Action is recommended under the Project. The Procurement Consultant, will assist the PCU in the recruitment of the PISCB, particularly in; 1) preparation of a responsive TORs, 2) preparation of ADB standard RFP, 3) development of qualification criteria, 4) proposal evaluation, 5) preparation of bids evaluation report and 6) recommendation for award of contact. The recruitment shall be carried out in strict compliance with ADB Procurement Guidelines to ensure that advance recruitment is approved by ADB.

Following Lao PDR Law on Bidding, consulting services tenders are also advertised and expression of interest was called for in newspapers of national circulation. The evaluation committee members developed evaluation criteria. The PCU used an evaluation method similar to QCBS – a ranking by an overall score for quality and price. The technical and financial proposals are submitted in two separate envelopes. Evaluation and ranking of proposals are almost similar to ADB procedures. Minutes of the financial proposal opening are taken and signed. Face to face negotiations are held with the winning bidders. The usual basis for negotiations is cost and time of implementation. The minutes of negotiations are taken and signed and contracts are awarded within one week of the negotiations.

The International Procurement Consultant, in addition to helping PCU in the recruitment of PISCB, will also provide hands-on training to PCU, and PIUs in ADB's recruitment

procedures and systems to include, but not to be limited to:

- Strengthen ability of PCU to prepare TOR, and in preparing consultants shortlist;
- Strengthen ability of PCU to prepare ADB standard RFP for issuance to Shortlisted Firms – Submission 1. Submitted to ADB for review;
- Strengthen ability of PCU to evaluate technical proposals and Preparing Evaluation Report – Submission 2. Submitted to ADB for review
- Strengthen capacity of PCU to conduct opening and evaluation of the financial proposal(s), and recommending contract award – Submission 3. Submitted to ADB for review
- Strengthen ability of PCU to conduct contract negotiations, and preparation of draft contract during contract negotiation, and submission of contract negotiation report with the Negotiated, Unsigned Contract – Submission 4. Submitted to ADB for review.

Process Control and Oversight

As a matter of policy, all participating PCU, and PIUs require all staff involved in procurement to formally commit to the standard policy of fairness and impartiality in conducting procurement, and declare any potential conflict of interest in resolving bidding protest and in recommending for award of contract. Monitoring and financial control are also planned to be established in all PCU, and PIUs, to monitor procurement performance and financial disbursement and payments under the Project.

Oversight implementation support are being provided by the concerned line agencies, but needs to be reviewed in the light of the specific requirements of the proposed ADB funded Project. Under the current set-up, bidding process and recommendation of award prepared by PCU, and PIUs is submitted for approval by MPWT. The MOF is also taking the leading role in the preparation of disbursement plans, and also in timely allocation of sufficient counterpart funds required in subproject project implementation.

In terms of procurement readiness, the DPWT also assists PIUs in the preparation of engineering design, bidding documents for submission for MPWT's approval. DPWT also performs quality control process of the construction works during implementation.

What is critical however during implementation is the lack of enabling mechanism or system that defines the vertical and horizontal review and approval process (design, and bidding documents) with prescribed time and limit for the completion of review. Without this enabling mechanism, and review process put in place, review process will take longer than what is necessary, thus, delaying project implementation. It is also recommended that MOF shall carry out audit of the financial and procurement aspects of the project to ensure financial accountability. A suitable Bank procurement supervision plan to cover project financial reporting and auditing, is also suggested

Records Keeping and Audit

PIUs stored all files of procurement documents, using a simple referencing number system, in steel cabinets and in archives to include; original contracts, bids or proposals, copies of advertisements, bids evaluation report, records on claims and dispute resolutions, and records of time taken to complete key steps in the process, comprehensive disbursement data (as required by the country's financial management system).

The PIUs retained all the procurement documentation for a minimum of 10 years, as

required under national laws, while as a minimum ADB, requires that the signed original contract and the evaluation report must be retained for at least two years after project completion. Thus, Record Keeping is not an issue in the context of the current PCRA.

Summary Procurement Capacity Risk Assessment and Recommendations

The overall project risk associated with General Procurement Environment is rated as “Average to High”, due to; 1) absence of a formal working agreement between the MOF and the Executing Agency to ensure that counterpart funds required by the subprojects are included in the annual budget, and releases are made on time to avoid implementation delays, and 2) lack of enabling mechanism or systems that defines the vertical and horizontal review and approval process with a prescribed time of completion per activity, such as review of specifications, and Bidding Documents.

The risk is mitigated and implementation delays are avoided if aforesaid oversight supports will have to be formalized and instituted under the Project.

On the other hand, the overall project risk associated with the internal efficiency of the PIUs to implement subprojects is rated as “High”. This is due to; 1) the PCU, and PIUs had no prior experience in undertaking (on its own), procurement of good, works, and services under ADB or similar international terms and conditions, 2) have very little experience in implementing large works that are domestically financed, 3) most probably, because of the complexity of project design, which covers two provinces, and 4) English Language proficiency level of PCU, and PIUs staff is low.

The risk can be minimized by 1) assisting PCU in recruiting an International procurement consultant, who will provide support to PCU in recruiting PISCB prior to loan signing in order to accelerate project implementation, 2) establishment of a well-structured PIUs, which contains procurement section and to be staffed with qualified personnel, and 3) intensive training on procurement and contracts management.

Specific Recommendations, Project Implementation

Capacity Constraint	Recommended Action	Responsibility and comment
Houayxay, and Luang Namtha PIUs		
1. PIUs not fully established 2. Had no prior experience in procurement following ADB procurement guidelines and systems 3. Limited English proficiency to perform procurement works	1. PIUs are formally established on or before Loan Fact Finding 2. Intensive hands-on training on procurement following ADB procurement guidelines and systems 3.1 Provide English language proficiency training 3.2. Provide Lao PDR Language versions of ADB procurement guidelines and Bidding Document	1. Houayxay, and Luang Namtha PIUs 2.To be provided by the individual consultant hired by PCU, and by the PISCB during implementation. 3.1 ADB to provide or through capacity building component of the Project 3.2 ADB Lao PDR Resident Mission supply Lao versions of ADB Procurement Guidelines, and Bidding Documents to PCU.

General Recommendations, MPWT/PCU Capacity		
Capacity Constraint	Recommended Action	Responsibility and Comment
<p>1. Limited Capacity of MPWT to review Bidding Documents/RFP, recommendation for award of Contract.</p> <p>2. Review of specifications and BDs takes time</p> <p>3. Limited capacity of PCU to recruit PISCB</p>	<p>1. Include MPWT Procurement Unit in the procurement training to enhance capacity to review specifications and BDs.</p> <p>2. Establish mechanism for review and approval system with prescribed time and limits in completing per activity.</p> <p>2. Recruit International Procurement Consultant to assist PCU in recruiting PISCB (Firm)</p>	<p>1. ADB/PPTA consultant to include this activity in the capacity component of the Loan</p> <p>2. Houayxay, and Luang Namtha PIUs, PCU, and MPWT</p> <p>3. MPWT/PCU (with the help of ADB)</p>
General Recommendations, Procurement Environment		
Capacity Constraint	Recommended Action	Responsibility and Comment
<p>1. Procurement environment variables, such as counterpart funds required by the project not released on time (Table (35-39))</p>	<p>1. Establish strong coordination and working arrangement with MOF ensuring that counterpart funds required is incorporated in the Annual Budget, and released on time when required by the Project during project implementation.</p>	<p>1. EA and MOF</p>

Table 5. 1: Assessment of the General Procurement Environment MPWT/PCU
(Interview Guide)

General Procurement Environment Assessment	Risk Assessed As		
	Low	Average	High
1. Is there a procurement law? <i>Yes, The Prime Minister's Decree 03/PM of Prime Minister on Government Procurement of Goods, Construction, Maintenance and Service and the Decree from Ministry of Finance No.0063/MOF for the Implementation Rules and Regulations on Decree of Government Procurement of Goods, Works, Maintenance and Service. It is the Guideline of the bidding law, to use for all level for local fund and also accepted by Borrower such as ADB and World Bank for the bidding Document also can use.</i>		X	
2. Are the laws and regulations clear and concise? <i>The laws are clear from the invitation for bid up to the notification to award the contract.</i>		X	
3. What does the law (or regulations applicable to procurement) cover? <i>Yes, the law covers from the drafting of use bidding document, bid evaluation, up to the warranty periods for the local fund all use on this.</i>		X	
4. Does the law cover the procurement of consulting services? <i>Yes, it clearly stated for the method of consultant selection.</i>		X	
5. Does the law differentiate between processes for consulting services and Goods/Works? <i>No, it is general law, but it also cover until the consulting selection.</i>		X	
6. Does the law require advertisement of all procurement opportunities Tendering? <i>Yes, all the procurement, based on the cost threshold as specified in the guideline.</i>	Tendering must be Advertised and Contract Award. Risk is average.		
7. Are contract awards advertised? <i>Yes, NCB and ICB</i>			
8. Are there restrictions on goods works and services on the basis of origin? <i>None</i>	X		
9. Do the law or relevant legislation and regulations provide acceptable provision for the participation of state owned enterprises? <i>Yes, all the enterprise has to use this guideline for the implementation of using the local funding.</i>	X		
10. Are there restrictions on the nationality of bidders and consulting firms invited? <i>None</i>	X		
11. Are foreign bidders and consultants forced to offer through or with local partners? <i>Never</i>	X		
12. Is there a domestic preference scheme? <i>None</i>		X	
13. Is there a national standard mandated for use for quality control purposes? <i>Yes</i>	X		

14. Are any agencies exempt from the law? <i>None</i>				Risk is rated low
15. Is the default method for procurement open competition?				
16. Is open procurement easily avoided?				
17. Do the rules and regulations require pre-qualification? <i>Yes, for the big contracts</i>	X			
18. Do the rules and regulations require registration? <i>Yes, at least the company should have three year experience for the work and goods depend on what kind of supply.</i>				Risk is Average.
19. Are there systematic procurement process audits? <i>Yes, from SAO, (State Auditing Organization) to check for the project and government for one a years</i>	X			
20. Is there a national procurement manual or guide? <i>Yes, The Prime Minister's Decree 03/PM of Prime Minister on Government Procurement of Goods, Construction, Maintenance and Service and the Decree from Ministry of Finance No.0063/MOF for the Implementation Rules and Regulations on Decree of Government Procurement of Goods, Works, Maintenance and Service are the hand book for the procurement use.</i>	X			
21. Do the laws and regulations mandate the use of standard documents? <i>Yes, the Ministry of Finance, Procurement Monitoring Office, is providing these.</i>				Risk is Low
22. Have these standard bidding documents been approved for use on ADB projects? <i>Yes, ADB allowed to use the standard of bidding document provided by Ministry of Finance, MOF, but when submit to ADB it take a long time for approval. Therefore, for the ADB project 100% used the loaner standard of bidding document.</i>	X			
23. Do the regulations require the collection of nationwide statistics on procurement?				
24. Is consolidated historical procurement data available to the public? <i>Yes, there are handbooks are sell in the market widely.</i>	X			
25. Do the procurement laws and regulations contain provisions for dealing with misconduct? Yes, fraud and corruption practice.	X			
26. Is fraud and corruption in procurement regarded as a criminal act? <i>Yes</i>	X			
27. Have there been prosecutions for fraud and corruption? <i>Yes, depend on the level.</i>	X			
28. Is there an alternative disputes resolution process independent of government and courts? <i>Yes, there is adjudication law.</i>	X			
29. Does the law allow for sovereign immunity to the EA for claims against it? Yes	X			

30. Do the regulations allow for black listing (disbarment) of firms and individuals?			
31. Which body oversees procurement?			
32. What powers does the oversight body have?			
33. Is there a nationwide procurement-training plan? No, just one a year organized by the Ministry of Finance in Vientiane capital, the training focus on the project implementation staff who works for the procurement.	X		
34. Is there a procurement accreditation or professionalization program? Yes, but not adequate.	X		
35. Are major projects identified within an agencies appropriation or budget? Yes			
36. Is the procurement cycle tied to an annual budgeting cycle? Yes	Average		
37. Once an appropriation or budget is approved will funds be placed with the EA or can the EA draw them down at will? Yes, when the grant or loan is active.		Average	
38. Can an EA draw directly from a loan or impress account or will it spend budgeted funds with the borrower claiming reimbursement? EA can reimburse from a loan and impress account based on the activity running but followed the ADB guideline for the disbursement.	Average		
39. When an EA is implementing a project using funds from the national budget has a delay in funding significantly delayed procurement? No, the procurement work can commence in advance and implementation when grant or loan affective.	Low		

Table 5.2: Procurement Capacity Assessment (PCA) of Houayxay PIU

Part A. General Agency Resource Assessment	
A.1. Is there a procurement department?	There is no Procurement Department. No regular procurement Office. All procurement for projects done in MPWT. DPWT works are most in supervising construction done by contractor, and maintenance
A.2. What procurement does it undertake?	For small contracts only. Big contract done by MPWT.
A.3. Are staff provided with written job descriptions?	No, just provided the instructions based on the procurement guidelines.
A.4. How many years experience does the head of the procurement unit have in a direct procurement role?	In Luang Namtha, this is not the case: more than 15 years
A.5. How many staff in the procurement department are: i. Full Time? ii. Part Time? iii. Seconded?	4 technical staff are assigned to the PIU. Work in dual functions because these staff still retained their original position in the DPWT. Director 1, Deputy Director one plus engineers two
A.6. At what level does the department report (to head of agency, deputy)	The department reports depend on what kind of the procurement and the revision activities.
A.7. Do the staff that will be involved with the procurement has English language skills sufficient to undertake international procurement?	No English skills to do procurement.
A.8. Is the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	Yes, but not ADB funding
A.9. Does the unit have adequate facilities such as PCs, internet connections, photocopy facilities, printers etc., to undertake the additional procurement that will be required under the proposed project	No as of now. Office need to be established separately.
A.10. Is there a procurement-training program?	Yes, just one time a year organized by the Ministry of Finance.
Part B. Agency Procurement Processes, Goods, and Works	
B.1. Has the agency had undertaken foreign assisted procurement of goods or works recently (last 12 months, or last 36 months)?	<i>Yes, the international consultant to assist for unit for the project.</i>
B.2. If the above is yes, what were the major challenges?	The major is the drafting of the bidding document and finding the technical specification of the materials to support the project.
B.3. Is there a procurement process manual for goods and works?	Yes

B.4. If there is a manual, is it up to date and does it cover foreign assisted procurement?	Yes, to edited of English version
B.5. Is there a systematic process to identify procurement requirements (1 year or more)	Yes
B.6. Who drafts the specifications?	Depends on the kind of project. If roads, road department. But with assistance from outside consultant.
B.7. Who approves the specifications?	The ministry concern endorsed and submits the prime minister for approval.
B.8. Are there standard bidding documents in use and have they been approved for use on ADB funded projects	Yes, and ADB approved for using the standard of bidding document but almost 90% if the ADB project we used the ADB template due to it not take long time for approval.
B.9. Who drafts the bidding documents	If ADB project, there is the procurement officer based on every project.
B.10. Who manages the sale of the document	If the project is the project director and if the local fund there are some officer responsibility on this
B.11. Are all queries from bidders replied to in writing?	<i>Yes, sure before bidding we organized the pre-bid of meeting to answer all the questions.</i>
B.12. Is there a minimum period for preparation of bids and if yes how long?	Yes, at least two weeks on this
B.13. Does bidding document state the date and time of opening and how close is it to the deadline for submission?	Yes, all have to state in the bidding document
B.14. Is the opening public?	Yes
B.15. Can late bids are accepted?	No
B.16. Can bids are rejected at bid opening?	Yes, if none complied with the required as stated in the bidding document such there's none of letter of bid and other concern.
B.17. Are minutes taken	Yes
B.18. Who may have a copy of the minutes?	<i>The bidding committee, participants from the company attend for the bidding</i>
B.19. Are the minutes free of charge?	Yes
B.20. Who undertakes the evaluation (individual(s), permanent committee, ad-hoc committee)	All the bidding committee who were appointed for the procurement activities and consist of 4 ministries such Ministry of Finance, Ministry of Planning and Ministry of Public work and other ministry concern.
B.21. What is the qualifications of the evaluators in respect to procurement and the goods and works under evaluation?	All of the committee to check all the technical specification required based on the criteria specified in the bidding document and yes also for the goods and works

B.22 Is the decision of the evaluators final or is the evaluation subject to additional approvals?	No. All of the bidding committee will endorse together and submit to the Minister of MPWT for approval for the final.
B.23. Using at least three real examples of how between the issues of the invitation for bids and contract effectiveness?	Extend the IFB required by the bidders Reply the questions to the bidder on the technical specification Consultant not available when the contract effectiveness Mobilization delay and other issues.
B.24. Are processes in place for the collection and clearance of cargo through ports of entry?	Yes and indicated to use the incoterm
B.25. Are there established goods receiving procedures	Yes
B.26. Are all goods received recorded as assets or inventory in a register or similar?	Yes, all the good received have to register and record and belong to the government assets
B.27. Is the agency/procurement department familiar with letters of credit?	Yes, for the good import from other countries we have to do the LC
B.28. Does the procurement departments registers and track warranty and latent defects liability periods?	Yes, depend on the what kind of procurement such as, the construction at least one year as stated in the bidding documents and other also do.
Part C. Agency Procurement Processes, Consulting Services	
C.1. Has the agency had undertaken foreign assisted procurement of consulting services recently (last 12 months, last 36 months)?	Yes, as the International Consultant help in procurement
C.2. If the above is yes what were the major challenges?	To draft all the step of the procurement processes as specially the RFP
C.3. Is there a procurement process manual for consulting services procurement?	Yes, there are the rule and regulation on this
C.4. Is the manual up to date and does it cover foreign assisted projects?	Yes, but some articles still missing. Yes, covers foreign assisted project
C.5. Who identifies the need for consulting services requirements?	The Head of Procurement Monitoring Officer and for the project is the project manager
C.6. Who drafts the ToR	The Consultant
C.7. Do the ToR follows a standard format such as background, tasks, inputs, objectives, and outputs?	Yes, follow all the template

C.8. Who prepares the request for proposals?	The consultant and sometimes procurement officer do and together with the project manager and project director.
C.9. Are assignments advertised and expressions of interest called for?	Yes, well known of local newspapers and accessible website
C.10. Is a consultants' selection committee formed with appropriate individuals in terms of procurement and technical expertise?	Yes
C.11. What is the criteria to evaluate EOIs?	For the consulting firm we always use QCBS and QCS and for individual consultant we use ICS
C.12. Historically what is the most common method used (QCBS, QBS, etc.)	QCBS
C.13. Do firms have to pay for the proposal document	No
C.14. Does the evaluative criteria follow a pre-determined structure and is it detailed in the RFP?	Yes
C.15. Are pre-proposal visits and meetings arranged?	Yes
C.16. Are minutes prepared and circulated after pre-proposal meetings?	Yes
C.17. To who are the minutes distributed?	The project manager together with consultant bidders
C.18. Are all of the queries from consultants answered to in writing?	If the information that we can reply we reply in the meeting and cannot we write to them after.
C.19. Are financial and technical proposals in separate envelopes?	Yes
C.20. Are proposal securities required?	No
C.21. Are technical proposals opened in public?	Yes
C.22. Do the financial proposals remain sealed until technical evaluation is completed?	Yes
C.23. Are minutes of technical opening distributed?	Not distribute but send it to the firms
C.24. Who determines the final technical ranking and how?	The bidding committee will work together with the project director based on the criteria and send to minister for approval
C.25. Are the technical scores published and sent to all firms?	We informed to the firms but not opened to the public.
C.26. Is the financial proposal opening public?	Yes
C.27. Are there minutes taken and distributed of financial proposal opening?	Yes
C.28. How is the financial evaluation completed?	By using the score of technical and plus with the financial and will be the final scores
C.29. Are face-to-face contract negotiations held?	Yes

C.30. How long after financial evaluation is the selected firm to negotiate?	At three weeks
C.31. What is the usual basis for negotiation?	The condition of the contract, mobilization and personal schedule
C.32. Are minutes of negotiation taken and signed?	Yes, after completed
C.33. How long after negotiations until the contract is signed?	At least 14 days
C.34. Are advance payments made?	Yes
C.35. Is there an evaluation system for measuring the outputs of consultants?	Yes
Part D. Process and Oversight Control	
D.1. Is there a standards statement of ethics and are those involved in procurement required to formally commit to it?	Yes
D.2. Are those involved with procurement required to declare any potential conflict of interest and removed them from the procurement process?	Yes
D.3. Is the commencement of procurement dependent on external approvals (formal or de-facto) outside of the budgeting process?	No
D.4. Who approves procurement transactions and do they have procurement experience and qualifications?	Yes
D.5. Which of the following actions requires approval outside of the procurement unit or a permanent evaluation committee and who grants the approval? a) Bidding document, invitation to prequalify or request for proposal b) Advertisement of an invitation for bids, pre-qualification or call for expressions of interest c) Evaluation of reports d) Notice of award e) Invitation to consultants to negotiate f) Contracts	MPWT Procurement Committee all review and approves
D.6. Is contractual performance systematically monitored and reported upon?	Yes
D.7. Does the agency monitor and track its contractual payment obligations?	Yes

D.8. On average how long is it between receiving a firm's invoice and making payment?	At least one months, but sometimes longer
D.9. What is the standards period for payment included in contracts?	No, if the fund based on the Ministry of Finance Guidelines
D.10. When payment is made late are beneficiaries paid interest?	No
D.11. Are payments authorized by the same individuals empowered to approve invitation documents, evaluations and contracts?	No
D.12. Is there a written auditable trail of procurement decisions attributable to individuals and committees?	Yes
D.13. Are procurement decisions and disputes supported by written narratives such as minutes of evaluation, minutes of negotiation, notices of default/withheld payment?	Yes
D.14. Is there a formal non-judicial mechanism for dealing with complaints	Yes
D.15. Is a complaints mechanism described in national procurement documents?	Yes, very often
Part E. Records Keeping	
E.1. Is there a referencing system for procurement files?	No, if the for project they will all the document by own
E.2. Are original contracts secured in a fire and theft proof location?	Yes
E.3. Are copies of bids or proposals retained with the evaluation?	Yes
E.4. Are copies of the original advertisements retained with the pre-contract papers?	Yes
E.5. Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?	Yes, one contract one file
E.6. Are copies of invoices included with contract papers?	Yes
E.7. For what period are records kept?	10 years at least

Table 5.3: Procurement Capacity Assessment (PCA) of Luang Namtha PIU

Part A. General Agency Resource Assessment	
A.1. Is there a procurement department?	There is no Procurement Department. No regular procurement Office. All procurement for projects done in MPWT. DPWT works are most in supervising construction done by contractor, and maintenance
A.2. What procurement does it undertake?	For small contracts only. Big contract done by MPWT.
A.3. Are staff provided with written job descriptions?	No, just provided the instructions based on the procurement guidelines.
A.4. How many years experience does the head of the procurement unit have in a direct procurement role?	In Luang Namtha, this is not the case: more than 15 years
A.5. How many staff in the procurement department are: i. Full Time? ii. Part Time? iii. Seconded?	10 technical staff are assigned to the PIU. Work in dual functions because these staff still retained their original position in the DPWT.
A.6. At what level does the department report (to head of agency, deputy)	The department reports depend on what kind of the procurement and the revision activities.
A.7. Do the staff that will be involved with the procurement has English language skills sufficient to undertake international procurement?	No English skills to do procurement.
A.8. Is the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	Yes, but not ADB funding
A.9. Does the unit have adequate facilities such as PCs, internet connections, photocopy facilities, printers etc., to undertake the additional procurement that will be required under the proposed project	No as of now. Office need to be established separately.
A.10. Is there a procurement-training program?	Yes, just one time a year organized by the Ministry of Finance.
Part B. Agency Procurement Processes, Goods, and Works	
B.1. Has the agency had undertaken foreign assisted procurement of goods or works recently (last 12 months, or last 36 months)?	<i>Yes, the international consultant to assist for unit for the project.</i>
B.2. If the above is yes, what were the major challenges?	The major is the drafting of the bidding document and finding the technical specification of the materials to support the project.
B.3. Is there a procurement process manual for goods and works?	Yes
B.4. If there is a manual, is it up to date and does it cover foreign assisted procurement?	Yes, to edited of English version

B.5. Is there a systematic process to identify procurement requirements (1 year or more)	Yes
B.6. Who drafts the specifications?	Depends on the kind of project. If roads, road department. But with assistance from outside consultant.
B.7. Who approves the specifications?	The ministry concern endorsed and submits the prime minister for approval.
B.8. Are there standard bidding documents in use and have they been approved for use on ADB funded projects	Yes, and ADB approved for using the standard of bidding document but almost 90% if the ADB project we used the ADB template due to it not take long time for approval.
B.9. Who drafts the bidding documents	If ADB project, there is the procurement officer based on every project.
B.10. Who manages the sale of the document	If the project is the project director and if the local fund there are some officer responsibility on this
B.11. Are all queries from bidders replied to in writing?	<i>Yes, sure before bidding we organized the pre-bid of meeting to answer all the questions.</i>
B.12. Is there a minimum period for preparation of bids and if yes how long?	Yes, at least two weeks on this
B.13. Does bidding document state the date and time of opening and how close is it to the deadline for submission?	Yes, all have to state in the bidding document
B.14. Is the opening public?	Yes
B.15. Can late bids are accepted?	No
B.16. Can bids are rejected at bid opening?	Yes, if none complied with the required as stated in the bidding document such there's none of letter of bid and other concern.
B.17. Are minutes taken	Yes
B.18. Who may have a copy of the minutes?	<i>The bidding committee, participants from the company attend for the bidding</i>
B.19. Are the minutes free of charge?	Yes
B.20. Who undertakes the evaluation (individual(s), permanent committee, ad-hoc committee)	All the bidding committee who were appointed for the procurement activities and consist of 4 ministries such Ministry of Finance, Ministry of Planning and Ministry of Public work and other ministry concern.
B.21. What is the qualifications of the evaluators in respect to procurement and the goods and works under evaluation?	All of the committee to check all the technical specification required based on the criteria specified in the bidding document and yes also for the goods and works
B.22. Is the decision of the evaluators final or is the evaluation subject to additional approvals?	No. All of the bidding committee will endorse together and submit to the Minister of MPWT for approval for the final.
B.23. Using at least three real examples of how between the issues of the invitation for bids and contract effectiveness?	Extend the IFB required by the bidders Reply the questions to the bidder on the technical specification Consultant not available when the contract effectiveness Mobilization delay and other issues.
B.24. Are processes in place for the collection and clearance of cargo through ports of entry?	Yes and indicated to use the incoterm

B.25. Are there established goods receiving procedures	Yes
B.26. Are all goods received recorded as assets or inventory in a register or similar?	Yes, all the good received have to register and record and belong to the government assets
B.27. Is the agency/procurement department familiar with letters of credit?	Yes, for the good import from other countries we have to do the LC
B.28. Does the procurement departments registers and track warranty and latent defects liability periods?	Yes, depend on the what kind of procurement such as, the construction at least one year as stated in the bidding documents and other also do.
Part C. Agency Procurement Processes, Consulting Services	
C.1. Has the agency had undertaken foreign assisted procurement of consulting services recently (last 12 months, last 36 months)?	Yes, as the International Consultant help in procurement
C.2. If the above is yes what were the major challenges?	To draft all the step of the procurement processes as specially the RFP
C.3. Is there a procurement process manual for consulting services procurement?	Yes, there are the rule and regulation on this
C.4. Is the manual up to date and does it cover foreign assisted projects?	Yes, but some articles still missing. Yes, covers foreign assisted project
C.5. Who identifies the need for consulting services requirements?	The Head of Procurement Monitoring Officer and for the project is the project manager
C.6. Who drafts the ToR	The Consultant
C.7. Do the ToR follows a standard format such as background, tasks, inputs, objectives, and outputs?	Yes, follow all the template
C.8. Who prepares the request for proposals?	The consultant and sometimes procurement officer do and together with the project manager and project director.
C.9. Are assignments advertised and expressions of interest called for?	Yes, well known of local newspapers and accessible website
C.10. Is a consultants' selection committee formed with appropriate individuals in terms of procurement and technical expertise?	Yes
C.11. What is the criteria to evaluate EOIs?	For the consulting firm we always use QCBS and QCS and for individual consultant we use ICS
C.12. Historically what is the most common method used (QCBS, QBS, etc.)	QCBS
C.13. Do firms have to pay for the proposal document	No
C.14. Does the evaluative criteria follow a pre-determined structure and is it detailed in the RFP?	Yes
C.15. Are pre-proposal visits and meetings arranged?	Yes
C.16. Are minutes prepared and circulated after pre-proposal meetings?	Yes
C.17. To who are the minutes distributed?	The project manager together with consultant bidders
C.18. Are all of the queries from consultants answered to in writing?	If the information that we can reply we reply in the meeting and cannot we write to them after.
C.19. Are financial and technical proposals in separate envelopes?	Yes
C.20. Are proposal securities required?	No

C.21. Are technical proposals opened in public?	Yes
C.22. Do the financial proposals remain sealed until technical evaluation is completed?	Yes
C.23. Are minutes of technical opening distributed?	Not distribute but send it to the firms
C.24. Who determines the final technical ranking and how?	The bidding committee will work together with the project director based on the criteria and send to minister for approval
C.25. Are the technical scores published and sent to all firms?	We informed to the firms but not opened to the public.
C.26. Is the financial proposal opening public?	Yes
C.27. Are there minutes taken and distributed of financial proposal opening?	Yes
C.28. How is the financial evaluation completed?	By using the score of technical and plus with the financial and will be the final scores
C.29. Are face-to-face contract negotiations held?	Yes
C.30. How long after financial evaluation is the selected firm to negotiate?	At three weeks
C.31. What is the usual basis for negotiation?	The condition of the contract, mobilization and personal schedule
C.32. Are minutes of negotiation taken and signed?	Yes, after completed
C.33. How long after negotiations until the contract is signed?	At least 14 days
C.34. Are advance payments made?	Yes
C.35. Is there an evaluation system for measuring the outputs of consultants?	Yes
Part D. Process and Oversight Control	
D.1. Is there a standards statement of ethics and are those involved in procurement required to formally commit to it?	Yes
D.2. Are those involved with procurement required to declare any potential conflict of interest and removed them from the procurement process?	Yes
D.3. Is the commencement of procurement dependent on external approvals (formal or de-facto) outside of the budgeting process?	No
D.4. Who approves procurement transactions and do they have procurement experience and qualifications?	Yes
D.5. Which of the following actions requires approval outside of the procurement unit or a permanent evaluation committee and who grants the approval? a) Bidding document, invitation to prequalify or request for proposal b) Advertisement of an invitation for bids, pre-qualification or call for expressions of interest c) Evaluation of reports d) Notice of award	MPWT Procurement Committee all review and approves

e) Invitation to consultants to negotiate f) Contracts	
D.6. Is contractual performance systematically monitored and reported upon?	Yes
D.7. Does the agency monitor and track its contractual payment obligations?	Yes
D.8. On average how long is it between receiving a firm's invoice and making payment?	At least one months, but sometimes longer
D.9. What is the standards period for payment included in contracts?	No, if the fund based on the Ministry of Finance Guidelines
D.10. When payment is made late are beneficiaries paid interest?	No
D.11. Are payments authorized by the same individuals empowered to approve invitation documents, evaluations and contracts?	No
D.12. Is there a written auditable trail of procurement decisions attributable to individuals and committees?	Yes
D.13. Are procurement decisions and disputes supported by written narratives such as minutes of evaluation, minutes of negotiation, notices of default/withheld payment?	Yes
D.14. Is there a formal non-judicial mechanism for dealing with complaints	Yes
D.15. Is a complaints mechanism described in national procurement documents?	Yes, very often
Part E. Records Keeping	
E.1. Is there a referencing system for procurement files?	No, if the for project they will all the document by own
E.2. Are original contracts secured in a fire and theft proof location?	Yes
E.3. Are copies of bids or proposals retained with the evaluation?	Yes
E.4. Are copies of the original advertisements retained with the pre-contract papers?	Yes
E.5. Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?	Yes, one contract one file
E.6. Are copies of invoices included with contract papers?	Yes
E.7. For what period are records kept?	10 years at least

APPENDIX 6

INSTITUTIONAL ARRANGEMENTS FOR ENVIRONMENTAL SAFEGUARDS

The following institutions are the key players to ensure project compliance with the applicable environmental safeguards and/or requirements:

1. The PSC will be responsible for project coordination and providing policy guidance. It will be responsible for deciding on environmental management matters that will require action from the senior-management level.
2. The PCU/PIUs will be responsible for ensuring environmental safeguard compliance, in particular for incorporating the mitigation measures set out in the EMP into the detailed engineering design of the subcomponents, as well as in the bid documents and construction contract documents. It will ensure adequate resources are allocated and are timely disbursed to process the necessary environmental assessment activities such as engaging a registered/qualified firm to prepare environmental reports in compliance with national/government EIA/environmental requirements; to monitor EMP implementation; and, to undertake the environmental monitoring activities required from the executing agency in the Environmental Monitoring Plan. The PIUs will commission additional analysis, undertake environment-related investigations that maybe required during implementation, and respond to environment or nuisance-related complaints from residents or businesses affected by the project works.

Specifically, the environment safeguard tasks of the PCU/PIUs are as follows:

- a. Update EMPs during detailed design and engineering, and ensure that contractors prepare their respective site-specific plans (i.e., CEMP) based on the EMPs and the actual site conditions.
- b. Procure the applicable environmental approval/s and/or permit/s from the relevant government agencies prior to bidding process.
- c. Ensure that the environmental safeguards (e.g., inclusion of updated EMPs) are adequately addressed in the bidding documents (instruction to bidders), and in the evaluation criteria for awarding contracts.
- d. Oversee the implementation of the safeguards of updated 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 areas, workers and camps), and public safety. Review, monitor and evaluate the effectiveness of the implemented CEMPs, and recommend necessary corrective actions.
- e. Coordinate with relevant government agencies on regulatory compliance issues (e.g. climate resilience standards and guidelines and noise and dust from construction sites).
- f. Prepare TOR for nationally-recognized monitoring institute for conducting laboratory analyses for the monitoring plans for the EMPs.
- g. Advise the PSC on environment-related concerns arising during project construction, and recommend corrective measures.

- h. Ensure timely disclosure of final IEE and EMP in locations and form/format accessible to the public. Conduct follow-up consultations and interviews with local residents to identify concerns or grievances arising during construction. Address, record, and report on any grievances brought about through the Grievance Redress Mechanism in a timely manner.
- i. Disseminate to stakeholders the results of environment quality monitoring and implementation of safeguards, especially among households or small businesses near the civil construction works.
- j. Prepare quarterly status report on environment and public safety protection to be submitted (through the PCU director) to the PSC and submit semi-annual environmental monitoring report to ADB.

The PCU is also responsible for ensuring that the Project is implemented in accordance with the applicable government regulations with regards to the environmental safeguards. A full-time Environmental Engineer should be appointed from the PIUs who will oversee and monitor the implementation of subproject EMPs.

- 3. The Project Implementation Support and Capacity Building consulting team will have Environmental Specialists, who will provide technical advice, guidance support and “hands-on training” to the PIUs, particularly its Environmental Engineer, in project/subproject environmental management during project implementation. The Specialists will also provide technical assistance and guidance in overall environmental safeguards compliance including monitoring CEMP implementation, evaluation of monitoring reports submitted by contractors/IAs, preparation of semi-annual monitoring report to be submitted to ADB, monitoring compliance with applicable government requirements, recommending corrective measures/actions,
- 4. ADB will approve any necessary IEE revision and/or EMP updating. It will review environmental monitoring reports and undertake missions to review the environmental performance of the Project.

APPENDIX 7

SUMMARY OF CLIMATE CHANGE ASPECTS AND COSTS

The results of AWARE¹⁴ were considered in the preparation of the IEE Report. In this connection, a *Climate Vulnerability and Risk Assessment (CVRA)* had been incorporated in the IEE, which also includes discussions on GHG emissions. In **Laos**, the AWARE results had a rating of MEDIUM for the subprojects in the country. However, for consistency with the other country-IEEs, a CVRA was still prepared and imbedded into the IEE. The discussions also include the GHG emissions of various subproject components.

Cost attribution for climate change was estimated. Additional costs for civil works that may be attributed to climate change arise from designing the Houayxay riverbank protection upgrade, and riverside road and walkway, with an extra height; and by designing drainage in both Houayxay and Luang Namtha to account for future rainfall increases due to climate change. There are also costs associated with the time spent by key experts (environmental, conservation and urban greening specialists and municipal, road, site and drainage engineers) to integrate climate change considerations into the detailed design and capacity building activities. In sum, these costs (and associated contingencies) amount to about **US\$ 1 million of the total loan amount of US\$ 47 million (~2%)**. All of this cost is attributed to climate change adaptation. Additional costs associated with climate change mitigation are considered negligible.

¹⁴ AWARE for Projects is an online tool used by ADB project teams to screen projects for climate risks. The tool uses data from 16 general circulation models, as well as databases on temperature increase, wildfire, permafrost, sea ice, water availability, precipitation change, flooding, snow loading, tropical storms, and landslides. For each project screened, the tool generates an overall climate risk ranking of low, medium, or high; key risk areas; and narratives on potential impacts and adaptive measures to guide subsequent activities

APPENDIX 8

SAMPLE COMMITMENT LETTER FOR ASEAN INFRASTRUCTURE FUND (AIF)

(Sample of SWIFT-based Commitment Letter
for loans funded through participation of ASEAN Infrastructure Fund Limited)
Asian Development Bank
Commitment Letter

Negotiating/Advising Bank Name
Address line1
Address line2
Address line3

Date: DD MONTH YEAR
ADB CL No.: XXXX-XXX(X)-XXX
LC No.: 1234567890 ABCDEFGHIJLMNOPQRSTUVWXYZ
LC Expiry Date: DD MONTH YEAR
Category or Subloan No.: XXX
Contract No.: XXXX

1. We issue this ADB Commitment Letter (CL) to make the above mentioned Letter of Credit (LC) issued in favor of (name of supplier) in the amount of (currency and CL amount)(equivalent to loan currency and amount) operative. Subject to 3. below, this is an irrevocable commitment to promptly (i) reimburse you for payments made to or on order of the beneficiary, and (ii) pay to you amounts that are due or to be made to the beneficiary under and in full compliance with the terms and conditions of the LC and its appropriately approved amendments, if any. In the latter case you agree to make prompt payment due or to be made to the beneficiary upon receipt of our remittance. We will accept the request for payment directly from the LC nominated commercial bank, and its affiliated branches, whom we issued this CL. The authenticated request for payment by SWIFT must be submitted in the following format:

Claim Sequence No.: _____
ADB CL No.: XXXX-XXX(X)-XXX
Condiment: (Currency and Amount of Claim)
LC No.: 1234567890 ABCDEFGHIJLMNOPQRSTUVWXYZ
LC Expiry Date: DD MONTH YEAR
Balance of LC After This Claim: (Currency and Amount in figures). (Please indicate if it has been cancelled or will be utilized.)
Payment Instructions: (Please indicate your correspondent bank in the country of the LC currency with whom you maintain a depository account)
Discrepancy, if any: Accepted and authorized by LC Issuing Bank
Other Instructions: _____

2. The word 'Condiment' should always be stated in your claim by authenticated SWIFT and it represents your certification on the following:

- A. Payment has been made or is due and will be promptly made to the beneficiary under and in full compliance with the terms and conditions of the LC;
- B. Documents were presented within the original or extended LC expiry date; and

C. Discrepancies, if any, have been referred to and accepted by LC Issuing Bank.

3. This CL is issued under the ADB Loan Agreement dated (insert date) (Loan Agreement) and is subject to the following terms and conditions:

- A. Our obligation to make payment of any amount to you under this CL is subject to the prior receipt by us of an equivalent amount of funds from the ASEAN Infrastructure Fund Limited (AIF), and there being no cancellation by ADB of the loan made under the Loan Agreement due to any change in any applicable legislation which shall make it unlawful for AIF to maintain or fund its participation in the loan.
- B. You agree to negotiate the LC on the receipt of this CL. Your first request for payment under the CL constitutes your acceptance of the terms and conditions of the ADB Commitment.
- C. Amendments to the LC involving the terms of payment including currency and amount, description or quantity of goods, beneficiary, country of origin, and extension of the expiry date of the LC beyond the loan closing date will not be effective unless and until you receive our written approval thereof. All other LC amendments must be furnished to ADB for information.
- D. Our payment assurance is limited to the available LC Balance after this claim or amount of (loan currency) equivalent as determined by us at the time of the payment. Our obligation under this CL shall be terminated (DD MMM Year), the last day of the borrower's right to withdraw from the loan account including final payment of retention money, if any. Any extension beyond this date should be approved by ADB. This date may be extended by agreement between ADB and borrower, in which case you will be informed accordingly. We will bear any payment deficiency under the CL due to the relevant currency rate fluctuation rate or otherwise only if the loan amount is available for that purpose. Otherwise, it will be borne by the LC Accountee who will arrange to make such payment to you after receipt of our notification.
- E. We will not accept a letter of indemnity covering any discrepancy(ies) between the shipping documents and terms of the LC. Discrepancy(ies) should be referred to the LC Issuing Bank for its authorization for payment before your request for reimbursement is submitted to us. Such authorization for payment should be clearly indicated in your reimbursement claim. This should also apply to LC negotiations after LC expiry date.
- F. We are not obligated to you for the payment of any interest, commission, expenses or other charges in connection with the LC.
- G. You agree to promptly advise us of any cancellation in whole or in part, expiration or final payment of the LC including the amount of unused balance, if any.

ASIAN DEVELOPMENT BANK

BY: 1. Authorized CTLA-LGD IS1
2. Authorized CTLA-LGD IS2

APPENDIX 9

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/RRPs/?id=XXXXX-XX-3>

1. Loan Agreement
2. Sector Assessment (Summary):– Urban Development and Water
3. Project Administration Manual – (This document)
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 and Environmental Management Plans
12. Resettlement Plan – Houayxay Subproject
13. Resettlement Plan – Luang Namtha Subproject
14. Risk Assessment and Risk Management Plan

Supplementary Documents

15. Summary of Investment Components
16. Participation Plan
17. Summary on Climate Change
18. Economic Analysis - Supplementary Tables