

Project Administration Manual

Project Number: 41444
Loan Number:
October 2015

Viet Nam: Additional Financing Second Northern
Greater Mekong Subregion Transport Network
Improvement Project

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Project Administration Manual Purpose and Process

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

The Ministry of Transport (MOT) and Project Management Unit 1 (PMU1) are wholly responsible for the implementation of ADB financed projects, as agreed jointly between the borrower and ADB, and in accordance with Government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by MOT and PMU1 of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At Loan Negotiations the borrower and ADB shall agree to the PAM and ensure consistency with the Loan Agreement. Such agreement shall be reflected in the minutes of the Loan Negotiations. In the event of any discrepancy or contradiction between the PAM and the Loan Agreement, the provisions of the Loan Agreement shall prevail.

After ADB Board approval of the project's report and recommendations of the President (RRP) changes in implementation arrangements are subject to agreement and approval pursuant to relevant Government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval they will be subsequently incorporated in the PAM.

ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
APFS	–	audited project financial statements
BCC	–	behavior change communication
CSC	–	construction supervision consultant
DCARBS	–	District Compensation, Assistance, and Resettlement Boards
DMF	–	design and monitoring framework
EARF	–	environmental assessment and review framework
EMP	–	environmental management plan
GAP	–	gender action plan
GMS	–	Greater Mekong Subregion
ICB	–	international competitive bidding
IEC	–	information, education, and communication
IEE	–	initial environmental examination
km	–	kilometer
M&E	–	monitoring and evaluation
MOT	–	Ministry of Transport
NCB	–	national competitive bidding
PAM	–	project administration manual
PDOT	–	Department of Transport of Thanh Hoa Province
PDR	–	Peoples Democratic Republic
PMU	–	project management unit
PPMS	–	project performance management system
SOE	–	statement of expenditure
SPS	–	Safeguard Policy Statement
STI	–	sexually-transmitted infection

VIET NAM SECOND NORTHERN GREATER MEKONG SUBREGION TRANSPORT NETWORK IMPROVEMENT PROJECT (ADDITIONAL FINANCING)

-  National Capital
-  Provincial Capital
-  City/Town
-  Proposed Flyover (Additional Financing)
-  ADB-Financed Road Project (sections under the ongoing project)
-  Proposed Road Project (Additional Financing)
-  National Road
-  Paved Provincial Road
-  River

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I. PROJECT DESCRIPTION

A. Rationale

1. The GMS Northeastern Corridor (encompassing Nanning in Guangxi Province, People's Republic of China; Hanoi and Thanh Hoa in Viet Nam; Louangphabang, Lao Peoples Democratic Republic (Lao PDR); and Bangkok, Thailand) is one of the corridors identified in the Greater Mekong Subregion (GMS) Transport Sector Strategy Study and links northeastern Lao PDR and northern Viet Nam.¹ Many of the roads in GMS corridor have been improved, including the sections of the corridor in northeastern Lao PDR and northern Viet Nam under the current project to maximize the economic potential of the GMS Northeastern Corridor and to provide northern Lao PDR with year-round access to seaports.

2. The current project was approved on 25 November 2010 to provide a more efficient transport across the Lao PDR–Viet Nam border and on the project road sections of the GMS Northeastern Corridor.² As part of the Viet Nam portion of the current project, the Asian Development Bank (ADB) approved Loan 2703³ in the amount of Special Drawing Rights (SDR) 47,450,000 from its Special Funds resources to (i) improve 196 kilometers (km) of Highway 217 from Na Meo border crossing to Ha Trung city to all weather status under output 1, and (ii) improve road safety on the project road sections under output 2. The loan became effective on 7 June 2011 with a closing date of 31 December 2016.

3. The current project is performing well. The implementation is on track in the eOperations database.⁴ Cumulative contract awards were 85.6% and disbursements 41.0% as of 7 October 2015. Disbursements are expected to increase by end of 2015, as high-value pavement works were commenced in September 2015. The current implementation schedule to complete the physical works in June 2016 appears to be achievable and the need for a loan closing date extension is not foreseen. With regard to safeguards, the resettlement plans and environmental management plan (EMP) have been implemented without major issues. Lapses in the EMP implementation are being addressed through agreed remedial actions. The government has been tracking grievances, and there are currently no unresolved grievances.

4. The civil works after the scope change approved in 2014⁵ included: (i) improvement of road section from km 104.475 (Ba Thuoc) to km 195.4 (Na Meo border crossing) including new bypasses in Cam Thuy and Eo Le bridge at km 38.4 with approach roads, and (ii) pavement repair and resurfacing from km 0 (Ha Trung city) to Ba Thuoc. As the road conditions between km 59.9 (Cam Thuy) and km 104.475 (Ba Thuoc) have significantly deteriorated during 2011–2015 due to the increased traffic (coming from Na Meo, Hanoi, and Ho Chi Minh cities) and the vehicle overloading, in May 2014, the Government of Viet Nam requested to consider providing additional financing for full scale improvement on the road section from Cam Thuy to Ba Thuoc rather than simple repair as originally planned.

5. The fact-finding mission conducted by ADB in March 2015 assessed that the overall project will enhance the outcome of the current project by delivering a technically sound road

¹ ADB. 2006. *GMS Transport Strategy Study*. Manila.

² ADB. 2010. *Report and Recommendation on the President to the Board: Proposed Loan, Grant, and Administration of Loan to the Lao Peoples Democratic Republic and the Socialist Republic of Viet Nam for the Second Northern Greater Mekong Subregion Transport Network Improvement Project*. Manila.

³ Footnote 2.

⁴ Summary of Project Performance (accessible from the list of linked documents in the RRP, Appendix 2).

⁵ Footnote 3.

from Cam Thuy to Ba Thuoc with higher design speed. This additional financing will provide (i) wider lanes to accommodate the increased traffic flow, (ii) strengthened pavement structure to carry more loads, (iii) better road alignment to avoid the flood-prone areas, (iv) safer bridges, and (v) improved drainage facilities. The Mission and government agreed to eliminate traffic congestion and improve road safety by constructing a new flyover at the intersection at km 0, where Highway 217 intersects with Highway 1.

6. In addition to road improvement, the additional financing will support the effort of the Ministry of Transport (MOT) to control the overloading on national road network and strengthen road maintenance management through (i) reviewing the existing governing procedures to control the overloading, (ii) purchasing weigh scales and providing on-the-job training for MOT staff on the use and maintenance of such equipment, (iii) (after completing the current project) piloting control of overloading on the improved Na Meo–Ba Thuoc road section to prevent premature deterioration, (iv) strengthening the governing procedures based on the findings from the pilot demonstration, and (v) monitoring the maintenance works have been provided for the completed road sections under the current project and proposing future road maintenance program for Na Meo–Ha Trung corridor as a whole.

B. Impact and Outcome

7. The impact and outcome statements for the overall project will remain unchanged since the additional financing will help the current project achieve its development objective. The impact will be increased international trade on the GMS Northeastern Corridor and the outcome will be an efficient transport across Lao PDR and Viet Nam border and on the project road sections of the GMS Northeastern Corridor.

C. Outputs

8. The overall project outputs will remain unchanged. The expected outputs of the overall project will be the project components of the GMS Northeastern Corridor in Viet Nam and Lao PDR are improved and road safety on the project road sections of Northeastern Corridor is improved. Through the additional financing under Output 1, (i) the road section from Cam Thuy to km 104 (Ba Thuoc) will be improved, and (ii) a new flyover in Ha Trung and approach roads will be constructed; and under Output 2, (i) road safety audit will be undertaken on the above road sections, and (ii) 12 communes along the project roads will increase their awareness on traffic rules and regulation. The project will support HIV/AIDS awareness and human trafficking prevention program and enable women to participate in implementation and monitoring of the project activities.

II. IMPLEMENTATION PLANS

9. The Project implementation will be completed by 30 December 2018, and the loan account closing will be 30 June 2019. Civil works are expected to begin on Quarter (Q) 3 of 2016. Advance contracting and retroactive financing was approved in September 2015.

10. Project readiness activities and filters are in Tables 1 and 2. The implementation plan is in Table 3.

A. Project Readiness Activities

Table 1: Project Readiness Main Activities

Indicative Activities	2015							2016					Responsible
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
Advance contracting actions			X										ADB
Retroactive financing actions						X							ADB
Establish project implementation arrangements													The current PMU1 will continue
ADB Board approval						X							ADB
Loan signing									X				ADB, SBV
Government legal opinion provided										X			MOJ, SBV
Government budget inclusion					X								MOF
Loan effectiveness												X	ADB

ADB = Asian Development Bank; MOF = Ministry of Finance; MOJ = Ministry of Justice; PMU = project management unit; SBV = State Bank of Viet Nam

Table 2: Project Readiness Filters – Viet Nam

No	Key Project Preparation Elements	Stage of Project Preparation			Remarks
		Identification/ Conceptualization	Fact-finding	Negotiations	
1	Project priority	Inclusion in ODA Requesting List			LA and PO identified
2	Approval of PDO (PPTA)				N/A
3	Concept Paper clearance				N/A
4	Approval of PDO (Loan)		Approved by Prime Minister		Approved 3 June 2015
5	Approval of the updated FS			Approved by MOT	Approved on 6 August 2015
6	Project Administration Manual		PAM drafted	Confirmed	
7	Counterpart Funds	Defined	Agreed	First-year funds confirmed	
8	PMU Establishment	PMU1 will continue	Staffing levels and TORs agreed		
9	Project Implementation Plan		Drafted	Completed and agreed	
10	Updated Initial Environmental Examination, Environmental Assessment and Review Framework, Resettlement and Ethnic Minority Development Plan	Requirements defined	Agreed	Confirmed	
11	Procurement Plan		Agreed	Confirmed	
12	Auditing Arrangements and TOR		TOR agreed	Confirmed	
13	Preparation for Consultant Recruitment	Requirements defined	TORs drafted	TORs and RFP confirmed	Under the retroactive financing a contract is expected to be signed before loan effectiveness

EIA = environmental impact assessment; FS = feasibility study; LA = line agency; MOU = memorandum of understanding; MOT = Ministry of Transport; N/A = not applicable; PAM = project administration manual; ODA = official development assistance; PDO = project detailed outline; PMU = project management unit; PPTA = project preparatory technical assistance; PO = project owner; RFP = request for proposal; TOR = terms of reference.

B. Overall Project Implementation Plan

Table 3: Project Implementation Schedule

Activity	2015				2016				2017				2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Preparation																				
Project Approval				▲																
Signing of Loan Agreement					▲															
Loan Effectiveness						▲														
Preparation and approval of Detailed Design under the current project				—	—															
Supervision Consultants																				
Recruitment					—	—	—	—												
Construction Supervision (including HIV Awareness and Road Safety program and GAP Implementation)									—	—	—	—	—	—	—	—				
Civil Works																				
Procurement																				
- Approval of Bid Documents						▲														
- Tendering/Award						—	—	—												
Construction									—	—	—	—	—	—	—	—				
Land Acquisition and Resettlement including bidding and utility relocation					—	—	—	—	—	—	—	—								
UXO Clearance						—	—	—												
Benefit Monitoring																				▲
External Monitoring										▲			▲							
Environmental Monitoring										▲			▲							▲
External Audit																				
Recruitment										—	—	—								
Auditing										▲										▲
Loan Account Closing																				▲

GAP = gender action plan; Q = quarter; UXO = unexploded ordnance.

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations – Roles and Responsibilities

11. The Executing Agency will be the Ministry of Transport (MOT) and Project Management Unit No 1 (PMU1) will be Implementing Agency 1, which has been implementing the current project. PMU1 will be responsible for procurement, contract management, implementation of the gender action plan, HIV awareness and road safety programs. The Agency for Land Acquisition and Resettlement under Thanh Hoa Provincial People's Committee) will be the Implementing Agency 2 for the implementation of the resettlement and ethnic minority development plan (REMDP) including procurement of civil works for utility relocation. They will require support and assistance from PMU1 to implement the REMDP effectively. Overall project coordination will be the responsibility of the MOT vice-minister assigned to the project. This project administration manual was written and agreed upon between ADB and MOT during project preparation and will be used by PMU1 during project implementation.

Project implementation organizations	Management Roles and Responsibilities
<ul style="list-style-type: none"> • State Bank of Viet Nam 	<ul style="list-style-type: none"> ➤ Borrower
<ul style="list-style-type: none"> • Ministry of Transport 	<ul style="list-style-type: none"> ➤ Executing Agency <ul style="list-style-type: none"> • Provide policy guidance to PMU1 and grant approvals on procurement plan, bidding results and contract awards • Ensures loan covenants complied with
<ul style="list-style-type: none"> • Project Management Unit 1 (PMU1) 	<ul style="list-style-type: none"> ➤ Implementing Agency <ul style="list-style-type: none"> • Ensures quality control for works • Ensure community road safety and HIV programs implemented, and Environmental Management Plans and Gender Action Plan completed • Provides periodic reports to ADB • Carry out procurement/recruitment activities • Prepare disbursement schedules and withdrawal applications • Disburses counterpart funds • Focal point for inter-agency coordination with ADB and relevant agencies of the Borrower
<ul style="list-style-type: none"> • Agency for Land Acquisition and Resettlement under Thanh Hoa Provincial Peoples Committee 	<ul style="list-style-type: none"> ➤ Implementing Agency for land acquisition and resettlement activities. <ul style="list-style-type: none"> • Implement all land acquisition and resettlement -related activities • Disburses payments for land acquisition and resettlement-related expenses • Procurement of civil works for utility relocation
<ul style="list-style-type: none"> • Asian Development Bank (ADB) 	<ul style="list-style-type: none"> ➤ Provides financing. <ul style="list-style-type: none"> • Prepares the project • Ensures procedures agreed are complied with • Ensures the planned activities are completed • Supports procurement of works and recruitment of consultants

Project implementation organizations
Management Roles and Responsibilities

- Disburses loan proceeds
-

B. Key Persons Involved in Implementation
Executing Agency

Department of Planning and Investment (Ministry of Transport)

Name : Nguyen Thanh Hang
 Position : Deputy Director General
 Telephone : (84-4) 3 942 6009
 Fax : (84-4) 3 942 3291
 Email address : hangkh@mt.gov.vn
 Office Address : 80 Tran Hung Dao, Hanoi, Viet Nam

PMU1 (Ministry of Transport)

Name : Hoang Dinh Phuc
 Position : General Director
 Office Address : 308 Minh Khai, Hai Ba Trung, Hanoi, Viet Nam
 Email Address : hoangphuc1201@yahoo.com
 Telephone : (84-4) 3 862 8980
 Fax : (84-4) 3 862 8983

ADB

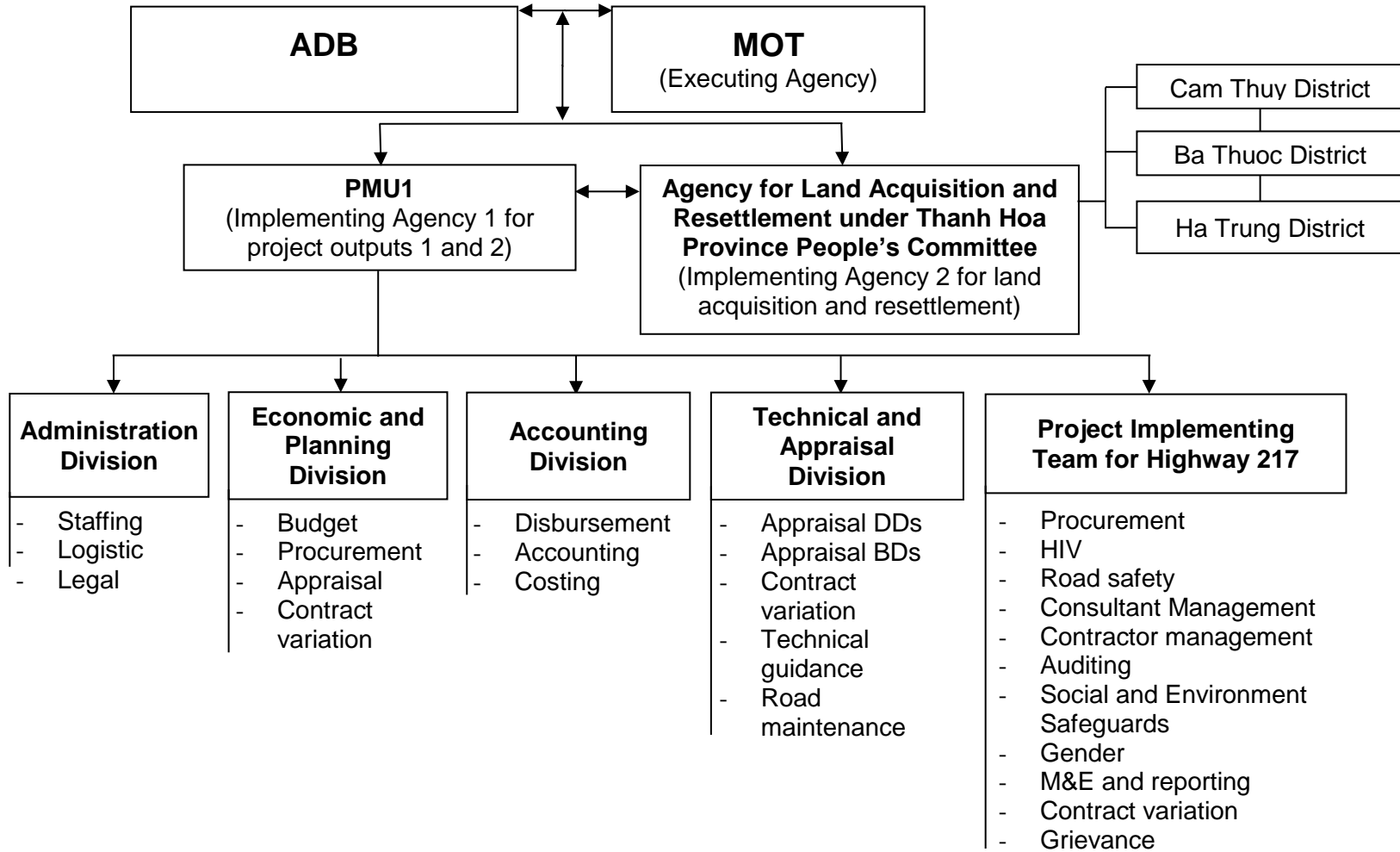
Southeast Asia Department
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Mission Leader

Staff Name : Erdene Oyunchimeg
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C. Project Organization Structure and Function



ADB = Asian Development Bank; BD = bidding documents; DD = detailed designs; M&E = monitoring and evaluation; MOT = Ministry of Transport; PMU = project management unit; VO = variation order; WA = withdrawal application.

IV. COSTS AND FINANCING

12. The total cost of the project is \$77.85 million, including contingencies, taxes, and financing charges during construction. See Table 4.

Table 4: Detailed Cost Estimates by Expenditure Category

Item	Total Amount	% of Base Cost
A. Base Costs^a		
1. Civil Works	44.26	68.8
2. Project Management Unit and other costs ^b	0.79	1.2
3. Consulting Services ^c	3.14	4.9
4. Land Acquisition and Resettlement	15.80	24.5
5. Unexploded Ordinance Clearance	0.37	0.6
Subtotal (A)	64.36	100.0
B. Contingencies^d		
1. Physical Contingency	6.44	10.0
2. Price Contingency	5.21	8.1
Subtotal (B)	11.65	18.1
C. Financing Charges During Implementation^e	1.84	2.9
Total	77.85	121.0

^a In mid-2015 prices, includes taxes and duties of \$4.46 million to be financed from government resources in cash contribution for road civil works and consultants. Transportation and insurance costs may be financed by the ADB loan. ADB will fully finance land acquisition and resettlement which includes \$1.75 million for relocating of the public utilities inclusive of \$0.15 million in taxes and duties.

^b Includes the costs of the packages 6 to 9.

^c Including construction supervision, external monitor, and financial auditor

^d Physical contingencies are computed at 10% of base costs. Price contingencies are computed for foreign exchange costs and local currency costs based on the annual rates includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

Annual Rate	2015	2016	2017	2018	2019	2020	2021
Foreign currency	0.3%	1.5%	1.4%	1.5%	1.5%	1.5%	1.5%
Local currency	5.5%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%

^e Includes interest charges for ADB loan computed at 2.0% per annum during the project implementation period
Source: Asian Development Bank estimates.

13. The government has asked ADB to finance part of road civil works, consulting services for construction supervision and financial auditing, and full land acquisition and resettlement cost. The eligibility of land acquisition and resettlement for ADB financing was determined through a due diligence assessment, which focused on (i) the expected productive nature of land to be acquired, (ii) suitability of land market conditions, (iii) adequacy of administrative arrangements to ensure transparent and efficient transfer of funds, (iv) risk profile of the transaction, and (v) soundness of the monitoring and evaluation arrangements. Based on the results of the assessments, ADB concluded that all requirements had been met.¹

14. The financing plan for the project is shown in Table 5. ADB will provide a loan of SDR50,440,000.00 (\$71.13 million equivalent) from ADF, and the Government will provide \$6.72 million.

¹ Supplementary appendix: Due Diligence for Use of Loan Funds for Land Acquisition and Resettlement (available upon request).

Table 5: Financing Plan

Source	Amount (\$ million)	%
Asian Development Bank (ADB)	71.13	91.37
Government	6.72	8.63
Total	77.85	100.00

Source: ADB estimates.

Table 6: Allocation and Withdrawal of Loan Proceeds

Item	Amount Allocated (\$ million)	ADB FINANCING
		Percentage and Basis for Withdrawal from the Loan Account
1 Civil works	40.23	100% of total expenditure claimed*
2 Consulting Services	2.64	100% of total expenditure claimed*
3 Land Acquisition and Resettlement	15.80	100% of total expenditure claimed
4 Interest During Construction	1.84	100% of amount due
5 Unallocated	10.62	
Total	71.13	

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

A. Detailed Cost Estimates by Financier

Item	ADB		Government				Total Cost A+D=E
	Amount	Fin % of Cost Cat	Amount	Taxes & Duties	Total Amount	Fin % of Cost Cat	
	A	A/E	B	C	B+C=D	D/E	
A. Investment Cost^a							
1. Civil Works							
a. km 59.9–km 104.475	32.47	90.90	0.00	3.25	3.25	9.10	35.72
b. Flyover	7.76	90.90	0.00	0.77	0.77	9.00	8.54
2. Consulting Services							
a. Construction Supervision/ HIV/Gender/Road Safety	2.54	86.94	0.00	0.38	0.38	13.06	2.92
b. External Financial Audit ^b	0.10	86.94	0.00	0.01	0.01	13.06	0.11
c. External Resettlement Monitoring	0.00	0.00	0.10	0.01	0.11	100.00	0.11
3. Land Acquisition and Resettlement ^c	15.80	100.00	0.00	0.00	0.00	0.00	15.79
4. Unexploded Ordnance Clearance	0.00	0.00	0.34	0.03	0.37	100.00	0.37
Subtotal (A)	58.67		0.44	4.46	4.90		64.36
B. Recurrent Cost							
1. Project Management Unit and other cost ^d	0.00	0.00	0.79	0.00	0.79	100.00	0.79
Subtotal (B)	0.00	0.00	0.79	0.00	0.79		0.79
C. Contingencies^e							
1. Physical Contingency	5.87	91.15	0.57	0.00	0.57	8.85	6.44
2. Price Contingency	4.75	91.15	0.46	0.00	0.46	8.85	5.21
Subtotal (C)	10.62		1.03		1.03		11.65
D. Financing Charges During Implementation^f	1.84		0.00	0.00	0.00	0.00	1.84
Total	71.13	91.37	2.26	4.46	6.72	8.63	77.85

ADB = Asian Development Bank; km = kilometer.

^a in mid-2015 prices adjusted for inflation based actual price adjustments from ongoing contracts in Viet Nam for 2016–2018. Includes taxes and duties of \$4.46 million for road civil works and consultants to be financed from Government resources.

^b Annual audit cost of approximately \$0.11 million to be financed by ADB.

^c Land acquisition and resettlement costs includes \$1.75 million for relocating of the public utilities inclusive the taxes and duties of \$0.15 million.

^d Includes the costs of the packages 6 to 9.

^e Physical contingencies are computed at 5% base costs. Price contingencies computed for foreign exchange costs and local currency costs based on the annual rates includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

Annual Rate	2015	2016	2017	2018	2019	2020	2021
Foreign currency	0.30%	1.50%	1.40%	1.50%	1.50%	1.50%	1.50%
Local currency	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

^f Includes interest charges for ADB loan computed at 2.0% per annum during the project implementation period.

Source: Asian Development Bank estimates.

B. Detailed Cost Estimates by Year

Items	Total Cost (\$ million)	2015	2016	2017	2018	2019
		0%	25%	30%	45%	0%
A. Base Cost^a						
1. Civil Works						
a. km 59.9–km 104.475	35.72	0.0	8.93	10.72	16.07	0.0
b. Flyover	8.54	0.0	2.14	2.56	3.84	0.0
2. Project Management Unit and other cost ^b	0.79	0.0	0.20	0.24	0.36	0.0
3. Consulting Services	3.14	0.0	0.79	0.94	1.41	0.0
a. Construction Supervision/HIV/ Gender/Road Safety						
b. External Financial Audit						
c. External Resettlement Monitoring						
		0%	65%	20%	15%	0%
4. Land Acquisition and Resettlement ^c	15.80	0.0	10.27	3.16	2.37	0.0
5. Unexploded Ordnance Clearance	0.37	0.0	0.24	0.07	0.06	0.0
Subtotal (A)	64.36	0.0	22.56	17.69	24.11	0.0
B. Contingencies^d						
		0%	25%	30%	45%	0%
1. Physical Contingency	6.44	0.0	1.61	1.93	2.89	0.0
2. Price Contingency	5.21	0.0	1.30	1.56	2.35	0.0
Subtotal (B)	11.65	0.0	2.91	3.49	5.24	0.0
C. Financing Charges During Implementation^e						
Total	1.84	0.0	0.46	0.55	0.83	0.0
Total	77.85	0.0	25.93	21.74	30.18	0.0

km = kilometer.

^a in mid-2015 prices adjusted for inflation based actual price adjustments from ongoing contracts in Viet Nam for 2016–2018.

Includes taxes and duties of \$4.46 million for road civil works and consultants to be financed from Government resources.

^b Includes the costs of the packages 6 to 9.

^c Includes \$1.75 million for relocating of the public utilities inclusive of the taxes and duties of \$0.15 million to be financed by ADB.

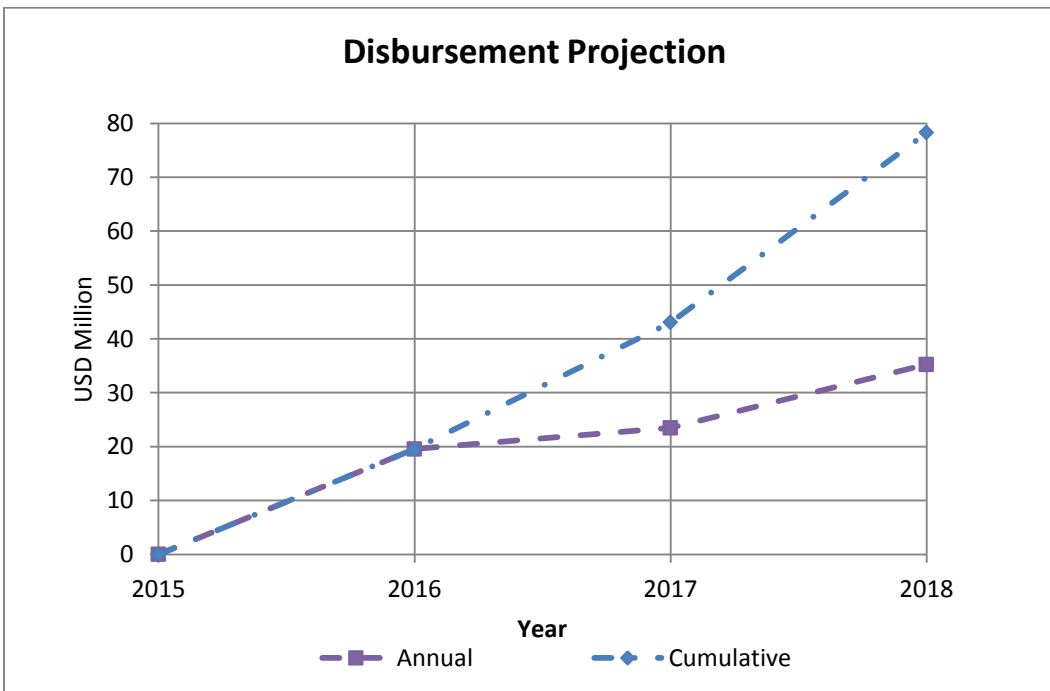
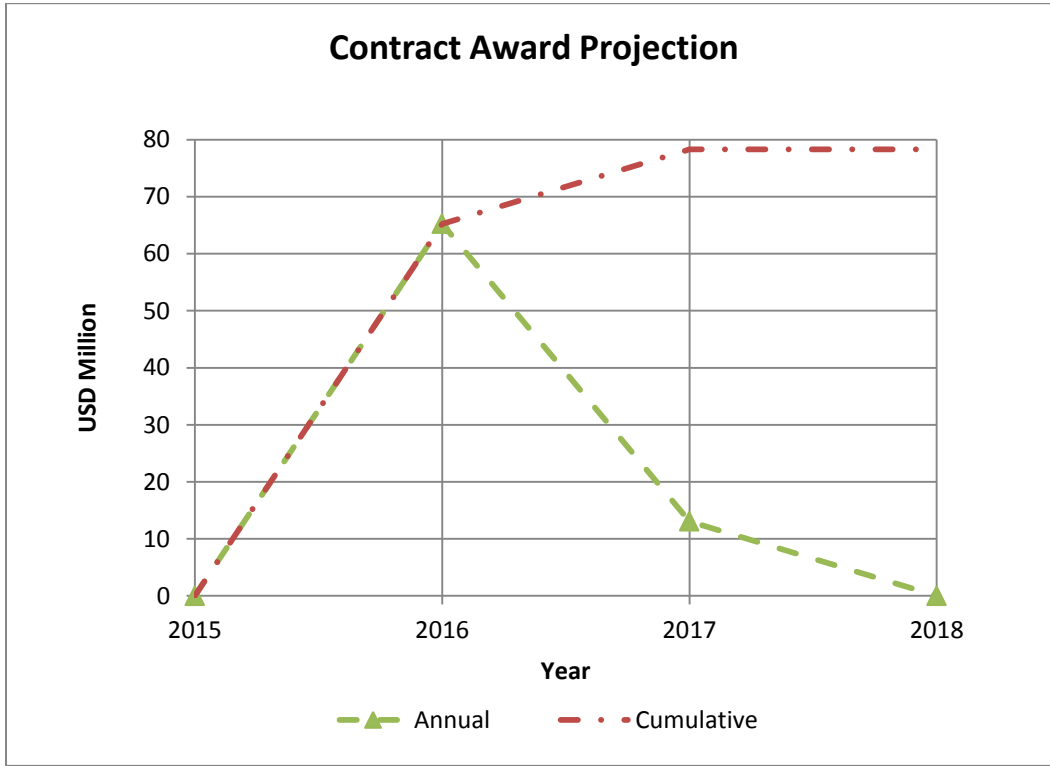
^d Physical contingencies are computed at 5% base costs. Price contingencies computed for foreign exchange costs and local currency costs based on the annual rates includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

Annual Rate	2015	2016	2017	2018	2019	2020	2021
Foreign currency	0.3%	1.5%	1.4%	1.5%	1.5%	1.5%	1.5%
Local currency	5.5%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%

^e Includes interest charges for ADB loan computed at 2.0% per annum during the project implementation period.

Source: Asian Development Bank estimates.

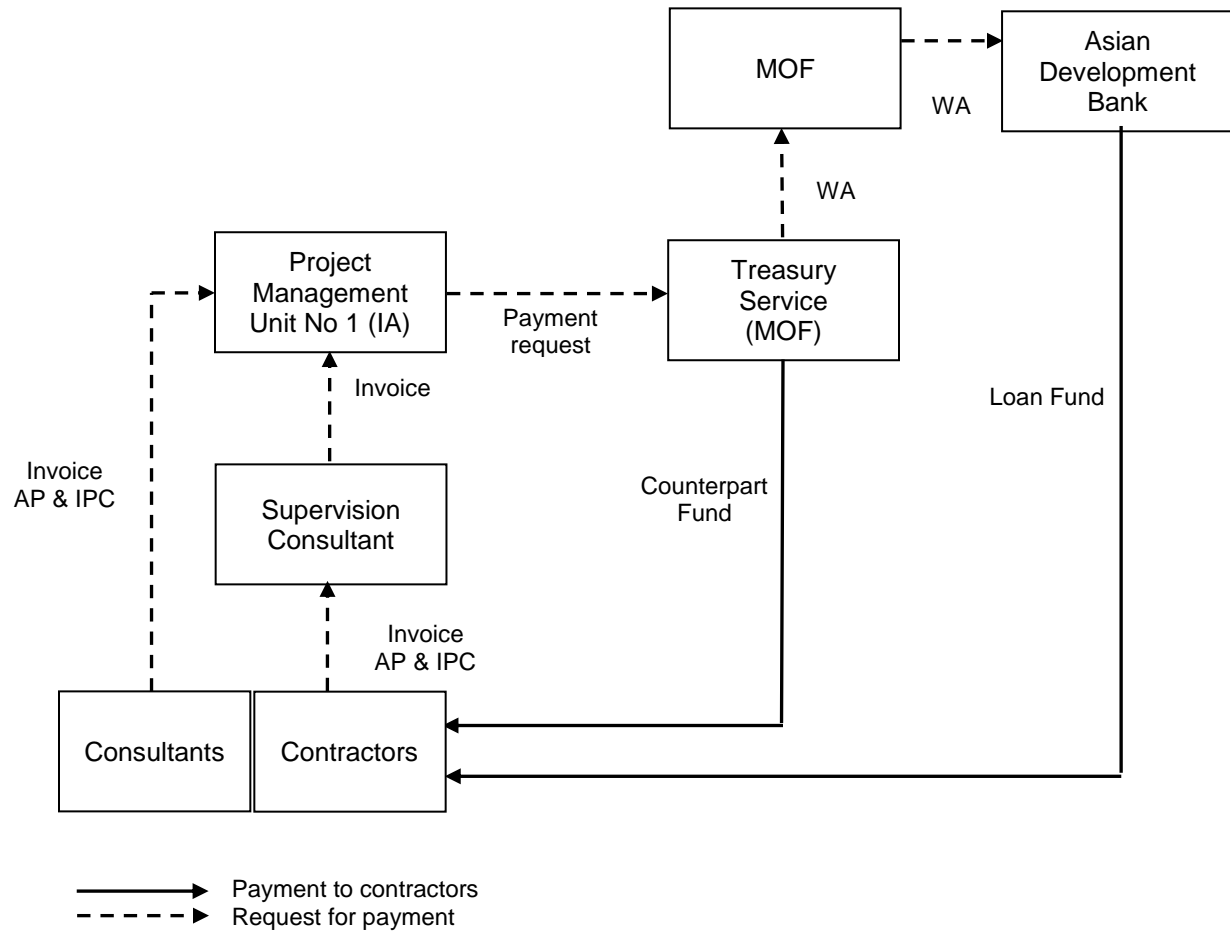
C. Contract Award and Disbursement Projections Curves



D. Fund Flow Diagrams

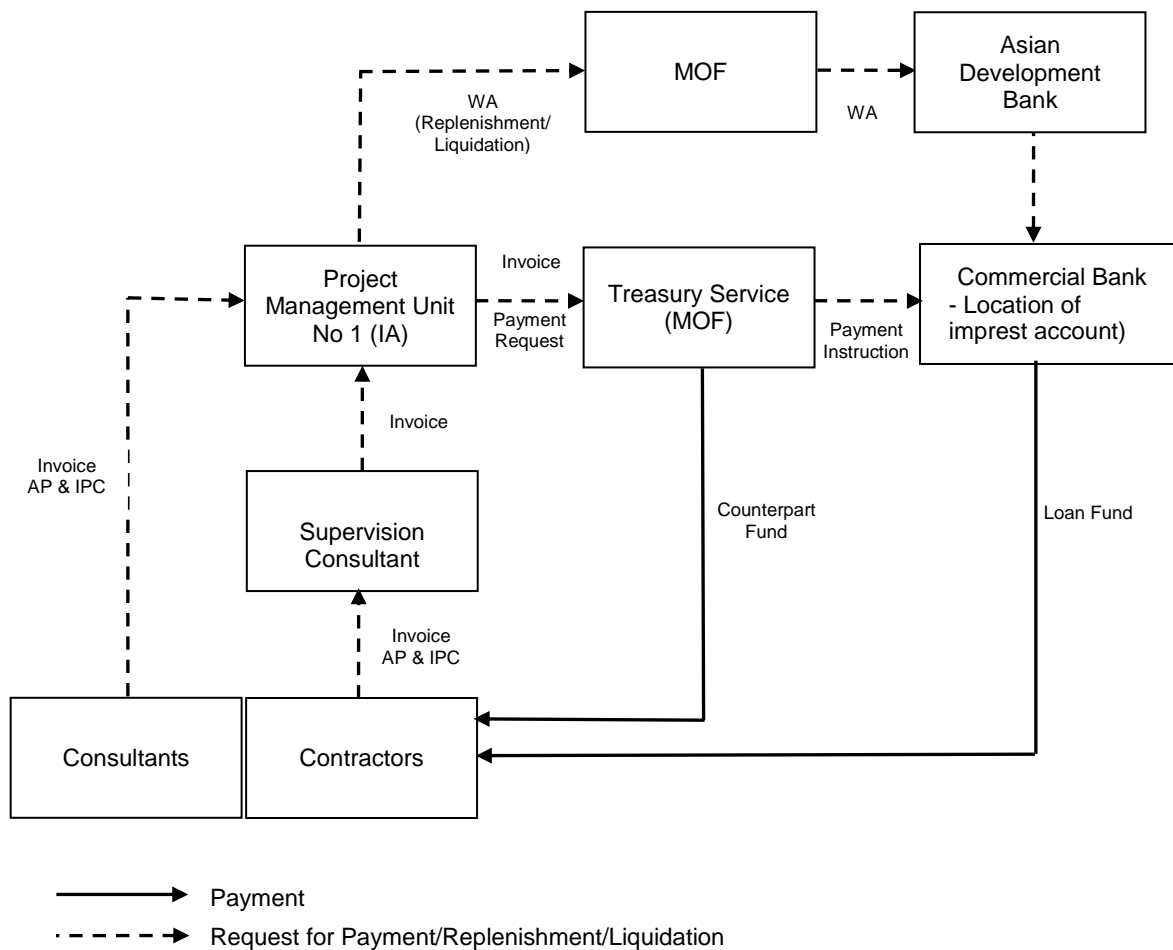
15. The following figures show the various flow of funds

DIRECT PAYMENT FOR CIVIL WORKS and CONSULTANTS



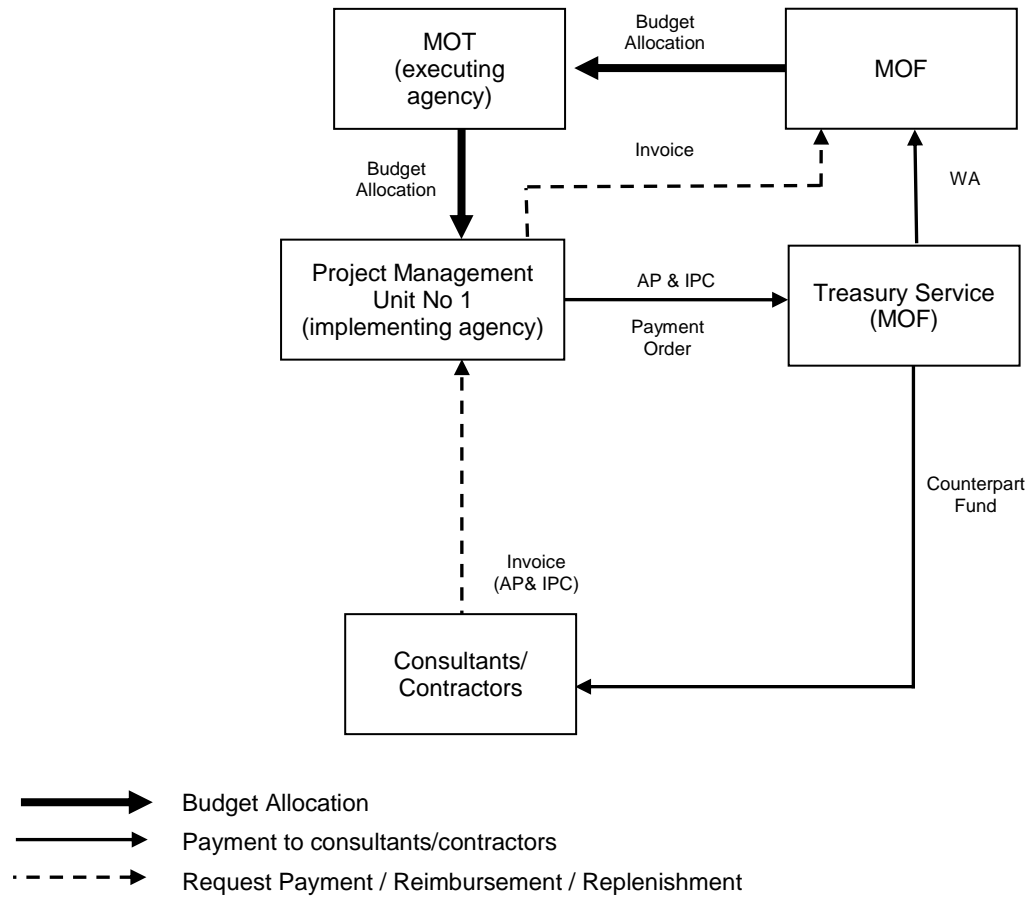
AP = advance payments; IA = implementing agency; IPC = interim payment certificates; MOF = Ministry of Finance; WA = withdrawal applications.

IMPREST ACCOUNT FLOW FOR CIVIL WORKS and CONSULTANTS



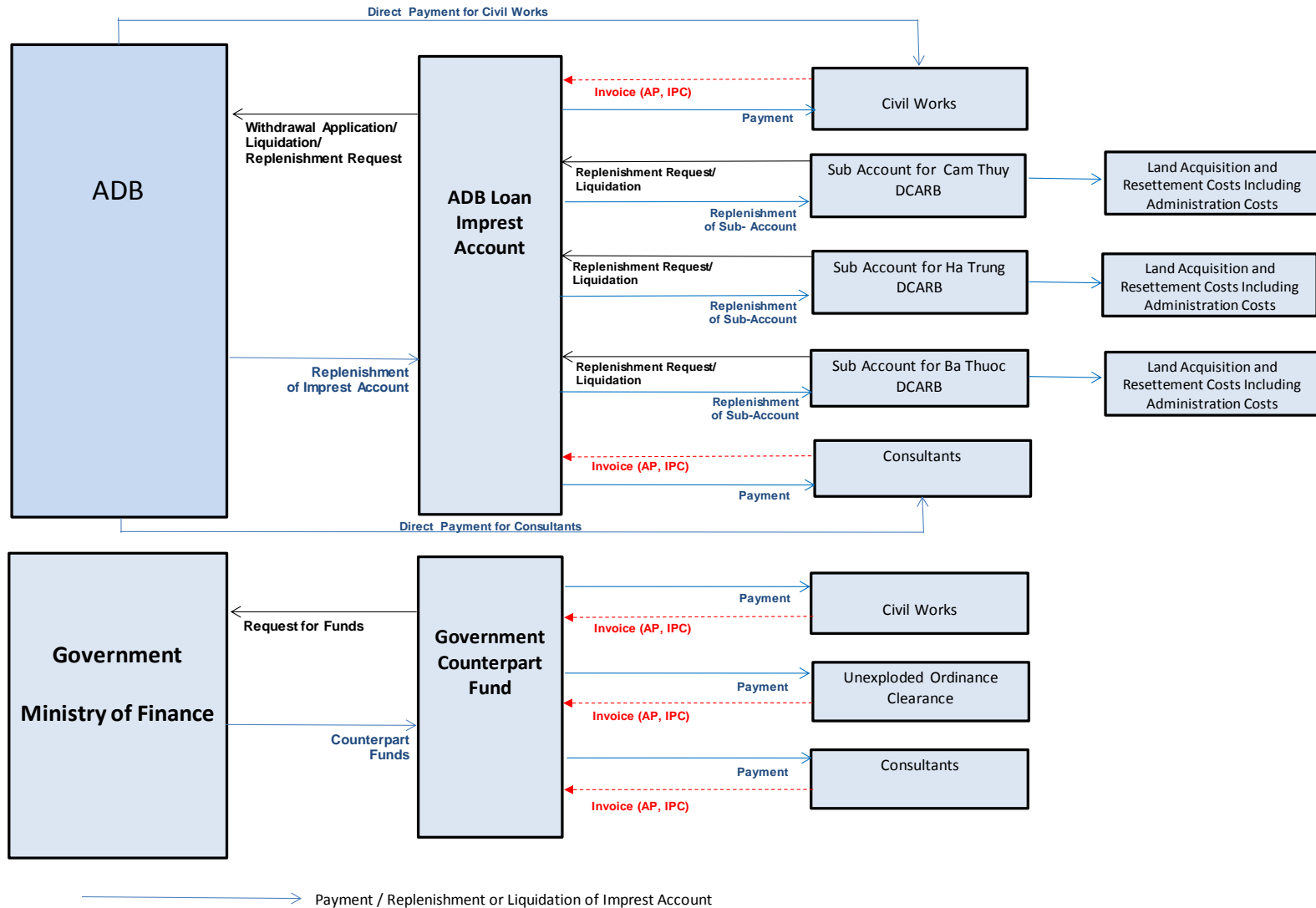
AP = advance payments; IA = implementing agency; IPC = interim payment certificates; MOF = Ministry of Finance; WA = withdrawal applications.

CASH FLOW - Counterpart Fund (For Civil works and Consultant Contracts)



AP = advance payments; IPC = interim payment certificates; MOF = Ministry of Finance; WA = withdrawal applications.

Fund Flow for Imprest Account and Sub-Accounts



DCARB = District Compensation, Assistance, and Resettlement Board; AP = advance payment; IPC = interim payment certificate.

V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

16. The Financial Management Assessment reveals that PMU1 has no serious obstacles to financial management for the project implementation the original loan and additional financing. PMU1 have extensive experience in implementing projects financed by ADB, and other external international financial institutions. PMU1 is adequately staffed with experienced and qualified financial management professionals. Since the accounting staff in the PMU1 are experienced in financial management practices for projects funded by ADB and PMU1 have satisfactory financial management arrangements in terms of funds flow, staffing, accounting policies and procedures, segregation of duties, budget control, cash and bank management, reporting, internal control, and external audit, and information systems, the financial management capacity and arrangement for project implementation for the original loan and the additional financing is adequate.

B. Disbursement Arrangements

17. The Loan proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time) and detailed arrangements agreed upon between the Government and ADB. Online training for project staff on disbursement policies and procedures is available at: http://wpqr4.adb.org/disbursement_elearning. Project staff are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control.

18. A separate imprest account will be established in commercial bank selected by SBV. The imprest account will be managed, replenished, and liquidated in accordance with ADB's *Loan Disbursement Handbook* and detailed arrangements agreed upon between the Government and ADB. The currency of the imprest account is the U.S. dollar. The imprest account is to be used exclusively for ADB's share of eligible expenditures. The PMU1, who established the imprest account in its name, is accountable and responsible for proper use of advances to the imprest account, including advances to the subaccounts.¹

19. The total outstanding advance to the imprest account should not exceed the estimate of ADB's share of expenditures to be paid through the imprest account for the forthcoming 6 months. The PMU1 may request for initial and additional advances to the imprest account based on an Estimate of Expenditure Sheet² setting out the estimated expenditures to be financed through the account for the forthcoming six (6) months. Supporting documents should be submitted to ADB or retained by the PMU1 in accordance with ADB's *Loan Disbursement Handbook* when liquidating or replenishing the imprest account.

20. The statement of expenditure (SOE) procedure will be used to reimburse/liquidate eligible expenditures. 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.

21. Sub-accounts for the ADB loan will be established in Cam Thuy, Ba Thuoc and Ha Trung districts to be used for land acquisition and resettlement expenses. Separate subaccounts will be established at the State Treasury in Thanh Hoa Province and maintained by

¹ ADB loan may finance bank charges.

² ADB. 2015. *Loan Disbursement Handbook*. Appendix 10B.

District Compensation, Assistance, and Resettlement Boards (DCARBS) for each funding source. The subaccounts are to be used exclusively for ADB's share of eligible expenditures. The PMU1 should ensure that every liquidation and replenishment of each sub-account is supported by sufficient documentation in accordance with ADB's *Loan Disbursement Handbook*. Use of the sub-account for the ADB loan will be in accordance with procedures in ADB's *Loan Disbursement Handbook* and limited to the DCARBS providing funds for payments (i) to affected persons for land and other assets acquired to facilitate construction of the Project; (ii) to affected persons for resettlement compensation and allowances; and (iii) for incremental expenses incurred by the DCARBS and concerned government agencies necessary for implementing the agreed resettlement and ethnic minority development plan. Specific to payment for relocation of public utilities, use of sub-account for the ADB loan will be in accordance with procedures in ADB's Procurement Guidelines (2015, as amended from time to time)³ and ADB's *Loan Disbursement Handbook*.⁴

22. Liquidation of any amount paid from the sub-account for land or other assets will require (i) a validation certificate issued by a qualified appraiser engaged by the DCARBS to carry out replacement cost surveys; and (ii) the results of the detailed measurement survey (DMS) and individual compensation plan signed by the affected household, and that receipt of compensation payment is acknowledged by the affected household. The DCARBS will administer the subaccounts and be responsible for ensuring they are operated in accordance with ADB's requirements, authorize all withdrawals from the sub-account, and ensure that the sub-account is audited as part of the regular annual audits of project accounts.

23. The request for initial and additional advances to the imprest account should be accompanied by an Estimate of Expenditure Sheet⁵ setting out the estimated expenditures for the forthcoming six months of project implementation. For every liquidation and replenishment request of the imprest account, the borrower will furnish to ADB (i) Statement of Account (Bank Statement) where the imprest account is maintained, and (ii) the Imprest Account Reconciliation Statement reconciling the above mentioned bank statement against the executing agency's records.⁶

24. Before the submission of the first withdrawal application, the SBV 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 MOT/PMU1, and subsequently claimed from ADB (i) through reimbursement; or (ii) from the imprest/sub-account, unless otherwise accepted by ADB.

C. Accounting

25. The PMU1 will open a separate project account and records by funding source for all expenditures incurred on the Project. Project account will follow international accounting principles and practices. PMU1 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. The project accounts will follow accrual basis

³ Available at: <http://www.adb.org/Documents/Guidelines/Procurement/Guidelines-Procurement.pdf>

⁴ ADB loan may finance bank charges.

⁵ Available in Appendix 10B of the *Loan Disbursement Handbook*.

⁶ Follow the format provided in Appendix 10C of the *Loan Disbursement Handbook*.

of accounting, and will be prepared following Vietnamese and International Accounting Standards.

D. Auditing

26. The PMU1 will cause the detailed consolidated project financial statements to be audited in accordance with International Standards on Auditing, 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 6 months of the end of the fiscal year by PMU1.

27. The annual audit report for the project financial statements 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 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.

28. 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.

29. MOT and PMU1 have been made aware of ADB's approach 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.

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

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting

31. It was agreed to apply advance contracting for implementation of REMDP, recruitment of consultants, and procurement of goods and civil works. All advance contracting will be undertaken in conformity with ADB's Procurement Guidelines (2015, as amended from time to time) and ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).¹

32. The borrower, executing and implementing agencies have been advised that ADB's approval of advance contracting does not commit ADB to finance any part of this project.

33. To facilitate advance contracting, unallocated amount under current project Loan 2703 will finance the consulting services cost for (i) preparing of detailed design of the project road section from Cam Thuy to km 104.475 (Ba Thuoc) and flyover, (ii) finalizing the draft bidding documents/or master bidding documents for civil works and request for proposal for consulting services for construction supervision, and (iii) updating REMDP, undertaking detailed measurement survey, setting out right of way posts, and implementing resettlement and land acquisition activities.

B. Retroactive Financing

34. In order to ensure timely commencement of civil works in Q4 2016, it was agreed to use up to \$14.2 million, the equivalent of 20% of the ADB loan, to finance eligible expenditures related to land acquisition and resettlement including utility relocation, advances to civil works contractors and consultants incurred before loan effectiveness, but not more than 12 months before the signing of the loan agreement.

C. Procurement of Goods, Works and Consulting Services

35. Procurement will use ADB's Procurement Guidelines. Based on the lessons learned from on the going project and construction market conditions in Viet Nam, it was agreed to procure two contract packages for improving road (with two lots) and constructing a flyover using international competitive bidding (ICB) method, and five packages for utility relocation using national competitive bidding (NCB) method. The proposed review method and procurement procedure are in the procurement plan.

36. ICB method will be used for civil works contracts estimated to cost \$10 million or more, and supply contracts valued at \$2 million or higher. Shopping may be used for contracts for procurement of works and equipment worth less than \$100,000 as needed.

37. Recruitment of consultants that will be financed by additional loan will use ADB's Guidelines on the Use of Consultants. The terms of reference (TOR) for all consulting services are detailed in Section D. The consulting firm for construction supervision will be selected using the Quality-and Cost-Based selection method with a quality cost ratio of 80:20 following the full technical proposal procedure. The assignment is estimated to start in Q4 2016 and completed in Q4 2018.

¹ Available at: <http://www.adb.org/Documents/Guidelines/Consulting/Guidelines-Consultants.pdf>

38. An independent financial auditor will be recruited using Least Cost Selection method by PMU1 to annually audit project financial statements using international auditing standards. The consulting services are expected to start from Q1 2017 to Q1 2019. Audit reports will be prepared for every fiscal year; the reports will be delivered by June of the following year.

39. In addition, a national external monitoring agency for resettlement will be engaged by PMU1 and financed by counterpart funds. PMU1 will consult and seek concurrence from ADB on the terms of reference and draft contract to be used for engaging an external monitoring agency.

40. An 18-month procurement plan indicating procurement method threshold, review procedures, contract packages, and NCB guidelines are shown in the Procurement Plan under Section E.

D. Procurement Plan

Basic Data

Project Name: Second Northern Greater Mekong Subregion Transport Network Project (Additional Financing)	
Project Number: 41444	Approval Number:
Country: Viet Nam	Executing Agency: Ministry of Transport
Project Procurement Classification: B	Implementing Agency: Project Management Unit 1
Procurement Risk: Low	
Project Financing Amount: \$77.85 million	Project Closing Date: 30 June 2019
ADB Financing: \$71.13 million	
Cofinancing (ADB Administered): None	
Non-ADB Financing: \$6.72 million	
Date of First Procurement Plan xx/xx/xx	Date of this Procurement Plan: 25 Sept 2015

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

1. Procurement and Consulting Methods and Thresholds

41. 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
ICB for Works	\$10,000,000	
ICB for Goods	(\$2,000,000 to \$5,000,000)	
NCB for Works	Beneath that stated for ICB, Works	Prior review for all documents related to 1st NCB package
NCB for Goods	Beneath that stated for ICB, Goods	
Shopping for Works	Below \$100,000	
Shopping for Goods	Below \$100,000	

ICB = international competitive bidding; NCB = national competitive bidding.

Consulting Services

Method	Comments
Quality and Cost Based Selection	
Quality Based Selection	
Consultants' Qualifications Selection	
Least-Cost Selection	
Fixed Budget Selection	

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

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

Package Number	General Description	Estimated Value	Procurement Method	Review (Prior/Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments
Package 1	Flyover	8.97	ICB	Prior	1S1E	2Q/2016	Large Works, no PQ, Domestic Pref. NA
Package 2, Lot 1	km 59.9 to km 82.2	20.83	ICB	Prior	1S1E	2Q/2016	Large Works, no PQ Dom Pref. NA
Package 2 Lot 2	km 82.2 to km 104.475	16.67	ICB	Prior	1S1E	2Q/2016	Large Works, no PQ Dom Pref. NA

E = envelope; ICB = international competitive bidding; km = kilometer; NA = not applicable; NCB = national competitive bidding; PQ = prequalification; Q = quarter; S = stage.

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

43. 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
Package-3	Construction Supervision	3.06	QCBS	Prior	1Q/2016	Full	International, 80:20
Package -4	External Auditor	0.12	LCS	Prior	1Q/2016	Biodata	National

LCS = least cost selection; Q = quarter; QCBS = quality- and cost-based selection.

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

44. 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 (\$ million)	Number of Contracts	Procurement Method	Review (Prior/Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments
UW-BT1	Utility works (Electric poles) for Ba Thuoc District	0.367	1	NCB	Prior		1Q/2016	
UW-BT2	Utility works (Others) for Ba Thuoc District	0.360	1	NCB	Post	1S1E	1Q/2016	
UW-CT1	Utility works	0.546	1	NCB	Post	1S1E	1Q/2016	

Package Number	General Description	Estimated Value (\$ million)	Number of Contracts	Procurement Method	Review (Prior/Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments
	(Electric Poles) for Cam Thuy District							
UW-CT2	Utility works (Others) for Cam Thuy District	0.460	1	NCB	Post	1S1E	1Q/2016	
UW-HT1	Utility works for Ha Trung District	0.018	1	NCB	Post	1S1E	1Q/2016	

BT = Ba Thuoc; CT = Cam Thuy; E = envelope; HT = Ha Trung; NCB = national competitive bidding; Q = quarter; S = stage; UW = utility works

Consulting Services

Package Number	General Description	Estimated Value (\$ million)	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

45. 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 (\$ million, cumulative)	Estimated Number of Contracts	Procurement Method	Review (Prior/Post)	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 ¹

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

46. 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 (\$ million)	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 (\$ million)	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 (\$ million)	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 (\$ million)	Contract Value	Recruitment Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award	Date of Completion	Comments

D. Non-ADB Financing

47. 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 (\$million, cumulative)	Estimated Number of Contracts	Procurement Method	Comments
Package 5 – Unexploded ordnance clearance	0.393	1	Government procedure	

Consulting Services

General Description	Estimated Value (\$ million, cumulative)	Estimated Number of Contracts	Recruitment Method	Comments
Package 6 – Appraisal of Detailed Design and Cost estimate for Civil Works	0.030	1	Government procedure	
Package 7 – External Resettlement Monitor	0.107	1	Government procedure	
Package 8 – Final Statement Audit	0.062	1	Government procedure	
Package 9 – External checking and audit of construction quality	0.103	1	Government procedure	

E. National Competitive Bidding

1. General

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

2. Eligibility

- (i) The eligibility of bidders shall be as defined under section 1 of the ADB Procurement Guidelines; accordingly, no bidder or potential bidder should be declared ineligible for reasons other than those provided in section I of the ADB Procurement Guidelines, as amended from time to time. Conditions of bidders’ participation shall be limited to those that are essential to ensure bidders’ capability to fulfill the contract in question. Foreign bidders shall be eligible to participate under the same conditions as national bidders. Foreign bidders shall not be asked or required to form joint ventures with, or be subcontractors to, national bidders in order to submit a bid.
- (ii) A firm declared ineligible by ADB cannot participate in bidding for an ADB-financed contract during the period of time determined by ADB.
- (iii) A bidder shall not have a conflict of interest, which term shall be defined in accordance with section 1 of ADB Procurement Guidelines.² Any bidder found to have a conflict of interest shall be ineligible for contract award.
- (iv) Government-owned enterprises in the Borrower’s country shall be eligible to participate as a bidder only if they can establish that they are legally and financially autonomous, operate under commercial law and are not dependent agencies of the Borrower or Sub-Borrower.
- (v) National sanction lists may only be applied with approval of ADB.³

² Detailed guidance on how to apply conflict of interest test is available under section 1 of ADB’s standard bidding documents for goods and works (as amended from time to time).

3. Preferences

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

4. Bidding Procedure

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

5. Time for Bid Preparation

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

6. Standard bidding documents

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

7. Bid Opening and Evaluation

- (i) Bids shall be opened in public, immediately after the deadline for submission of bids, regardless of the number of bids received.
- (ii) Except with the prior approval of ADB, merit points shall not be used in bid evaluation.
- (iii) No price adjustments shall be made for evaluation purposes in accordance with Article 117(6) of Decree 63 when unit rates offered by the bidder are determined to be abnormally low.
- (iv) Bidders shall be given commercially reasonable time period to respond to clarification requests.
- (v) Bidders shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations⁴.
- (vi) Except with the prior approval of ADB, negotiations contemplated under paragraphs 7 and 8 of Article 117 of Decree No. 63/2014/ND-CP shall not take place with any bidder prior to contract award.

³ For fraud and corruption cases, Section 50 of ADB's Integrity Principles and Guidelines provides that ADB may decide that another international financial institution's or legal or regulatory body's determination that a party has failed to adhere to appropriate ethical standards, as defined by any established system of principles, rules, or duties, including the laws or regulations of a state, constitutes that party's failure to maintain the highest ethical standards as required by ADB's Anticorruption Policy. The party may be subject to remedial action in accordance with the Integrity Principles and Guidelines. <http://www.adb.org/sites/default/files/integrity-principles-guidelines.pdf>

⁴ A minor, non-substantial deviation is one that, if accepted, would not affect in any substantial way the scope, quality, or performance specified in the contract; or limit in any substantial way, the Contracting entity rights or the Bidder's obligations under the proposed contract or if rectified, would not unfairly affect the competitive position of other bidders presenting substantially responsive bids.

- (vii) A bidder shall not be required, as a condition for award of contract, to undertake obligations not specified in the bidding documents or otherwise to modify the bid as originally submitted.

8. Rejection of All Bids and Rebidding

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

9. Publication of the Award of Contract Debriefing

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

10. Contract Administration

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

11. Fraud and Corruption

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

12. Right to Inspect/Audit

55. Each bidding document and contract financed by ADB shall include a provision requiring

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

VII. CONSULTANT'S TERMS OF REFERENCE

1. Construction Supervision Consulting Services

a. Objective

56. The objectives of the consulting services described in this TOR are: (i) supervision of civil works including monitoring the implementation of the environmental management plans by contractors; (ii) support to PMU1 (Implementing Agency-1) in its planning, coordinating, communicating, and reporting of project activities to ADB including resettlement; (iii) the implementation and evaluation of the HIV/human trafficking program, community-based road safety awareness program, and gender action plan (GAP); and (iv) provide an advice to MOT for keeping the Highway 217 in good condition. Resettlement and land acquisition will be undertaken by the Agency for Land Acquisition and Resettlement under the Thanh Hoa Provincial People's Committee (Implementing Agency-2).

b. Selection of consultants

57. The consulting firm will be selected using the quality-and cost-based selection method with a quality cost ratio of 80:20 following the full technical proposal procedure.

c. Duration of services

58. The assignment will be implemented from approximately Q4 2016 through Q4 2018.

d. Scope of Works

59. Supervision of civil works:

- (i) provide field technical and inspection services for materials and workmanship, and compliance with plans and specifications;
- (ii) prepare a traffic management plan for the construction sites that can be undertaken by contractors to mitigate negative impacts on residents;
- (iii) review and approve contractors' internal quality control system and site-specific environmental management action plans; and
- (iv) undertake road safety audit after the completion of civil works, and make necessary measures to ensure the recommendations are implemented.

60. For supporting to PMU1:

- (i) coordinate all project activities to ensure the integration of all work plans, and produce project progress reports;
- (ii) prepare and maintain a master project schedule, in a standard Gantt format, to cover all activities and tasks necessary for the successful completion of the proposed project, including activities managed by Implementing Agency 2;
- (iii) maintain a master budgeting and cost control that will provide a complete and accurate picture of all incurred expenditures and projected disbursements;
- (iv) develop key messages and informational products for the major stakeholders as part of a project communication plan;
- (v) strengthen a project website, if needed, to maintain description of project, road alignment maps, construction schedule, axle load limits on the project road and structures, and project stakeholders input and feedback among others specified in loan covenants; and

- (vi) update the baseline data in the design monitoring framework (DMF), strengthen the project performance management system (PPMS) established under Loan 2703, measure and report development changes being delivered during the project implementation.

61. For implementing and evaluating the HIV/human trafficking program, community-based road safety awareness program, and GAP:

- (i) review and update the HIV/human trafficking program, community-based road safety awareness program, and GAP prepared during the project preparation based on the lessons learned from the current project;
- (ii) implement updated programs/plan, report progress, and evaluate the results delivered; and
- (iii) prepare a 5-minute simulation video on community road safety awareness program activities which may include for traffic rules, interviews with school students, and a message from the leadership of commune.

62. For assisting MOT in sustaining of the good condition of Highway 217:

- (i) review the existing governing documents to control the overloading,
- (ii) purchase weigh scales and provide on-the-job training for MOT staff on the use and maintenance of such equipment,
- (iii) pilot controlling the overloading on the completed Na Meo–km 104.475 road section to prevent possible premature pavement damage,
- (iv) strengthen the governing documents based on the findings from the pilot demonstration,
- (v) track maintenance activities and expenditures that have been provided for the road section from km 59.8 to Ha Trung and the road sections completed under Loan 2703, and report to PMU1 and ADB;
- (vi) propose future road maintenance plan for Highway 217 in order to keep the targeted service level on entire corridor in order to meet with the international roughness index 4 as stipulated in loan covenants;

e. Staffing

63. For these services, about 507 person-months of input will be required. The detailed consultants' inputs are shown in Table 7.

Table 7: Detailed Consultants Inputs

No. TT	Position / Work Items	Position	Period	Input Staff-Month
A. International				
INT-01	Highway Engineer Project manager	1.0	26.0	26.0
INT-02	Highway Engineer cum Material Engineer	1.0	9.0	9.0
INT-03	Bridge and Structure Engineer	1.0	8.0	8.0
INT-04	Economic/Benefit Monitoring Evaluation Specialist	1.0	6.0	6.0
INT-05	Environmental Specialist	1.0	4.0	4.0
	Subtotal			53.0
B. National Consultant				
NAT-01	Deputy team leader	1.0	26.0	26.0
NAT-02	Structural Engineer	1.0	18.0	18.0
NAT-03	Highway Engineer	1.0	24.0	24.0
NAT-04	Material Engineer	1.0	24.0	24.0
NAT-05	Quantity Survey	1.0	24.0	24.0
NAT-06	Inspector Highway Engineer	6.0	24.0	144.0
NAT-07	Inspector Bridge Engineer	4.0	18.0	72.0
NAT-08	Asphalt Plant Inspector	3.0	6.0	18.0
NAT-09	Environmental Specialist	1.0	24.0	24.0
NAT-10	Highway/Road Safety Audit Specialist	1.0	10.0	10.0
NAT-11	Highway/Road Safety Awareness Specialist	1.0	11.0	11.0
NAT-12	Social and Gender Specialist	1.0	18.0	18.0
NAT-13	HIV Awareness/Anti-Human Trafficking Specialist	2.0	16.5	33.0
NAT-14	Economic/Benefit Monitoring Evaluation Specialist	1.0	8.0	8.0
	Subtotal			454.0

f. Detailed tasks to be undertaken

A. International Consultants

64. **Team Leader/Highway Engineer cum Road Maintenance** (international, 26 person-months). The following qualifications and experience are preferred:

- (i) suitable university degree (at least BSc) plus other training suitable for the areas needed by his assignments;
- (ii) 15 years of field working experience in broad-based construction supervision and management covering civil, structural, geotechnical engineering with 4 road and bridge construction projects as the Project Manager over extended periods;
- (iii) familiar with all the Vietnam's relevant construction codes and practices as well as Government's procedures for construction management;
- (iv) experience on transfer of technology to local staff of countries similar to Vietnam and on organization of workshop of highway sector; and
- (v) experience in similar geographic areas.

65. The team leader will act as the Engineer's Representative as set in the Fédération Internationale Des Ingénieurs-Conseils (FIDIC) for ICB and Project Manager for NCB to ensure that the civil works are constructed in accordance with its contract provisions.

66. His or her responsibilities will include but not limited to the following:

- (i) approve the contractor's work program, method statements, material sources, etc.;
- (ii) prepare and issue reports as defined subsequently;

- (iii) approve and/or issue working drawings, approve the setting out of the works and give instructions to the contractor;
- (iv) take measurements and keep measurement records;
- (v) maintain records, correspondence and diaries;
- (vi) certify work volume and recommend interim certificates for progress payments;
- (vii) certify completion of past or all of the works;
- (viii) ensure that contractors strictly follow the safety measures during the project implementation, provide a safety report as a part of the progress reports during the construction period;
- (ix) inspect the works at appropriate intervals during the defects liability period and issue the Defects Liability Certificate;
- (x) process the contractor's possible claims;
- (xi) ensure that Contractors streamline and expedite the process of completing contract works, assembling supporting documents and finalizing as-built drawings, and closely monitor their performance in this respect;
- (xii) provide the Employer with complete records, reports and approve contractors' as-built drawings for the works;
- (xiii) provide advice and on-job-training to PMU1 staff in contract administration.
- (xiv) provide support to PMU 1 as outlined in para. 55;
- (xv) deliver tasks outline in paras. 56 and 58; and
- (xvi) oversee and ensure the implementation of activities outlined in para. 57.

67. The **Highway Engineer cum Material Engineer** (international, 9 person-months). The following qualifications and experience are preferred:

- (i) suitable university degree plus other training suitable for the areas needed by his assignments;
- (ii) 10 years of professional experience with 3 relevant projects in establishing quality assurance (QA)/quality control (QC) procedures, setting up laboratories, and mix designs and testing procedures; and
- (iii) experience in similar geographic areas.

68. The tasks will include, but not limited to the following:

- (i) approve and/or issue working drawings, approve the setting out of the works and give instructions to the contractor;
- (ii) inspect materials and workmanship, and ensure compliance with plans and specifications;
- (iii) ensure adequate traffic management observed in the construction sites;
- (iv) ensure road safety audit recommendations are implemented; provide assistance to national road safety expert in a road safety awareness program;
- (v) prepare a quality control manual of works, including, but not limited to, establishing testing frequencies and acceptance criteria for all construction activities based on best international practices and Viet Nam's standards;
- (vi) develop a requirements for contractor's site laboratory and personnel to ensure that they are adequate and conform to work requirements;
- (vii) inspect and review the quality of materials and sources nominated by the Contractor, and ensure maximized use of resources and materials; and submit review findings and recommends to the Engineer/Project Manager;
- (viii) review the asphalt mix designs proposed by contractors and suggest modifications in the mix design, laying methods, sampling and testing procedure, and quality control measures to ensure required standard and consistency in quality at the commencement of items. Submit review findings and recommends

- to the Engineer/Project Manager;
 - (ix) based on the result of geological investigations and hydrological propose a slope stabilization method for deep excavations or high embankments, soft-soil treatment; and
 - (x) provide on-the-job training for local experts.
69. The **Bridge and Structure Engineer** (international, 8 person-months). The following qualifications and experience are preferred:
- (i) suitable university degree plus other training suitable for the areas needed by his assignments;
 - (ii) 10 years of professional experience with 3 relevant projects including extensive experience in supervision for drainage, bridge rehabilitation, and new bridge. The Bridge Engineer should have a thorough understanding of international standards and “best practices”, experience of construction of bridges involving design standards, technical specifications, establishing QA/QC procedures, etc.; and
 - (iii) experience in similar geographic areas.
70. The tasks will include, but not be limited to the following:
- (i) approve and/or issue working drawings, approve the setting out of the works and give instructions to the contractor;
 - (ii) prepare working drawings of road of bridges, culvert, and structure and discuss with Engineer/Project Manager any bridge design/construction issues and offer options;
 - (iii) inspect materials and workmanship, and ensure compliance with plans and specifications for improvement/correction if found necessary. Submit review findings and recommends to Engineer/Project Manager;
 - (iv) assist the Engineer/Project Manager to carry out necessary adjustments in the design/drawing required during construction due to the site requirement (location, foundation structure, sub-structure, and super-structure); and
 - (v) provide on-the-job training for local experts.
71. The **Environmental Expert** (international, 4 person-months). The following qualifications and experience are preferred:
- (i) suitable university degree plus other training suitable for the areas needed by his assignments;
 - (ii) 10 years of professional experience with 3 relevant projects in assessing environmental impact, and monitoring environment safeguards of road projects. Familiarity with ADB environmental guidelines is preferred; and
 - (iii) experience in similar geographic areas.
72. The tasks will be included; but not limited to the following:
- (i) undertake the initial monthly monitoring and guide national environmental expert (NIE) on-site inspection and report preparation;
 - (ii) undertake semi-annual monitoring and report preparation and guide NIE on these works;
 - (iii) with assistance from the NES, will design and conduct an environmental management capacity building and training program for PMU1/MOT staff;
 - (iv) prior to review by ADB, review the contractors' environmental management plans (CEMPs) and recommend to the construction supervision consultant (CSC) modifications to the CEMPs in order to be compliant with the: (a) environmental

- requirements of the construction contracts as reflected in the EMP, (b) environmental laws of the Government, and (c) ADB's Safeguards Policy Statement (SPS, 2009);¹
- (v) supervise ambient environmental baseline monitoring (water quality, air quality, and noise levels) to be conducted by the contractors through an appropriate laboratory;
 - (vi) develop the environmental monitoring system to be used during the construction period for monitoring the contractors' performance relative to the environmental requirements, including the preparation of: (a) monitoring and corrective action forms/checklist, (b) inspection procedures, and (c) documentation procedures;
 - (vii) prior to commencement of site works, the CSC together with PMU1/MOT and the contractor will undertake consultation with local people and local officials regarding establishment of the grievance redress mechanism (GRM) as described in the project's Initial Environmental Examination (IEE);
 - (viii) conduct orientation sessions with the contractors on the environmental monitoring system to be used, notification of non-compliance, and the process of requiring contractors to do corrective measures when necessary;
 - (ix) evaluate the proposed locations for the batching plants, construction camps, quarries, borrow pits and other allied facilities before they are set-up and determine if the locations are compliant with the requirements of the EMP;
 - (x) before excavation works and removal of the existing pavement commences, undertake an inspection of and approval the contractors' disposal sites to ensure that the EMP criteria for such sites are met;
 - (xi) within two months from commencement of civil works, design and conduct a training program for PMU1/MOT staff on how the environmental aspects of the project will be monitored, giving emphasis on CEMP evaluation; environmental monitoring of construction activities and preparation of corresponding reports; supervision responsibilities and interaction with contractors; and documentation, resolution and reporting of non-compliance issues and complaints;
 - (xii) supervise the implementation of environmental mitigating measures required for the construction activities;
 - (xiii) discuss with the contractors how their respective CEMPs will be implemented including the: (a) requirements for each mitigation measure; and (b) implementation schedule of each mitigation measure taking into consideration the general requirement that no specific construction activity will be approved to be commenced by the CSC if the associated mitigation measures for such activity are not ready before work execution;
 - (xiv) evaluate the environmental aspects of the contractors' construction methodology and recommend to the CSC corrective actions needed, if any, to make the methodology environmentally acceptable;
 - (xv) evaluate the contractors' submitted works activities and schedules relative to the requirements of the approved CEMPs;
 - (xvi) undertake monthly monitoring and inspection of construction sites and all construction-related facilities (workers' camps, asphalt batching plants, concrete batching plants, borrow pits, disposal sites for spoil and unsuitable materials, equipment maintenance areas, fuel and materials storage sites, project-specific quarries and crushers, etc.) to assess the contractors' compliance with the CEMP and Project EMP, and provide guidance on the implementation of corrective measures, as necessary;

¹ Available at: <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>

- (xvii) require the contractors to update their respective CEMPs when required;
- (xviii) supervise any subsequent monitoring as necessary to be done by the contractors on ambient surface water quality, air quality, and noise during the construction period;
- (xix) monitor the contractors' compliance with health and safety requirements of the project as stipulated in the contract documents and the CEMP;
- (xx) prepare monthly environmental monitoring reports for submission to the PMU1/MOT and semi-annual environmental monitoring reports for submission to ADB;
- (xxi) upon completion of construction, prepare a report on the project's environmental compliance performance including lessons learned that may help PMU1/MOT in its environmental monitoring of future projects. The report will be an input to the overall project completion report; and
- (xxii) provide guidance to the PMU1's environment specialist on the environmental aspects of the project with emphasis on environmental monitoring and reporting.

73. The **Monitoring and Evaluation (M&E) Consultant**, (international, 6 person-months). The following qualifications and experience are preferred:

- (i) suitable university degree plus other training suitable for the areas needed by his assignments;
- (ii) 10 years of professional experience with 3 relevant projects including extensive experience in benefit monitoring evaluation in road projects; and
- (iii) experience in similar geographic areas.

74. The tasks will be included; but not limited to the following:

- (i) will implement necessary systems and programs that will enable performance with regard to project implementation to be monitored and the effect of the project relative to those expected to be assessed including:
- (ii) provide and maintain a project management system that will assist PMU1 to implement the project and provide information on project progress for routine reports and review missions;
- (iii) strengthen PPMS established under Loan 2703 to enable the effective recording data and statistics for monitoring;
- (iv) plan surveys and identify the collection of other required data needed for the monitoring and evaluation program, drawing on for example traffic and travel surveys, household socioeconomic sample surveys, participatory rapid appraisals, social and environmental impact assessments and indicators, and secondary data from government sources. Where relevant, indicators shall be disaggregated by gender and socioeconomic status;
- (v) undertake baseline survey and analysis and update or modify the anticipated effect on economic and social development as indicated in the DMF, gender action plan, HIV/AIDS awareness and human trafficking prevention program, road safety situation in 12 communes along the project road sections including (a) per capita income in Thanh Hoa province, (b) the volume and type of freight and number of passengers crossing the border between Laos and Viet Nam at Na Meo, (c) passenger and freight vehicle operating costs on roads improved under the Project and between key locations, (d) tariffs for freight and passenger movement between selected locations that indicate the impact of the project on target groups in the community, (e) the quantity and type of traffic on roads to be improved under the Project, (f) the origin and destination of vehicles and traffic at selected locations such as towards the western end of the project and along road

- Highway 217, (g) the processing time for passengers and for freight departing from Viet Nam and entering Viet Nam at the border with Laos at Na Meo, and (h) the effectiveness of capacity building programs for staff associated with the Project; and
- (vi) undertake survey to evaluate the benefits of the project and incorporate findings and supporting data in the project completion report.

B. National consultants

75. The National consultants for construction supervision shall preferably be recruited at about the same time as the Consultant's international experts. The National consultants will be successfully trained by the International Consultant. The National consultants shall have 10 years relevant professional experience and have at knowledge of the English language to able to work directly with the expatriate specialists. The National consultants need to have the design/supervision certificate.

76. **Social and Gender consultant** (national, 18 person-months) will provide technical support to PMU1 and PMU1 gender focal point in the GAP implementation and reporting. The following qualifications and experience are preferred:

- (i) at least a degree in the social science or related fields (post-graduate degree is an advantage);
 - (ii) at least 6–8 years' experience working on gender and development issues in development projects (preferably with internationally-financed projects);
 - (iii) familiarity with the government of Vietnam's Gender equality policies and practices; and
 - (iv) be able to communicate in English and Vietnamese effectively both orally and in writing.
77. Key duties and tasks include but not limited to:
- (i) prepare and undertake orientation sessions on poverty and gender issues, the GAP implementation and reporting responsibility with key executing agency and/or implementing agency staff, and stakeholders (contractors, supervisors, local Women Union, etc.);
 - (ii) together with M&E consultant to help/mentor PMU1 in preparing an annual plan for implementing the GAP, monitoring the annual plans, and reporting the progress to ensure achieving the gender related targets set in the DMF;
 - (i) work with M&E consultant and PMU1's M&E staff to deliver gender sensitization workshop to assist the PMU1 in developing and using sex-and ethnicity disaggregated M&E system for monitoring the targets reflected in the GAP and DMF;
 - (ii) coordinate with road safety and HIV/AIDS consultants to ensure women' participation in planning, implementing and monitoring the community-based road safety awareness program and HIV/AIDS awareness and human trafficking prevention program (technical contents, approach in working with women and/or vulnerable groups);
 - (iii) work with the resettlement specialist hired under the current project and local women's union to ensure that the resettlement related negative impact to women are adequately mitigated; and
 - (iv) provide other gender related support to the PMU1 as required.

78. **HIV awareness and human trafficking prevention consultant** (national, 16.5 person-months). The following qualifications and experience are preferred:

- (i) at least a degree in public health (especially HIV and sexually-transmitted infections [STI]), community development, public communication, and monitoring and evaluation. Additional knowledge of sociological/anthropological approaches to development, including issues related to gender and human trafficking preferred;
- (ii) at least 4 years-experience working on HIV/STI related issues in development projects (preferably with internationally-financed projects); and
- (iii) Be able to communicate in English and Vietnamese effectively both orally and in writing.

79. **Information, education, and communication consultant** (national 16.5 person-months). The following qualifications and experience are preferred:

- (i) at least a degree in public health especially community development, public communication, and monitoring and evaluation. Additional knowledge of sociological/anthropological approaches to development, including issues related to gender and human trafficking preferred;
- (ii) at least 4 years-experience working on HIV/STI related issues in development projects (preferably with internationally-financed projects); and
- (iii) be able to communicate in English and Vietnamese effectively both orally and in writing.

80. **Community road safety consultant** (national, 2 positions, 21 person months). The following qualifications and experience are preferred:

- (i) at least a degree in road engineering and traffic safety;
- (ii) at least 8 years-experience working on road safety and road safety awareness (preferably with internationally-financed projects); and
- (iii) be able to communicate in English and Vietnamese effectively both orally and in writing.

81. The HIV/AIDS awareness and human trafficking prevention consultant, the information, education, and communication consultant; and the community road safety awareness program consultant will review the completed HIV/AIDS awareness and human trafficking prevention program and community road safety awareness program under Loan 2703 and modify and implement the planned activities in this regard discussed in above paras.

a. Facilities

82. The Consultant Office and utilities for the Consultant during construction and defects liabilities phases, the cost of provision, rental and maintenance of the Consultant's Representative Office in Hanoi will be financed under the Consultant's contract to the reasonable requirements of the Consultant. Fully furnished field offices including Project Office in project site and transportation including field transportation and accommodation suitable to the Consultant and counterparts; other facilities; and their maintenance will be provided through the Consultant's contracts.

b. Reports and Public Disclosure

83. The Consultant will submit reports at the times indicated in Table 8. The number of the reports to be submitted by the Consultant is 10 copies to PMU1 (2 copies in English and 8

copies in Vietnamese translation). Soft copies of all reports will be provided in original file formats.

Table 8: Report Requirement

Report	Required by
Inception Report	End of month 1
Progress Report	Monthly
Quarterly Progress Reports	Quarterly
Environmental Monitoring Reports	Semi-annual
Site-Specific EMPs/Method Statements	Within 2 months of contract commencement
Project Benefit and Monitoring Report	Within 1 month of commencement of civil works At completion of civil works
Post-construction Road Safety Report	At completion of civil works
Evaluation Reports on HIV and Road Safety Awareness Programs, and GAP Implementation	At the end of each program and plan
Report and Recommendation on the Controlling of Overloading on H217	End of services
Report and annual budget proposal estimations for future maintenance works on H217	End of services
Project Completion Report	End of Services

EMP = environmental management plan; GAP = gender action plan; H = highway.

2. External Financial Auditor

a. Objective

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

b. Scope of Work²

b.1. APFS: Financial Statement to be audited³

85. The executing agency and/or implementing agency are responsible for preparation and consolidation of APFS. The Auditor is to express an opinion on the accompanying statements based on the audit. The accounting standard adopted should be specified in the annual audited financial statements. The content of the financial statements is expected to include, as a minimum:

² The auditor should be sufficiently clear with the scope of the audit to properly define what is expected of the auditor. The executing agency should not restrict the audit procedures or the techniques the auditor may wish to use to form an opinion. The TOR will not generally have to be customized to a particular audit situation. The list of issues outlined in the TOR is not exhaustive, nor should all matters be addressed in every project. The scope and detail of an audit are likely to be unique for each project.

³ The form of the APFS and supporting documentation that will be supplied to the auditor, and on which they are to give an opinion and a report, should be specified. In practice, the form and content of APFS will vary among countries and projects. For instance, the APFS may comprise a Statement of Receipts and Payments only on project transactions. Other schedules may include cumulative work-in-progress, assets and inventories, and summarized bank reconciliation. The estimated time for providing these documents to the auditor should be stated (e.g., one month after financial year-end). This schedule helps the auditee and the auditor plan for the accounts-preparation and the audit process.

- (i) a summary of all sources of funds, as well as expenditures against a classification system that is responsive to the project's objectives, both for the current fiscal year and cumulative to date, showing ADB funds and counterpart fund and funding from other sources separately;
- (ii) a summary of expenditures shown under the main project components and by main categories of expenditures, both for the current fiscal year and accumulated to date;
- (iii) a balance sheet showing accumulated funds of the project, bank balances, other assets of the project, and liabilities, if any; and
- (iv) supporting schedules to the financial statements which at least include: (a) a reconciliation of the amounts shown as "received by the project from ADB" with those shown as being disbursed by ADB; and (b) SOE procedure (if applicable) listing individual SOE withdrawal applications by specific reference number and amount.

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

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

- (i) deposits and replenishments received from ADB;
- (ii) payments substantiated by withdrawal applications;
- (iii) interest that may be earned from the balances and which belong to the Borrower; and
- (iv) the remaining balances at the end of each fiscal year.

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

89. The Accounting Policies adopted and Explanatory notes. A Management Assertion that ADB funds have been expended in accordance with the intended purposes. Request for form of Annual Project Financial Statements including, but not limited to:

- (i) annual project financial statements should normally be presented in the local currency, with the basis for conversion of any foreign exchange transactions or commitments explicitly stated;
- (ii) the annual project financial statements should be presented in the English language and should reflect the operations supported by ADB financing, including ADB-administered funds;

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

b.2. Specific additional audit opinions

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

- (i) use of loan proceeds: to confirm whether the borrower or executing agency has utilized all proceeds of ADB's loan or grant only for purposes of the project;
- (ii) compliance with financial covenants: to confirm or otherwise, that the borrower or executing agency was in compliance with the financial covenants of the loan or grant agreement;
- (iii) compliance with the imprest fund procedure which includes imprest accounts and subaccounts: to confirm or otherwise, whether the imprest accounts (and subaccounts) gives a true and fair view of the receipts collected and payments made and supports imprest and sub-account liquidations and replenishments during the year; and
- (iv) compliance with the SOE procedures: to confirm or otherwise, whether adequate supporting documentation has been maintained to support claims to ADB for reimbursement of expenditures incurred and that the expenditures are eligible for financing under the loan or grant agreement.

b.3. Management Letter

91. ADB requires the executing agency and/or implementing agency to provide a copy of the auditor's Management Letter, together with the APFS. At the minimum, this should include:

- (i) a general overview of the internal control systems of the project and the executing agency, or an opinion on the management systems;
- (ii) an identification of material deficiencies or weaknesses in the project or the executing agency and/or implementing agency's internal controls over financial reporting or on the overall system of internal control;

- (iii) the auditor's recommendations for improvements or for rectification of identified weaknesses;
- (iv) the client's comments on the findings and recommendations; and
- (v) follow-up actions or status to previously identified issues and findings, if any.

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

- (i) a description of specific internal control weaknesses noted in the financial management and recommendations to resolve and/or eliminate the internal control weaknesses;
- (ii) inappropriate accounting policies and practices and effectiveness of the accounting;
- (iii) records system in providing useful and timely information for proper management of the project;
- (iv) issues regarding general compliance with broad covenants on each financing agreement and give comments, if any, on internal and external matters affecting such compliance;
- (v) report significant matters raised in previous reports which have not been dealt with effectively;
- (vi) any other matters that the auditor considers should be brought to the attention of the borrower; and
- (vii) a time bound action plan that have been agreed with the management to address each of the individual issue, including date of completion, and persons responsible for implementation of the action plan.

c. Locations to be Audited

93. The auditors may have to travel to Thanh Hoa province in addition to Hanoi to do the audit.

d. Phasing of the Audit

94. Audit report will be submitted in draft and in final format:

Month of Fiscal Year and Report Submission				
Period	FY start	FY End	Report Submission	Remarks
1	Jan 2016	Dec 2016	June 2017	
2	Jan 2017	Dec 2017	June 2018	
3	Jan 2018	Dec 2018	June 2019	

FY = fiscal year.

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

e. Auditing Requirements

96. The audit will be carried out in accordance with International Standards of Auditing including:
- (i) planning and conducting the audit in accordance with a risk based framework with a detailed audit work program which is sufficiently extensive in its coverage of the project's financial statement to support the opinion given;
 - (ii) the auditor will gather evidence and prepare working papers to properly documents the evidence seen in support of the opinion given, sufficient audit evidence will be gathered to substantiate in all material respects the accuracy of the information contained in supporting schedules attached to the financial statement;
 - (iii) the auditor will review and evaluate the system of internal controls in effect, including internal audit procedures, to determine the degree of reliance that may be placed upon them and to determine the extent of testing of actual transactions needed to assure the auditor of the accuracy of the accounting records;
 - (iv) the audit coverage will consider the risk of material misstatements as a result of fraud or error. The audit program should include procedures that are designed to provide reasonable assurance that material misstatements are detected; and
 - (v) the auditor must obtain an understanding of the design and operation of internal control over compliance with requirements that could have a direct and material financial effect on the funding agreements. The auditor's work in this area is in addition to the consideration of internal control over financial reporting that is part of the financial statement audit. Specifically, the auditor must obtain an understanding of the internal control over compliance that is sufficient to plan the audit to support a low assessment level of control risk for donor program. The auditor needs to test the internal control unless the internal control is likely to be ineffective in preventing or detecting noncompliance.
97. The auditor need also review the following:
- (i) ADB financing (and expand to all external financing where ADB is not the only financier) shall be used in accordance with the conditions of the relevant financing agreement, with due attention to economy and efficiency, and only for the purposes for which the financing was provided, as detailed in the supporting documents;
 - (ii) counterpart funds shall be provided and used in accordance with the relevant loan agreements, with due attention to economy and efficiency, and only for the purposes for which they were provided;
 - (iii) goods, works, and services financed shall be procured in accordance with the relevant financing agreements including specific provisions of the ADB Procurement Guidelines and relevant laws of Borrower. However, in case there are conflicts between ADB policies and procedures with Borrower's relevant laws, ADB policies and procedures will prevail. Fixed assets procured by all financiers shall be reviewed;
 - (iv) the expenditures submitted to ADB shall be eligible for financing and all necessary supporting documents, records, and accounts in support of credit withdrawals have been adequately maintained with clear linkages between the books of account and reports presented to ADB;
 - (v) funds disbursed through SOEs shall be utilized for the purpose defined in the funding agreements. Where ineligible expenditures are identified as having been

- included in withdrawal applications and reimbursed against, these should be separately noted by the auditor; and
- (vi) imprest accounts and subaccounts, if used, shall be maintained in accordance with the provisions of the relevant financing agreements and funds disbursed out of the account were used only for the purpose intended in the financing agreement and other supporting documents.

f. Accounting Policies and Changes

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

g. Compliance with laws, regulations and funding agreements

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

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

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

h. Responsibility to Consider Fraud in an Audit

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

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

i. Audit Report

104. The auditor should become familiar with the following documents: Guidelines for the financial governance and management of investment projects financed by ADB, and the *Loan Disbursement Handbook*. The Auditor's reports on the project financial statements should be prepared in 8 copies (4 in English and 4 in Vietnamese)⁴ and mentions the following matters:

- (i) a title identifying the person or persons to whom the report is addressed;
- (ii) an introductory paragraph identifying the financial statements audited;
- (iii) separate sections, appropriately headed dealing with respective responsibilities of directors (or equivalent persons),
- (iv) the basis of the Auditor's opinion,
- (v) the Auditor's opinion on the financial statements, SOEs, and IAs;
- (vi) the manuscript or printed signature of the Auditor; and
- (vii) the date of the Auditor's report.

105. The audit report is required to include separate audit opinions on the Financial Statements (as described in the scope of work). This would include at least the following:

- (i) the audit report will state the purpose of the report and its intended use;
- (ii) the audit report will state which generally accepted accounting standards have been applied and indicate the effect of any deviations from those standards;
- (iii) the audit report will state that the audit was conducted in accordance with International Standards of Auditing,
- (iv) the audit opinion will cover the current period;
- (v) the audit opinion will state whether or not the financial statements presents fairly in accordance with the adopted accounting policies for the project and that the funds were utilized for the purposes defined by the funding agreements;
- (vi) the audit opinion will cover in all material respects the supporting schedules;
- (vii) the auditor should provide an opinion on whether the Project complied with applicable laws, regulations, ADB Procurement Guidelines, and other provisions of the funding agreements that have a direct and material financial effect on the Project's financial report, and
- (viii) the auditor should provide an opinion on the effectiveness of internal control over compliance with requirements that could have a direct and material financial effect on the financial statements as well as internal control over financial reporting.

106. Available information and services are to be provided to the Auditor. These include:

- (i) The auditor should have access to all legal documents, correspondences, and any other information associated with the project and deemed necessary by the auditor. The auditor will also obtain confirmation of amounts disbursed and outstanding at ADB. Available information should include copies of the relevant:

⁴ The auditing firm must take note that audited financial statements, audit report, and the management letter prepared by the Auditor, should be received by ADB no later than six months after the end of the accounting period (i.e., normally no later than June 30). The Auditor should therefore submit, on a timely basis, audit report, management letter, and the relevant documentation to the executing agency and/or implementing agency to meet this requirement. The executing agency and/or implementing agency will be responsible for forwarding two copies of the APFS, audit report, and management letter to ADB.

project appraisal document; financing agreement; financial management assessment reports; supervision mission reports and implementation status reports.

- (ii) The Auditor shall have the right of access to banks and depositories, consultants, contractors and other persons or firms engaged by the project. In case access has been restricted, the auditor must note this in the management letter.
- (iii) ADB can request access to the auditors unedited audit working papers. If necessary, the auditing company can be requested, free of charge, to participate in a wrap-up session for the Ministry of Finance (MOF), the executive agency and implementing agencies, and ADB to share common findings across projects being audited and provide recommendations for addressing bottlenecks in preparation for the next audit.

(i) Services to be Provided to the Auditor

107. The following services will be provided by the PMU1 without cost to the Auditor. The PMU1 should coordinate with the executive agency and implementing agency 2 and the Auditor to ensure the following services are adequately and timely provided to the Auditor:

- (i) **Data:** provide the Auditor with access to all available data, information, legal documents, correspondence and any other information considered necessary by the Auditor and shall be returned at the completion of the assignment or earlier, or as may be requested by the executive agency and/or implementing agency.
- (ii) **Access:** the PMU1 and the executing agency will arrange for access by the Auditor to the sites which the Auditor deems necessary to visit and conduct investigations in connection with performing their duties. Access to the key officials in the Government, the project provinces and agencies concerned with subjects related to the assignment will also be arranged by the executive agency and/or implementing agency, as appropriate.

(ii) Auditor Qualification

108. The firm must be authorized to practice in Viet Nam and be capable of applying the agreed auditing standards. The detailed requirements on the qualification of auditing company are:

- (i) be a legal entity with business license granted by the competent authority, as requested by Vietnamese law;
- (ii) must be impartial and independent from all aspects of management or financial interests in the executive agency and/or implementing agency being audited;
- (iii) be included in the most updated list of authorized auditing companies and auditors which is approved by MOF and published on website: www.mof.gov.vn;
- (iv) have adequate staff, with appropriate professional qualifications and suitable experience in finance/financial management in Official Development Assistance funded projects or Government projects and/or programs, including experience in auditing the Enterprise Financial system comparable in nature, size, and complexity to the entity whose audit they are to undertake;
- (v) notify and get written endorsement of the executing agency every time a staff member is substituted; and
- (vi) subcontracting of audit services is not permitted.

109. The following are the requirements on the qualification of an individual auditor for each proposed position in the firm. General requirements on the qualification of individuals are as

follows: (i) the auditor shall hold relevant professional qualifications with in-depth experience in conducting audits of project financial statements; (ii) the auditor should hold a fair opinion on, and be independent of, control of the submitting entity and the employer by whom they were appointed; and (iii) the auditor should follow procedures and methodology that conform to ISA. The following are the outline TOR of each position:

1. Audit Director (3 person months)

110. As head of the audit team, the Director will be responsible for:
- (i) keeping lines of communication open with staff and clients;
 - (ii) ability to manage within budgetary and time constraints while providing a high-level of client satisfaction;
 - (iii) anticipating and addressing client concerns and escalating problems as they arise;
 - (iv) keeping abreast of latest developments as they affect the generally accepted auditing standards and the firm's standards and policies; and
 - (v) developing an understanding of client's business and becoming a "functional expert" in the area.
111. Minimum Qualifications/Experience
- (i) a university graduate, preferably with a post-graduate degree, in Accounting or Finance, with a certified auditor certificate by MOF or an international certificate (Association of Certified Chartered Accountants [ACCA] or other recognized international accounting/auditing certificate);
 - (ii) at least 15 years' experience working in auditing services; At least 4 years' experience in management of auditing teams; and at least 8 years' actual working years in auditing since being granted with Vietnamese or international auditor certificate;
 - (iii) should have worked as Audit Director for at least 3 audit contracts on ADB, the World Bank, or other international donors funded projects;
 - (iv) fluency in English is compulsory; and
 - (v) experience working for a Big 4 or large regional accounting firm is a plus.

2. Audit Managers (5 person months)

112. The Manager will be responsible to:
- (i) receive the instructional directives from Directors and give detailed guidance to all team members;
 - (ii) monitor the audit fieldwork of engagement team, reviews staff work, and ensure that it meets professional standards and the internal audit department's guidelines;
 - (iii) take responsibility for the quality of the audit before submitting to Director;
 - (iv) be the contact point with Client's Management and Chief Accountant regarding key issues identified, audit adjustments; and
 - (v) monitor the progress of the audit and monitor the adherence to the deadline committed with Client.
113. Minimum Qualifications/Experience
- (i) a university graduate, preferably with a post-graduate degree, in Accounting or Finance, with a certified auditor certificate by the MOF or international certificate (ACCA or other recognized international accounting/auditing certificate);

- (ii) at least 10 years' experience working in auditing services; Audit seniors who are the team leader shall have 5 years' experience in their profession;
- (iii) audit experience for ADB or World Bank funded projects in Viet Nam would be an advantage; and
- (iv) ability to work within budgetary and time constraints while providing a high level of client satisfaction.

3. Senior Auditors/Team Leaders (20 person months)

114. The Senior Auditors will:

- (i) follow instructions from the Director and the Engagement Manager;
- (ii) keep the Director and Manager updated with the key issues or key audit adjustments day to day;
- (iii) be responsible for the audit quality of the whole team; and
- (iv) be responsible for the compliance with auditing firm quality standards, and procedures and with the requirements of Clients/ Projects.

115. Minimum Qualifications/Experience:

- (i) senior auditors are required to be graduates of a recognized university in the fields of Commerce, Economics, Accounting and Auditing, or equivalent;
- (ii) at least 5 years' experience working in auditing services;
- (iii) preferably with a certified auditor certificate by the MOF or international certificate (ACCA or other recognized international accounting/ auditing certificate);
- (iv) preferably have worked as an Auditor for audit contracts on ADB, World Bank, or other international donors' funded projects; and
- (v) English proficiency would be preferable.

4. Auditor (22 person months)

116. The Auditors will be responsible for:

- (i) implementing professional work, auditing assigned sections in the agencies; be responsible for the data and issues related to the auditing activities; and
- (ii) supporting the release of the official report; draft minute of audit; and report to the Team leader of the issues related to the audit in the agencies.

117. Minimum Qualifications/Experience:

- (i) a university graduate (preferably in a recognized university in the fields of Commerce, Economics, Accounting and Auditing, or equivalent);
- (ii) at least 3 years' experience working in auditing services, with a certified auditor certificate by the MOF or international certificate (ACCA or other recognized international accounting/ auditing certificate);
- (iii) preferably have worked as Auditor for audit contracts on ADB, World Bank, or on other international donor funded projects; and
- (iv) English proficiency would be preferable.

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

(iii) Reporting Relationships

119. The audit services will be contracted by PMU1. The Auditor shall report to: the Project manager and Chief Accountant. The Auditor should maintain and file the work papers and provide them to ADB and/or the Government when required.

j. Contract and Procurement Mode

120. Least cost selection method will be used for recruiting an auditor in accordance with ADB's Guidelines on the Use of Consultants.

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

122. In order to meet with the working plan and schedule report delivery as requested, the auditing firm must submit a description of approach, methodology, and work plan for performing the assignment including:

- (i) **Technical Approach and Methodology:** explain the understanding of the objectives of the assignment, approach to the services, methodology for carrying out the activities and obtaining the expected output, and the degree of detail of such output. Should also highlight the problems being addressed and their importance, and explain the technical approach would adopt to address such problems. Explain the methodologies you propose to adopt and highlight the compatibility of those methodologies with the proposed approach.
- (ii) **Work Plan.** Propose the main activities of the assignment, their content and duration, phasing and interrelations, milestones (including interim approvals by the Client), and delivery dates of the reports. The proposed work plan should be consistent with the technical approach and methodology, showing understanding of the TOR and ability to translate them into a feasible working plan. A list of the final documents, including reports, drawings, and tables to be delivered as final output, should be included here. The work plan should be consistent with the Work Schedule.
- (iii) **Organization and Staffing.** Propose the structure and composition of your team. Should list the main disciplines of the assignment, the key expert responsible, and proposed technical and support staff.

123. Submitted document must indicate the number of Team Leaders and Senior auditors/ auditors allocated for the assigned audit with suitable qualification and experience by each position. For each audit period, they need to specify the expected person-months to fulfill auditing works of each auditor position.

124. The person-months are only an estimate since the auditing company will be recruited on lump sum based performance for each annual package. The auditing company should provide to the PMU1 details of the following: working schedule, management, and execution method, together with allocated manpower implementing auditing activities in project's financial reports for a good contract performance.

VIII. SAFEGUARDS

125. The primary objective of safeguards is to avoid adverse impacts of projects on the environment and people. If impacts become unavoidable to realize the intended positive project impacts, adverse impacts will be minimized, mitigated or affected people compensated and assisted. The agreed Resettlement and Ethnic Minority Development Plan (REMDP) will be part of project covenants. The REMDP shall be acceptable by approving authorities in Vietnam and by ADB. It will be disclosed in accordance with the agreed policies and procedures by ADB and the borrower.

A. Involuntary Resettlement

126. The involuntary resettlement categorization of the project is Category A. Based on the preliminary design available, about 1,500 households will be affected by land acquisition. Of this, an estimated 76 households will be required to relocate while 105 households may lose significant amount of paddy land due to the proposed flyover in Ha Trung District and realignment proposed realignment in the town of Cam Thuy and Ba Thuoc District.

127. The Government will ensure that (i) the REMDP agreed between the Government and ADB are updated and implemented in accordance with their terms and all applicable laws and regulations of Viet Nam and ADB's SPS, (ii) in case of any inconsistency between government laws and ADB's policy, the latter will prevail; (iii) all affected persons are given adequate opportunity to participate in resettlement planning, updating, and implementation; (iv) counterpart funds for land acquisition and resettlement activities are provided according to the budget and project schedule; (v) any additional costs in excess of the resettlement plan budget estimates are met within the project schedule; (vi) adequate staff and resources are committed to supervising and monitoring implementation of the REMDP; and (vii) an external monitoring agency acceptable to ADB is engaged by PMU1 to monitor progress and evaluate results of implementation of REMDP.

128. The PMU1 will establish an imprest account at a commercial bank acceptable to ADB, and the District Compensation, Assistance, and Resettlement Boards (DCARBS) in Cam Thuy Town and Ha Trung and Ba Thuoc districts will establish subaccounts in Thanh Hoa Province Treasury for land acquisition and resettlement and ensure that liquidation of any amount paid from the sub-account requires the submission of: (i) a validation certificate issued by a qualified appraiser engaged by the DCARBS to carry out replacement cost surveys; (ii) the results of the DMS; and (iii) individual compensation plan signed by the affected households, and that receipt of compensation payment is acknowledged by the affected households. PMU1 will make available to the DCARBS funds for resettlement which will cover (a) payment for land, structures, and other fixed assets, (b) allowances to the affected persons, (c) administration expenses incurred by the DCARBS in relation to resettlement updating and implementation, (d) payment for relocation of public utilities. The DCARBS will be responsible in carrying out the payment and relocation of public utilities in accordance with ADB's Procurement Guidelines. PMU1 will be responsible in administering and monitoring loan funds for resettlement in accordance with ADB's *Loan Disbursement Handbook*. The external monitoring agency will carry out its own monitoring and verification of compensation payments.

129. Pursuant to ADB's SPS, ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the SPS. All financial institutions will ensure that their investments are in compliance with applicable national laws and

regulations and will apply the prohibited investment activities list (Appendix 5) to subprojects financed by ADB.

130. MOT shall not issue a site possession notice for commencing works on a specific section of a contract until the DCARBS responsible for land acquisition and resettlement in that section has confirmed in writing that: (i) payment of compensation has been fully disbursed to the affected people and rehabilitation measures are in place for that specific section as per the resettlement and ethnic minority development plan; (ii) affected people who were compensated for that specific section have vacated the site; and (iii) the specific section of the project is free from any encumbrances.

B. Indigenous Peoples

131. The indigenous peoples categorization of the project is Category B. Ethnic composition in the project area includes Dao, Kinh, Mong, Muong, and Thai. Kinh people are mostly living along the project roads and so are the other ethnic groups. The ethnic groups have lived along the project road for many years, allowing them to be assimilated into the general population. Therefore, the adverse impacts and benefits the ethnic groups may experience will not be different from the Kinh people or other vulnerable households. It is unlikely that they will be disadvantaged or vulnerable because of their social or cultural identity. The local communities in general, and ethnic groups in particular, will have better access to basic services, markets, and livelihood opportunities. Adverse impacts related to land acquisition and resettlement is being addressed in the REMDP, while GAP has been prepared to address social risks.

C. Environment

132. The project is environment category B. Potential negative environmental impacts will be mostly short-term during project construction. To avoid and mitigate adverse environmental impacts, the Borrower shall ensure that:

- (i) the Project is implemented in accordance with the Borrower's laws and regulations on environment, as well as ADB's SPS, there is any discrepancy between the Borrower's laws and regulations, and ADB's SPS, then ADB's policy shall apply;
- (ii) there is no significant damage to the natural environment as a result of the design, construction, operation and maintenance of the Project facilities by conducting qualitative and quantitative monitoring;
- (iii) the Works contracts under the Project include specific measures to mitigate negative environmental impacts caused by the construction activities in accordance with the requirements of the EMP prepared for the Project, and the EMP shall be included in the bidding and contract documents requiring contractors to comply with all applicable provisions and as a basis for the contractors to prepare CEMPs which will be submitted to ADB for clearance prior to start of construction;
- (iv) adequate budget and staff resources are allocated by PMU1 and the contractors for EMP implementation;
- (v) the contractors engaged under the Works contracts are in strict compliance with all environmental impact mitigation and monitoring requirements set out in the EMP and contract documents;
- (vi) environmental assessment is conducted for the roads and flyover proposed to be financed under the Project based on the agreed environmental assessment and review framework (EARF);

- (vii) roads used for logging and/or mining or roads that pass through ecologically sensitive areas such as national biodiversity conservation areas and similarly protected sites shall not be selected and financed under the Project;
- (viii) road sections to be funded by the Government and co- financiers shall adopt the provisions of the EMP and EARF, and shall be in compliance with ADB's SPS;
- (ix) environmental approvals required by the Government are obtained by PMU1 and the contractors in a timely manner and copies of such approvals shall be submitted to ADB upon issuance;
- (x) construction works carried out by contractors are adequately supervised and monitored by PMU1 and its construction supervision consultants to ensure compliance with the monitoring and mitigation measures set forth in the EMP;
- (xi) new or supplementary environmental assessment report shall be prepared in compliance with the EARF and ADB's SPS if there are any additional components or changes in the Project such as specific location and design, among others, that will result to adverse environmental impacts and are not within the scope of the environmental assessment report approved by ADB; such documents shall be submitted to ADB for clearance prior to implementation of additional components or major changes and corresponding approval from the Borrower's (approving authority) shall be obtained in a timely manner;
- (xii) if any unanticipated environmental impacts become apparent during project implementation, prepare a corrective action plan and submit this to ADB for clearance and ensure implementation of the corrective action plan;
- (xiii) establish an environmental grievance redress mechanism, acceptable to ADB, to receive and facilitate resolution of affected peoples' concerns, complaints, and grievances about the Project's environmental performance;
- (xiv) the existence of this grievance redress mechanism is made public through public awareness campaigns; review and address environmental grievances of stakeholders in relation to the Project, any of the service providers, or any person responsible for carrying out any aspect of the Project; and proactively and constructively respond to such grievances; and
- (xv) semi-annual reports on implementation of the EMP are submitted to ADB on a timely manner.

IX. GENDER AND SOCIAL DIMENSIONS

A. GENDER

133. Effective Gender Mainstreaming category is proposed for the proposed project as it is expected to directly benefit about 333,000 residents (50% women and girls) in the three districts of Thanh Hoa province, namely Ba Thuoc, Cam Thuy, and Ha Trung and indirectly benefit the Thanh Hoa province's population. In 2014, poverty rates in the project areas range from 6.2% in Ha Trung, 12.03% in Cam Thuy, and 18.26% in Ba Thuoc. Based on the government's poverty line of D400,000 head/month in rural area and D500,000 head/month in urban areas, Ba Thuoc, is one of the 62 poorest district in Vietnam that need intensive poverty reduction effort. The poor households in the three districts tend to be from ethnic groups, with sick or disabled family members or the ones with elderly household members unable to work.

134. The proposed project will provide the residents with better access to public services and facilities such as hospital, schools and peoples committees' premises for required services. Women in particular will benefit from the improved access to health services for safe motherhood and have access to better employment and livelihood opportunities. The proposed project is expected to help reduce poverty in project impact area through improving access to market and social services.

Table 9: GENDER ACTION PLAN

Project Output	Gender Action Plan proposed
The project components of the GMS Northeastern Corridor in Viet Nam and Lao PDR are improved	<ul style="list-style-type: none"> • Road shoulders in villages will be sealed to enable carts with wheels to reduce burden on women and girls who haul/carry water and other goods. • Physical road safety measures will be provided in villages for the safety of children and pedestrians to slow down traffic speed • Road safety sign boards, signs, markings will be installed in the critical spots (cross-roads, school, market sites, and etc.). • 15% of unskilled laborers will be women except Ha Trung, where local people, including women have plenty of more attractive employment opportunities • Statement will be included in bidding documents to prioritize recruitment of women for unskilled works • Male and female unskilled laborers will receive equal pay for equal work. • Children will not be employed on civil works contractors • Separate male/female latrines/basic hygiene facilities will be provided in the construction sites.
Road safety on the project road sections of Northeastern Corridor is improved	<ul style="list-style-type: none"> • Community based road safety program will be implemented and information on road safety rules will be disseminated. • At least 50% of community facilitators will be women. • Women facilitators will receive allowances • Material developed for dissemination during road safety awareness campaign will be gender sensitive and in an appropriate language.

Project Output	Gender Action Plan proposed
Project Management	<ul style="list-style-type: none"> • GAP orientation training will be provided to PMU1 staff. • At least 25% of PMU1 staff will be female. • All stakeholders (contractors, supervisors, and relevant local authorities' representatives) will be provided with gender briefings. • GAP targets and DMF gender targets will be a part of the project performance monitoring system. • PMU1 has a gender focal point to be responsible for GAP implementation and reporting to ADB on quarterly basis.

ADB = Asian Development Bank; DMF = design and monitoring framework; GAP = gender action plan; GMS = Greater Mekong Subregion; PDR = Peoples Democratic Republic; PMU = project management unit.

135. **Implementation arrangement:** PMU1 will be responsible for implementation of the GAP and will appoint gender focal point with a responsibility for GAP planning, implementation, monitoring and evaluation, and reporting of GAP. The PMU1 will include a consultant package for GAP implementation. This will include an 18 person-month national consultant to provide technical inputs to PMU1 in GAP implementation. The budget for GAP implementation, including consultant, (excluding road safety awareness raising in communities) and capacity building for stakeholders to implement GAP, approximately \$100,000¹ will be included in that implementation consultant package.

136. The HIV epidemic is established in all three project districts. Cam Thuy district has the highest prevalence rate of 1.2%, Ba Thuoc district has prevalence rate of 1.08% and Ha Trung has the lowest prevalence rate of 0.4%, compared to national rate of 0.2%. The high prevalence rate was associated with the improved infrastructure development (road, hydropower plant) and increased migrants. Ha Trung district is potentially vulnerable as it is located along National Highway 1. The increased connectivity will further increase migration and mobility resulting in an increase the risk of HIV/AIDS/sexually-transmitted infection (STI) spreading and trafficking in particular girls and young women to serve in entertainment industries. The high risk groups include construction workers, drivers, and female sex workers as they have lack of knowledge to prevent infection. Below planned HIV/AIDS awareness and human trafficking prevention program will be further refined by CSC based on the lessons learned under the current project.

1. The planned HIV/AIDS and human trafficking awareness and prevention program

137. **Objective.** The overall purpose of the program is to reduce the risks of HIV/AIDS/STIs and human trafficking along the Highway 217 by applying all good lessons and best practice learnt from the current phase to replicate to the new areas.

138. **Location:** 12 communes, in Ba Thuoc, Cam Thuy, Ha Trung districts

139. **Current situation.** It is reported that there are 572 HIV/AIDS cases, 707 drug users, and 171 female sex workers. It was observed during the mission that the high prevalence rate of HIV/AIDS/STIs was associated with improved infrastructure development (road and hydropower plant) and increased mobility and migrants.

¹ In which \$54,000 is for consultant cost and \$36,000 is for gender awareness raising and training for all related stakeholders, including contractors, supervisors, related PMU1 project staff, local authorities in the project sites, etc. and \$10,000 is for administrative/management and communication, etc.

Table 10: Prevalence of HIV/AIDS/STI

District	HIV/AIDS	IDUs	FSWs
Ba Thuoc	265	327	75
Cam Thuy	133	156	96
Ha Trung	174	224	NA
Total	572	707	171

IDU = injection drug users; FSW = female sex workers; STI = sexually-transmitted infection.

140. **Targeted groups.** Targeted groups comprised of (i) construction workers, (ii) truck drivers, (iii) female sex workers, and (iv) local communities around construction sites will be developed and implemented.

141. **Duration:** Q4 2016 to Q4 2018

142. **Activities:**

- (i) Collect data on HIV/AIDS/STIs and human trafficking in selected districts;
 - (ii) Set up technical working groups/facilitators and information, education, and communication (IEC) team in each selected district/commune. Target of whom 50% should be women; and
 - (iii) Review/adjust existing IEC/behavior change communication (BCC) materials as appropriate. Prepare a tool kit which includes (a) training program, material/handouts, training evaluation sheet, (b) a guide on forming of facilitators and engaging of women union, selecting of districts, monitoring of activities and so on, and (c) best practices where possible for future replication to the proposed additional financing project;
 - (i) training for the trainers and facilitators in the new communes;
 - (ii) IEC/BCC activities for construction workers, local communities and school students once a month;
 - (iii) media campaign including HIV/AIDS & human trafficking posters and distribution of materials/leaflets/booklets;
 - (iv) demonstration/counseling HIV/AIDS/human trafficking posters in schools and in strategic locations (construction workers);
 - (v) conduct IEC Evening events at community level; IEC talk, HIV/AIDS & human trafficking forum at construction sites for worker;
 - (vi) training local authorities staffs and villagers/volunteers on basic/advance courses on HIV/AIDS and human trafficking and disseminate raising awareness technique;
 - (vii) provision of information of public services on HIV/AIDS/STIs and hotline for information and health referral services; and public social services; and
 - (viii) development of exit strategy: handover technical method to national program funded by Viet Nam government; Well prepare and planning for local authority to call for financial support from local private donors and domestic enterprises or conduct fundraising campaign for HIV/AIDS/STIs and human trafficking activities for maintaining impact with detail task plan to local partners and authorities; Supporting local authorities to handle the IEC/BCC works in the transition period (6 months before the project ended).
- (iv) **Evaluation and reporting:**
- (i) evaluation will be done and reported periodically to PMU1/ADB focusing on: (a) effectiveness of the program approach and completed activities, (b)

appropriateness of the training material and media campaign and (c) behavior change among targeted groups.

- (ii) By project end, recommendations will be made on: (a) actions that should be continued in districts to sustain the increased awareness of districts in HIV/AIDS/STIs and human trafficking prevention and (b) ways to further improve the design and implementation of the program

143. **Expected deliverables**

- (i) number of trained IEC volunteer team: 33 persons (three persons per commune including: one community, one school, one construction site x 11 communes in three districts);
- (ii) 80% construction workers access to information on HIV/AIDS/STIs;
- (iii) leaflets include information on HIV/AIDS/STIs and human trafficking;
- (iv) 50% community facilitators are women;
- (v) 50% targeted beneficiaries are ethnic minority in the district having a larger number of ethnic group populations

2. The planned community road safety awareness program

144. **Purpose:** The intention of the community-based road safety awareness program is to increase the risk awareness of the people living along the project road sections through information dissemination in selected communes and training of high risk road users and pedestrians on traffic rule.

145. **Location:** 12 communes, in Ba Thuoc (6), Cam Thuy (4), and Ha Trung (2) districts

146. **Duration:** January 2017–December 2018

147. **Implementation arrangement:**

- (i) form awareness raising facilitators (4–5 people) in each selected commune of whom 50% should be women;
- (ii) select teachers in primary, lower, and upper secondary schools in selected communes;
- (iii) discuss and receive support from women union and commune safety council in drafting training material;
- (iv) develop and print traffic safety information booklets;
- (v) prepare posters in schools and strategic locations; and
- (vi) investigate locations where posters need to be installed.

148. **Activities:**

- (i) conduct three day training for the trainers and facilitators;
- (ii) provide awareness increase workshop/training for school students once a month;
- (iii) disseminate information in commune through various media such as installing of weather-resistant posters in schools, market place, cultural hall;
- (iv) conducting commune meetings and or small group meetings in communes, (v) campaigning through loudspeakers during market days; (vi) deliver booklets to households; (vii) produce a short DVD on the activities;
- (v) collect data on road safety condition in selected communes;
- (vi) interview trainers, trainees, commune facilitators, local safety council;

- (vii) assess effectiveness of the program approach and completed activities, appropriateness of the training material and posters, effectiveness of the locations of posters;
- (viii) prepare a tool kit which includes (a) training program, material/handouts, training evaluation sheet, (b) a guide on forming of facilitators and engaging of women union, selecting of commune, monitoring of activities and so on, and (c) best practices where possible for future replication to the proposed additional financing project; and
- (ix) recommend actions that should be continued in commune to sustain the increased awareness of commune in safe travelling.

X. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION

A. Project Design and Monitoring Framework

Impact the Project is Aligned with:^a			
Current project Increased international trade on the GMS Northeastern Corridor.			
Overall project Unchanged.			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
Outcome			
Current project Efficient transport across the Lao PDR–Viet Nam border and on the project road sections of the GMS Northeastern Corridor	Current project Truck traffic across the border increases from 100 trucks per day in 2009 to 220 trucks per day in June 2016 Travel time on project road sections decreases (hours) by June 2016 a. Route 6 (Vieng Xai-Nam Soi) from 1:50 to 1:30 b. Route 6A from 2:15 to 1:30 c. Route 6B from 1:00 to 0:40 d. Na Meo to km 104.475 (Ba Thuoc) from 3:40 to 2:35 e. Km 104.475 (Ba Thuoc) to Ha Trung from 2:40 to 2:00	MOT and MPWT traffic statistics Survey reports by project supervision consultants	Overloaded vehicles damage the project road sections (unchanged)
Overall project Unchanged	Overall project Truck traffic across the border increases from 100 trucks per day in 2009 to 220 trucks per day by December 2018 By 2019, travel time on project road sections on Highway 217 decreased: a. Na Meo to km 104.475 (Ba Thuoc), from 3:40 to 2:35 b. Km 104.475 (Ba Thuoc) to Ha Trung, from 3:00 to 2:00	Monitoring reports by Frontier military station at Na Meo, Viet Nam Survey reports by CSC	

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
<p>Outputs Output 1 Current project The project components of the GMS Northeastern Corridor in Viet Nam and the Lao PDR are improved</p> <p>Overall project Unchanged</p>	<p>Current project Physical completion of 143 km of routes 6, 6A, and 6B in the Lao PDR and 196 km of Highway 217 in Viet Nam to all-weather status by June 2016</p> <p>15% of unskilled laborers are women by June 2015</p> <p>Overall project Physical completion of 196 km of Highway 217 in Viet Nam to all-weather status, including improvements to the following road sections: a. Na Meo to km 104.475 (Ba Thuoc) by June 2016 b. Km 59.9 (Cam Thuy) to 104.475 (Ba Thuoc) and a flyover in Ha Trung by December 2018</p> <p>15% of unskilled laborers are women by December 2018</p>	<p>MOT and MPWT road condition survey report</p> <p>Project supervision consultants reports</p> <p>MOT road condition survey report</p> <p>CSC progress reports</p>	<p>Corruption negatively impacts quality of civil works (unchanged)</p>
<p>Output 2 Current project Road safety on the project road sections of Northeastern Corridor is improved</p> <p>Overall project Unchanged</p>	<p>Current project Road accidents per vehicle–km on routes 6, 6A, 6B, and 1C in the Lao PDR and Highway 217 in Viet Nam reduced by 15% by June 2016</p> <p>At least 50% of community facilitators in the community-based road safety campaign are women by June 2016</p> <p>Overall project Road accidents per vehicle–km on Highway 217 in Viet Nam reduced by 15% by December 2018</p> <p>At least 50% of paid</p>	<p>Viet Nam Ministry of Public Security Traffic Police Department and the Lao PDR Houaphanh Department of Public Works and Transport</p> <p>Project supervision consultants' report</p> <p>National Road Safety Committee, Viet Nam</p> <p>CSC progress reports</p>	

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks								
	community facilitators in the community-based road safety campaign are women by December 2018										
Key Activities with Milestones (Overall Project)											
1. Corridor components improved											
1.1 Award civil works contracts by Q3 2016 (changed)											
1.2 Complete civil works contracts by Q4 2018 (changed)											
1.3 Complete recruitment of CSCs by Q3 2016 (changed)											
1.4 Complete clearance of unexploded ordnance by Q3 2016 (changed)											
1.5 Satisfactorily implement resettlement and ethnic minority development plan by Q3 2017 (changed)											
1.6 Complete gender action plan by Q4 2018 (changed)											
1.7 Complete HIV/AIDS awareness and prevention of human trafficking program by Q4 2018 (changed)											
2. Road safety improved											
2.1 Complete post-construction road safety audit by Q4 2018 (added)											
2.2 Carry out road safety awareness campaign by Q4 2018 (changed)											
Inputs											
<table border="1"> <thead> <tr> <th>Asian Development Bank (Loan)</th> </tr> </thead> <tbody> <tr> <td>\$75,000,000 (current)</td> </tr> <tr> <td>\$71,130,000 (additional)</td> </tr> <tr> <td>\$146,130,000 (overall)</td> </tr> </tbody> </table>		Asian Development Bank (Loan)	\$75,000,000 (current)	\$71,130,000 (additional)	\$146,130,000 (overall)	<table border="1"> <thead> <tr> <th>Government</th> </tr> </thead> <tbody> <tr> <td>\$22,400,000 (current)</td> </tr> <tr> <td>\$6,720,000 (additional)</td> </tr> <tr> <td>\$29,120,000 (overall)</td> </tr> </tbody> </table>		Government	\$22,400,000 (current)	\$6,720,000 (additional)	\$29,120,000 (overall)
Asian Development Bank (Loan)											
\$75,000,000 (current)											
\$71,130,000 (additional)											
\$146,130,000 (overall)											
Government											
\$22,400,000 (current)											
\$6,720,000 (additional)											
\$29,120,000 (overall)											
Assumptions for Partner Financing											
None.											

CSC = construction supervision consultant, GMS = Greater Mekong Subregion, km = kilometer, Lao PDR = Lao People's Democratic Republic, MOT = Ministry of Transport, MPWT = Ministry of Public Works and Transport.

^a Asian Development Bank. 2010. *Report and Recommendation on the President to the Board of Directors: Proposed Loan, Grant, and Administration of Loan to the Lao People's Democratic Republic and the Socialist Republic of Viet Nam for the Second Northern Greater Mekong Subregion Transport Network Improvement Project*. Manila.

Source: Asian Development Bank.

B. Monitoring

1. Project performance monitoring

149. International and national M&E consultants will be recruited under construction supervision consultants' team to help PMU1 in monitoring project performance and assessing development changes brought by the project. The consultants will:

- (i) undertake an initial survey within 6 months of loan effectiveness to update and or concur baseline values of performance target and indicators for project overall impact, outcome, and outputs project reflected in DMF;
- (ii) assess the performance of the PPMS established under the current project and propose further strengthening as needed;
- (iii) provide annual project performance monitoring report; and
- (iv) undertake end line survey and prepare project performance evaluation report.

150. In addition, M&E will collect: (i) per capita income in Thanh Hoa province; (ii) the volume and type of freight, and number of passengers crossing the border between Laos and Viet Nam

at Na Meo; (iii) passenger and freight vehicle operating costs, tariffs and passenger movements on the project road, the improved road section under Loan 2703, and road section km 0 to km 59.9; (iv) the quantity and type of traffic on Highway 217; (v) the processing time for passengers and for freight departing from Viet Nam and entering Viet Nam at the border with Laos at Na Meo; and (vi) the effectiveness of capacity building programs for staff associated with the Project.

151. The consultants will get support from project beneficiaries and representatives of women union and youth union in monitoring and evaluation of the activities have undertaking for increasing of community awareness on HIV, human trafficking, and road safety.

2. Compliance monitoring

152. ADB, with Government representatives, will undertake regular reviews of the Project at about 6-month intervals to assess compliance with the loan/grant covenants.

3. Safeguard monitoring

153. International and national environmental consultants to be engaged under the construction supervision team will (i) undertake regular monitoring on the implementation of CEMP; (ii) report on the environment impacts during construction, and recommend measures to improve the situation as required; and (iii) prepare semi-annual monitoring reports for submission to the PMU1 and ADB.

154. External national monitor will be engaged to: (i) monitor the updating and implementation of the resettlement and ethnic minority development plan, and (ii) report the findings through semi-annual reports to PMU1 and ADB. Grievances received will be addressed through the grievance redress mechanism.

4. Gender and social dimensions monitoring

155. National gender consultant will be recruited under construction supervision consultant team to (i) monitor the implementation of GAP, and HIV/AIDS and Human Trafficking Awareness and Prevention Program, (ii) report to ADB the progress and issues to be addressed through project quarterly progress report. Gender awareness and training on GAP implementation will be provided to PMU1 staff.

5. Evaluation

156. ADB with PMU1 will undertake regular reviews of the Project at about 6-month intervals to assess the potential risk for achieving the project outcome. In addition to these regular reviews, a comprehensive midterm review of Project implementation will be carried out upon completion of civil works contract award to assess likelihood of project accomplishment and agree on necessary midcourse corrections. Within 6 months of physical completion of the Project, PMU1 will submit a project completion report to ADB.¹ About 1 year after project completion, ADB will conduct a project completion review to document the achievements of the Project.

¹ Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

6. Reporting

157. PMU1 will provide ADB with (i) quarterly progress reports in a format consistent with ADB's project performance reporting system and updated GAP monitoring table; (ii) consolidated annual reports including: (a) progress achieved by output as measured through the indicator's performance targets; (b) key implementation issues and solutions; (c) updated procurement plan; and (d) updated implementation plan for the next 12 months; (iii) semi-annual environmental monitoring report; (iv) semi-annual social monitoring report; and (v) a project completion report within 6 months of physical completion of the Project.

158. ADB will review the audited project financial statements and audit report to ensure project continues to be both viable and sustainable.

7. Stakeholder Communication Strategy

159. Relevant information about the project will be delivered to stakeholders in a culturally appropriate, gender sensitive and timely manner. Stakeholder views will be proactively sought, and efforts will be made to maintain regular information sharing with stakeholders.

160. Information to be shared with stakeholders includes information about project road alignment, projected impacts to environment and social, and implementation timelines. Pursuant to ADB's Public Communications Policy, all requisite project documents will be posted on the ADB website, and relevant documents and information will also be shared on the PMU1 project website, which will include at a minimum the following information: (i) bidding procedures, bidders, and contract awards; (ii) use of the funds disbursed under the project; and (iii) physical progress. Project information will also be shared through consultations, posting on public information boards, dissemination of information materials (i.e., project information booklets), and information sharing through the media and other communication channels. The primary language for dissemination efforts will be Vietnamese. The PMU1 will be responsible for implementing and monitoring information dissemination and disclosure, and will designate a focal point that will be designated for regular contact with affected people and other interested stakeholders.

161. Communication activities will also focus on raising public awareness of traffic rules and safety, including support for school- and community-based traffic safety activities. Public relations and marketing activities will utilize key national media and other communication channels to raise awareness of the project's progress and benefits.

162. A Stakeholder Communication Strategy Matrix and Disclosure Plan Matrix are provided below.

Table 11: STAKEHOLDER COMMUNICATION STRATEGY MATRIX

Objectives	Key Risks	Main Stakeholders	Messages	Means of Communication (Channels/ Languages, Activities)	Timeline	Responsibility	Resources
To deliver relevant information to stakeholders in a culturally appropriate, gender sensitive, and timely manner	Lack information about the project components and expected impacts	Project beneficiaries and affected peoples	Project road alignments, implementation agencies, project activities, impact mitigation measures	Project Website, District governors' offices, public consultation meetings, and information dissemination	Project preparation and implementation stages	PMU1	Consultancy support
To obtain accurate and timely feedback from stakeholders and maintain regular information sharing	Lack of commitment to 2-way communication	Project beneficiaries and affected peoples along the project roads	Project activities, feedback from the beneficiaries and affected people, NGOs, civil society	Meetings and interviews, Project website	Quarterly and annually	PMU1	Consultancy support
Raise community awareness of traffic rules and safety, and HIV and human trafficking	Limited reach out to school students and high risk people	All stakeholders	Traffic rules, planned programs, implementation approaches of different programs, protection measures	Appropriate print and audio-visual media; school and community based traffic safety awareness; and mass media	As planned in each programs	PMU1	Consultancy support

NGO = non-government organization, PMU = project management unit, REMDP = resettlement and ethnic minority development plan.

Table 12: DISCLOSURE PLAN MATRIX

Project Information	Means of Communication	Responsible	Audience	Frequency
RRP	ADB website	SETC	ADB, Socialist Republic of Vietnam Development partners, civil society, NGOs,	once
Project planning Information	Discussions and consultations	PMU1	Project beneficiaries	Prior and after approval of the Project Outline
Status of procurement and construction progress	Project website Information boards at site	PMU1 Contractors	Project beneficiaries Affected peoples	All the time
Project Data Sheet	ADB website	SETC	All stakeholders	Semi annually
Resettlement and Ethnic Minority Development Plan and its updates, and social monitoring reports	ADB website	ADB	Displaced persons, civil society, NGOs	upon receipt from PMU1 for REMDP and its update Semi- annually for monitoring reports
Environmental Management Plan	ADB website	ADB	Affected people, civil society, NGOs	Semi-annually
Project Completion Report	ADB website	ADB	ADB, Socialist Republic of Vietnam Development partners, civil society, NGOs,	once

ADB = Asian Development Bank; PMU = project management unit; NGO = nongovernment organization; REMDP=resettlement and ethnic minority development plan; RRP = report and recommendation of the president.

XI. ANTICORRUPTION POLICY

163. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the Project.¹ All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all Project contractors, suppliers, consultants and other service providers. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the Project.²

164. To support these efforts, relevant provisions are/will be included in the loan agreement/regulations and the bidding documents. Moreover, the Government will ensure that all of the PMU1 staff are fully aware of and comply with the Government's and ADB's procedures, including procedures for (i) implementation, (ii) procurement, (iii) use of consultants, (iv) disbursement, (v) reporting, (vi) monitoring, and (vii) prevention of fraud and corruption. It will: (i) undertake necessary measures to create and sustain a corruption-free environment for activities under the Project; and (ii) comply with ADB's Anticorruption Policy (1998, as amended to date).

165. The Government: (i) acknowledges ADB's right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive and coercive practices relating to the Project; and (ii) agrees to cooperate fully with any such investigation and to extend all necessary assistance, including providing access to all relevant books and records, as may be necessary for the satisfactory completion of any such investigation. All external costs related to such investigations shall be met by the Project resources or by the Government.

166. The Government will: (i) conduct periodic inspections on the suppliers', contractors', consultants' and other service providers' activities related to the Loan proceeds, fund withdrawals and settlements; and (ii) ensure that all contracts financed by ADB in connection with the Project include provisions specifying the right of ADB to audit and examine the records and accounts of the Borrower, and all suppliers, contractors, consultants and other service providers as they relate to the Project.

¹ Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>.

² ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>.

XII. ACCOUNTABILITY MECHANISM

167. People who are, or may in the future be, adversely affected by the project may address complaints to ADB, or request the review of ADB's compliance under the Accountability Mechanism.¹

¹ For further information see: <http://compliance.adb.org/>.

XIII. RECORD OF PAM CHANGES

168. All revisions/updates during course of implementation should be retained in this Section to provide a chronological history of changes to implemented arrangements recorded in the PAM.