

Project Administration Manual

Project Number: 37231-044

Loan Number: xxx

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Pakistan: MFF0009-PAK: Punjab Irrigated
Agriculture Investment Program - Tranche 4

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Project Administration Manual Purpose and Process

1. 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.
2. The Punjab Irrigation Department is wholly responsible for the implementation of ADB financed projects, as agreed jointly between the borrower and ADB, and in accordance with Government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by Punjab Irrigation Department of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.
3. 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.
4. After ADB President approval of the additional financing, 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
AWB	=	area water board
EA	=	executing agency
EMP	=	environmental management plan
FOs	=	farmers organizations
IA	=	implementing agency
ICB	=	international competitive bidding
LBDC	=	Lower Bari Doab Canal
LBDCIP	=	Lower Bari Doab Canal Improvement Project
LARP	=	land acquisition and resettlement plan
NCB	=	national competitive bidding
PAM	=	project administration manual
PIAPPF	=	Punjab irrigated agriculture project preparation facility
PIU	=	project implementation unit
PID	=	Punjab Irrigation Department
PMU	=	project management unit
PPMS	=	project performance management system
QCBS	=	quality- and cost based selection
QPR	=	quarterly progress reports
SOE	=	statement of expenditure
SSEMP	=	site specific environment management plan
WA	=	withdrawal application

I. PROJECT DESCRIPTION

1. In December 2006, the Asian Development Bank (ADB) approved a \$900 million¹ multitranche financing facility (MFF) for the Punjab Irrigated Agriculture Investment Program (PIAIP) to co-finance investments in the irrigation sector in Punjab. Two loans for the first project totaling \$227.8 million were approved at the same time; \$217.8 million equivalent from ordinary capital resources (OCR) and \$10 million equivalent from the ADB's Special Fund (ADF) resources. The Project 1 (the project) included Lower Bari Doab Canal Improvement Project (LBDCIP) and Punjab Irrigated Agriculture Project Preparation Facility (PIAPPF), financed under MFF tranche 1. The LBDCIP is improving the Balloki Barrage on the Ravi River, Lower Bari Doab Canal (LBDC), and distributary and minor canals that supply water to more than 700,000 ha vis-à-vis supporting institutional reforms, on-farm productivity and improved groundwater management. The PIAPPF included preparation of subsequent projects under the MFF.

2. The Balloki Barrage (Barrage) was constructed in 1911-13 to create a level crossing between the Upper Chenab Canal and the Lower Bari Doab Canal. It underwent major remodeling as part of the Indus Basin replacement works in 1964-65 to increase the design flows into the LBDC and Balloki Sulemanki Link (B-S Link) as well as the capacity to pass flood flows. The Barrage supplies water to over 1.9 million hectares. The Barrage needs major rehabilitation and upgrading for reducing flood and its failure risks. The project will increase the Barrage complex including its spillway flood capacity from 1 in 20 to 1 in 100 years.

3. The LBDC was constructed during 1909-12. It has a total length of 201 km. It branches from the Ravi River at Balloki Barrage which is about 75 km south west of Lahore. It serves a gross area of 740,674 hectares and a cultivable command area of 675,667 hectares. Its current sanctioned discharge is 278 cumecs however the canal can only take 244 cumecs due to lesser capacity.

4. A project entitled Lower Bari Doab Canal Improvement Project (LBDCIP) started to efficiently irrigate the lands of Okara, Sahiwal, Kasur and Khanewal districts in the province of Punjab. The purpose of LBDCIP project is the provision of additional canal water supplies, reducing continued degradation of the LBDC, limiting groundwater recharge, decline in watertable, increased pumping and loss of access to water in tail and saline-affected areas

5. The Project nonphysical components includes (i) establishment of 3,779 water user associations, 52 farmer organizations (FOs) and one Area Water Board (AWB) completing the decentralized farmers' management structures for operation, maintenance and management of the minor and distributary canals; (ii) a groundwater modeling study and institutionalization of its recommendations within the PID; and (iii) on-farm demonstration plots with the FOs established.

6. The proposed tranche provides additional financing to meet financing gap and cost overruns in LBDCIP through OCR loan of \$26.6 million for completing rehabilitation and upgrade of Branch Canals and Distributary System of all four districts. The expenditure on these items must not change the project's scope or its impact, outcomes, and outputs.

¹ This amount comprised (i) up to \$890 million equivalent form ADB's ordinary capital resources; and (ii) up to \$10 million equivalent in Special Drawing Rights (SDR) from ADB's special funds resources (ADF). On 15 December 2011, ADB's Board of Directors approved an amendment to the MFF for Punjab Irrigated Agriculture Investment Program (PIAIP), which (i) reduced the facility amount to an amount not exceeding the equivalent of \$700 million; and (ii) increased the limit on the use of ADF resources for the MFF to an amount not exceeding the equivalent of \$280 million.

Impact and Outcome

7. **Impacts:** The impact of the overall project - increased agricultural production and farm income - will remain unchanged.² The 10% increase in cropping intensity and farm income will be achieved by 2021 over the baseline of 2006.

8. **Outcome:** The outcome of the project will remain the same, i.e. LBDC command area receives a sustainably improved delivery of water services and management through more than 3,500 outlets receiving the design water supply and, design discharge is diverted to the distributary and minor canals throughout the year by 2016. The additional financing will not change the outcome or outcome indicators.

9. **Output:** The additional finance will not change the result chain of outputs. The project outputs will be (i) operationalized groundwater management plan and conjunctive use strategy for LBDC, (ii) established 1 AWBs and 52 FOs and more than 3,000 water user associations, taking over the responsibility for operations of canal system, (iii) rehabilitated 2,450 km LBDC and distribution canals in LBDC command area, and increased Balloki Barrage's safe flood capacity from 6,400 m³s⁻¹ to 10,700 m³s⁻¹, based on findings of the detail design and model studies, (iv) improved use of on-farm water management practices by farmers through 40 demonstration plots, and (iv) completed due diligence and approved subsequent tranches under MFF. The details are in the design and monitoring framework (Appendix 1).

II. IMPLEMENTATION PLANS

A. Project Readiness Activities

Indicative Activities	Months							Responsibility
	June	July	Aug	Sep	Oct	Nov	Dec	
Advance Actions								
Advance contracting actions	√	√	√					PID
Retroactive financing actions			√	√	√	√	√	PID
ADB's Approval							√	ADB
Loan signing							√	Govt. of Pakistan & ADB
Government legal opinion provided							√	Govt. of Pakistan
Government budget inclusion		√						Govt. of Pakistan
Loan effectiveness							√	Govt. of Pakistan & ADB

PID = Punjab irrigation Department; ADB = Asian Development Bank; Govt.=Government .

² Project funded by the original loans under Tranche 1 and additional financing.

B. Overall Project Implementation Plan

Activities	2011	2012	2013	2014	2015			2016			2017			
A. DMF														
1. Component A: R&U of the Balloki Barrage Complex^a														
2. Component B: R&U of the LBDC Canal Network^a														
2.1 R&U of LBDC Distribution System of Balloki and Okara Division (ICB-04) ^b														
2.2 R&U of LBDC Distribution System Sahiwal Division (ICB-05) ^b														
2.3 R&U of LBDC Distribution System Khanewal Division														
2.3.1 R&U Khanewal Division (ICB06A) ^b														
2.3.2 R&U Khanewal Division (ICB06B)														
2.3.3 R&U Other Works of LBDC														
3. Component C: Groundwater Management														
4. Component D: On-Farm Water Management and Agriculture														
5. Component E: Institutional Strengthening and Operation Modernization														
6. Component F: Punjab Irrigated Agriculture Project Preparation Facility^c														
B. Project Management Support														
2.1 Consultancy Services ^b														
2.2 PMU														
C. Management Activities														
Submission of quarterly progress reports														
Submission of bi-annual/annual reports														
Submission of AFS														
Submission of Borrower's PCR (if appropriate)														

R&U = Rehabilitate and Upgrade; PMU=Project Management Unit, LBDC = Lower Bari Doab Canal; ICB = International Competitive Bidding

^a Implementation of Works. The field survey and design were carried out between 2006-2011

^b Part of the components will be financed under the existing Loan 2299-PAK and additional financing loan

^c Financed through Loan 2300-PAK (SF)

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations – Roles and Responsibilities³

Executing agency Punjab Irrigation Department	<ul style="list-style-type: none"> • overall management • timely provision of agreed counterpart funds for project activities and conducting timely financial audits as per agreed timeframe and taking recommended actions; • complying with loan covenants (social, environmental, financial, economic, and others); • ensure the project's sustainability after implementation and reporting to ADB on the development impacts;
Project specific management body (Implementing Agency) Project Management Unit	<ul style="list-style-type: none"> • project management and overall project coordination, overseeing day-to-day implementation; • supervise the work of the construction supervision consultants for works, and process payments on all contracts upon receiving certification from the engineer; • ensure that project works are implemented in accordance with the provisions of both the environmental management and land acquisition and resettlement plans; • monitoring and evaluation of project activities and outputs, including periodic review, preparation of review reports reflecting issues and time-bound actions; • maintaining imprest account; • public disclosure of project information; • maintaining strong financial management system and submitting timely withdrawal applications to ADB; and • preparing periodic progress reports, and project completion reports and their timely submission to ADB;
ADB	<ul style="list-style-type: none"> • assist the EA and PMU in providing timely guidance for smooth implementation of the project in accordance with the agreements; • review all the documents that require ADB's approval; • conduct project administration missions; • monitor compliance with loan covenants, social and environmental safeguards and technical and financial requirements; • timely process withdrawal applications and release eligible funds; • ensure compliance with financial audit recommendations; • regularly update the project performance review reports with the assistance of the project management office; and • regularly post on ADB's web the updated project information documents for public disclosure, and also the

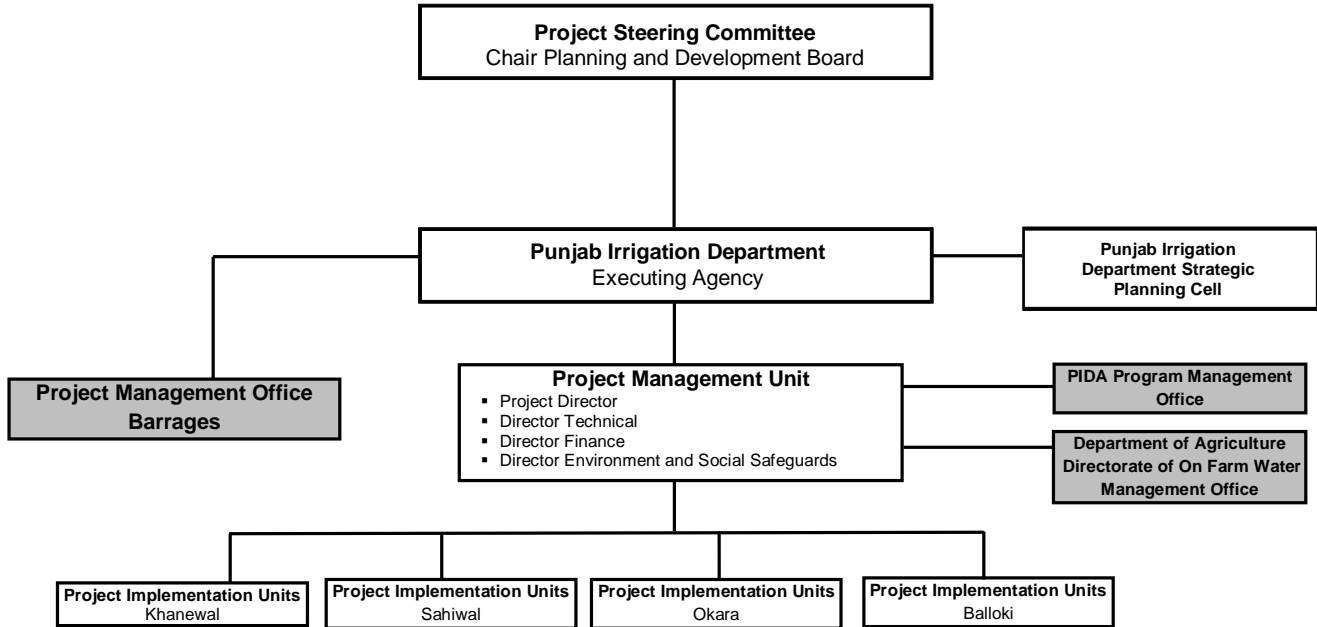
³ The Project Management Office (Barrages) will continue administering the PIAPPF (component F) under Loan 2300-PAK (SF); the Directorate of On-Farm Water Management has completed the Component D under Loan 2299-PAK; the Punjab Irrigation and Drainage Authority with support from PMU continue to implement the remaining activities of Component E under Loan 2299-PAK; in place of the Irrigation Management Unit, PIDA revised rule 2010 allows existing PID field offices to assist FOs in operational management during a transitional period until FOs achieve sufficient capacity

Economic Affairs Division of Ministry of Economic Affairs and Statistics	<p>safeguards documents as per disclosure provision of the ADB's safeguards policy statement</p> <ul style="list-style-type: none"> • submitting the periodic financing request • signing the Loan Agreement • endorsing to ADB the authorized staff with approved signatures for WAs processing; and processing and submitting to ADB any request as Borrower requiring ADB's approval
Government of Punjab	<ul style="list-style-type: none"> • ensure fairness and transparency in loan utilization; • ensure quality and timely completion of the project; • oversee the project implementation progress by the PID and PMU; • ensure timely availability of counterpart funds; • share with ADB major policy related changes in the sector on time; • ensure compliance with resettlement and environmental safeguards implemented as per EPA rules and regulations and ADB safeguard policy
Project Steering Committee	<ul style="list-style-type: none"> • ensure timely review of the project twice a year.

B. Key Persons Involved in Implementation

Executing Agency Punjab Irrigation Department (PID)	<p>Mr. Saif Anjum Secretary, Irrigation Department Government of Punjab, Irrigation Secretariat, Old Anarkali Lahore, Pakistan Telephone No: +9242 99212117-18 Email: sec_ipd@yahoo.com</p>
Implementing Agency Project Management Unit	<p>Mr. Khalid H. Qureshi Project Director, Project Management Unit, LBDCIP Canal Bank Mustafabad, Lahore Telephone No: +924299250362 Email: pd_lbdcip@yahoo.co.uk</p>
ADB Country Director	<p>Werner E. Liepach Country Director, Pakistan Resident Mission Level 8, North Wing, Serena Office Complex Khayaban-e-Suhrawardy, G-5, Islamabad, Pakistan Telephone No: 92-51 260-0351-69 / 208-7300 Email: wliepach@adb.org</p>
Mission Leader	<p>Asad A. Zafar Senior Project Officer (Water Resources), Pakistan Resident Mission, Level 8, North Wing, Serena Office Complex, Khayaban-e-Suhrawardy, G-5, Islamabad, Pakistan Telephone No: 92-51 260-0351-69 / 208-7300 Email: asadzafar@adb.org</p>

C. Project Organization Structure



Legend

Associated with implementation of components financed through Additional Financing

Associated with implementation of other components of the Project

IV. COSTS AND FINANCING

A. Detailed Cost Estimates by Expenditure Category for Overall Project

Item	Original Amount 2006 ^a	% of Base Cost	Amount			
			2015 ^b	Additional Financing ^c	Total	% of Base Cost
A. Investment Costs						
LBDCIP						
1. Works	148.4	71%	193.5	26.1	219.6	84%
2. Equipment and Related Services	3.4	2%	0.6		0.6	0%
3. Land Acquisition, Resettlement, Environmental Mitigation, and Surveys	7.3	4%	1.0		1.0	0%
4. Consulting Services	19.4	9%	24.8	2.3	27.1	10%
5. Project Management	0.0	0%			-	0%
6. Capacity Development	6.5	3%	1.4		1.4	1%
Sub-Total LBDCIP	185.0	89%	221.2	28.3	249.6	95%
PIAPPF						
1. Equipment	0.7	0%	0.7		0.7	0%
2. Consulting Services	8.2	4%	8.2		8.2	3%
Sub-Total PIAPPF	8.9	4%	8.9	-	8.9	3%
Sub-Total (A)	193.9	93%	230.2	28.3	258.5	99%
B. Recurrent Costs						
LBDCIP						
Salaries, O&M, Accommodation	13.3	6%	3.2		3.2	1%
PIAPPF						
Salaries, O&M, Accommodation	0.5		0.5		0.5	0%
Sub-Total (B)	13.8	7%	3.7	-	3.7	1%
Total Base Cost	207.7	100%	233.8	28.3	262.2	100%
C. Contingencies						
1. Physical	3.4	2%	0.0	0.9	1.0	0%
2. Price	57.6	28%	0.7	0.3	1.0	0%
Sub-Total (C)	61.0	29%	0.7	1.3	1.9	1%
D. Financing Charges During Implementation^d						
1. Interest During Implementation	9.2	4%	4.3	0.3	4.6	2%
2. Commitment Charges	3.5	2%	9.5	0.1	9.6	4%
Sub-Total (D)	12.6	6%	13.7	0.4	14.1	5%
Total Project Cost (A+B+C+D)	281.4	135%	248.3	30.0	278.2	106%

LBDC = Lower Bari Doab Canal, LBDCIP = Lower Bari Doab Canal Improvement Project, OFWM = On-Farm Water Management, R&U = rehabilitation and upgrade, PIAPPF= Punjab Irrigated Agriculture Project Preparation Facility; O&M = Operations and Management

^a The original amount refers to amount approved in 2006. This amount includes \$15.5 million in taxes and duties.

^b This refers to the amount after cancellation, exchange rate fluctuations, expenditures incurred or expected, and contingencies utilized

^c Includes taxes and duties of \$2.63 million to be financed from government resources. The additional financing will be only utilized after the original financing is fully committed and/or utilized

Sources: Government of Pakistan. 2015. *Punjab Irrigated Agriculture Investment Project 1*; Asian Development Bank estimates.

B. Detailed Cost Estimates by Expenditure Category for LBDCIP

Item	Original Amount 2006 ^a	% of Base Cost	Amount			
			2015 ^b	Additional Financing ^c	Total	% of Base Cost
A. Investment Costs						
1. Works	148.4	75%	193.5	26.1	219.6	87%
2. Equipment and Related Services	3.4	2%	0.6		0.6	0%
3. Land Acquisition, Resettlement, Environmental Mitigation, and Surveys	7.3	4%	1.0		1.0	0%
4. Consulting Services	19.4	10%	24.8	2.3	27.1	11%
5. Project Management	0.0	0%			-	0%
6. Capacity Development	6.5	3%	1.4		1.4	1%
B. Recurrent Costs						
Salaries, O&M, Accommodation	13.3	7%	3.2		3.2	1%
Total Base Cost	198.3	100%	224.4	28.3	252.8	100%
C. Contingencies						
1. Physical	3.4	2%		0.9	0.9	0%
2. Price	56.9	29%		0.3	0.3	0%
Sub-Total (C)	60.4	30%	-	1.3	1.3	0%
D. Financing Charges During Implementation^d						
1. Interest During Implementation	8.9	5%	4.0	0.3	4.3	2%
2. Commitment Charges	3.5	2%	9.5	0.1	9.6	4%
Sub-Total (D)	12.4	6%	13.5	0.4	13.9	5%
Total Project Cost (A+B+C+D)	271.1	137%	237.9	30.0	267.9	106%

O&M = Operations and Management

Note: This does not include Punjab Irrigated Agriculture Project Preparation Facility amounting to \$10 million under Loan 2300-PAK (SF) and its corresponding Government's share as such no additional financing is required for the component financed under Loan 2300-PAK (SF). After the effectiveness of the additional financing, the new (i) ICB-06A contract, and (ii) associated consulting services contract authorized for retroactive financing, will be disbursed under the additional financing. The additional financing will be also disbursed for existing contracts awarded under the original loan (L2299-PAK) when the allocation of the original loan are not sufficient to finance the contracts.

^a The original amount refers to amount approved in 2006.

^b This refers to the amount after cancellation, exchange rate fluctuations, expenditures incurred or expected, and contingencies utilized

^c Includes taxes and duties of \$2.63 million to be financed from government resources. The additional financing will be only utilized after the original financing is fully committed and/or utilized

Sources: Government of Pakistan. 2015. *Punjab Irrigated Agriculture Investment Project 1*; Asian Development Bank estimates.

C. Allocation and Withdrawal of Loan Proceeds

Item	Original ^a		2015 ^b Allocation Amount \$	Additional Financing	
	Allocation Amount \$	ADB Financing %		Allocation Amount \$	ADB Financing %
1. Works	176,060,393	90	174,170,537	23,457,000	90% of the expenditure claimed
2. Equipment and Related Services	1,648,259	41	180,000		
3. Land Acquisition, Resettlement, Environmental Mitigation, and Surveys	641,486	7	66,604		
4. Consulting Services	18,716,153	82	19,740,000	1,713,000	100% of the expenditure claimed ^c
5. Project Management	25,197	100			
6. Capacity Development	4,957,281	59	800,000		
7. Interest and Commitment Charges	12,404,405	100	13,500,000	400,000	100% of the amounts due
8. Recurrent Costs	2,783,837	16			
9. Unallocated	562,989			1,000,000	
Total	217,800,000		208,457,141	26,570,000	

Note: This does not include Punjab Irrigated Agriculture Project Preparation Facility amounting to \$10 million under Loan 2300-PAK (SF) and its corresponding Government's share as such no additional financing is required for the component financed under Loan 2300-PAK (SF). After the effectiveness of the additional financing, the new (i) ICB-06A contract, and (ii) associated consulting services contract authorized for retroactive financing, will be disbursed under the additional financing. The additional financing will be also disbursed for existing contracts awarded under the original loan (L2299-PAK) when the allocation of the original loan are not sufficient to finance the contracts.

^a The original amount refers to amount approved in 2006.

^b This refers to the amount after cancellation, exchange rate fluctuations, expenditures incurred or expected, and contingencies utilized. The allocation will be revised upon approval of the additional financing.

^c Exclusive of taxes and duties

Sources: Government of Pakistan. 2015. Punjab Irrigated Agriculture Investment Project 1; Asian Development Bank estimates.

D. Detailed Cost Estimates by Financier

Overall LBDCIP in 2006

Item	Original ^a				Total
	ADB OCR		Government		
	Amount	% of Cost Category	Amount	% of Cost Category	
A. Investment Costs					
1. Works	133.6	90%	14.8	10%	148.4
2. Equipment and Related Services	1.4	41%	2.0	59%	3.4
3. Land Acquisition, Resettlement, Environmental Mitigation, and Surveys	0.5	7%	6.8	93%	7.3
4. Consulting Services	15.9	82%	3.5	18%	19.4
5. Project Management	0.0	100%	0.0		0.0
6. Capacity Development	3.8	59%	2.7	41%	6.5
Sub-Total (A)	155.2	84%	29.8	16%	185.0
B. Recurrent Costs	2.1	16%	11.2	84%	13.3
Total Base Cost	157.3	79%	41.0	21%	198.3
C. Contingencies	48.1	80%	12.3	20%	60.4
D. Financing Charges During Implementation	12.4	100%		0%	12.4
Total Project Cost (A+B+C+D)	217.8	80%	53.3	20%	271.1
		80%		20%	

Note: This does not include Punjab Irrigated Agriculture Project Preparation Facility amounting to \$10 million under Loan 2300-PAK (SF) and its corresponding Government's share as such no additional financing is required for the component financed under Loan 2300-PAK (SF). After the effectiveness of the additional financing, the new (i) ICB-06A contract, and (ii) associated consulting services contract authorized for retroactive financing, will be disbursed under the additional financing. The additional financing will be also disbursed for existing contracts awarded under the original loan (L2299-PAK) when the allocation of the original loan are not sufficient to finance the contracts.

^a The original amount refers to amount approved in 2006.

Sources: Government of Pakistan. 2015. Punjab Irrigated Agriculture Investment Project 1.

E. Detailed Cost Estimates by Financier for Additional Financing

Item	Amount 2015 ^a					Additional Financing ^b					Total				Total
	ADB OCR		Government		Total	ADB OCR		Government		Total	ADB OCR		Government		
	Amount	% of Cost Category	Amount	% of Cost Category		Amount	% of Cost Category	Amount	% of Cost Category		Amount	% of Cost Category	Amount	% of Cost Category	
A. Investment Costs															
1. Works	174.2	90%	19.4	10%	193.5	23.46	90%	2.6	10%	26.1	197.6	90%	22.0	10%	219.6
2. Equipment and Related Services	0.2	31%	0.4	69%	0.6	0.00	0%	0.0	0%	0.0	0.2	31%	0.4	69%	0.6
3. Land Acquisition, Resettlement, Environmental Mitigation, and Surveys	0.1	7%	0.9	93%	1.0	0.00	0%	0.0	0%	0.0	0.1	7%	0.9	93%	1.0
4. Consulting Services	19.7	80%	5.1	20%	24.8	1.71	76%	0.5	24%	2.3	21.5	79%	5.6	21%	27.1
5. Project Management	0.0	0%	0.0	0%	0.0	0.00	0%	0.0	0%	0.0	0.0	0%	0.0	0%	0.0
6. Capacity Development	0.8	58%	0.6	42%	1.4	0.00	0%	0.0	0%	0.0	0.8	58%	0.6	42%	1.4
Sub-Total (A)	195.0	88%	26.3	12%	221.2	25.17	89%	3.1	11%	28.3	220.1	88%	29.4	12%	249.6
B. Recurrent Costs	0.0	0%	3.2	100%	3.2	0.00	0%	0.0	0%	0.0	0.0	0%	3.2	100%	3.2
Total Base Cost	195.0	87%	29.5	13%	224.4	25.17	89%	3.1	11%	28.3	220.1	87%	32.6	13%	252.8
C. Contingencies	0.0	0%	0.0	0%	0.0	1.00	80%	0.3	20%	1.3	1.0	80%	0.3	20%	1.3
D. Financing Charges During Implementation	13.5	100%	0.0	0%	13.5	0.40	100%	0.0	0%	0.4	13.9	100%	0.0	0%	13.9
Total Project Cost (A+B+C+D)	208.5	88%	29.5	12%	237.9	26.57	89%	3.4	11%	30.0	235.0	88%	32.9	12%	267.9
		88%		12%			89%		11%			88%		12%	

Note: This does not include Punjab Irrigated Agriculture Project Preparation Facility amounting to \$10 million under Loan 2300-PAK (SF) and its corresponding Government's share as such no additional financing is required for the component financed under Loan 2300-PAK (SF). After the effectiveness of the additional financing, the new (i) ICB-06A contract, and (ii) associated consulting services contract authorized for retroactive financing, will be disbursed under the additional financing. The additional financing will be also disbursed for existing contracts awarded under the original loan (L2299-PAK) when the allocation of the original loan are not sufficient to finance the contracts.

^a The original amount refers to amount approved in 2006.

^b This refers to the amount after cancellation, exchange rate fluctuations, expenditures incurred or expected, and contingencies utilized. The allocation will be revised upon approval of the additional financing.

^c Exclusive of taxes and duties

F. Detailed Cost Estimates by Outputs/Components

Overall LBDCIP in 2006

Item	Original ^a													
	R&U of the Balloki Barrage Complex		R&U of the LBDC Distribution Network		Groundwater Management		OFWM and Agriculture		Institutional Strengthening and Operation Modernization		Project Management		Total	
	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category
A. Investment Costs														
1. Works	17.7	12%	130.7	88%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	148.4	55%
2. Equipment and Related Services	0.2	7%	0.4	12%	0.2	5%	0.4	13%	1.4	40%	0.8	23%	3.4	1%
3. Land Acquisition, Resettlement, Environmental Mitigation, and Surveys	0.5	7%	6.1	83%	0.6	9%	0.0	0%	0.0	0%	0.1	1%	7.3	3%
4. Consulting Services	2.1	11%	9.1	47%	1.7	9%	1.2	6%	2.2	11%	3.0	16%	19.4	7%
5. Project Management	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	100%	0.0	0%
6. Capacity Development	0.0	0%	0.0	0%	0.1	1%	3.7	57%	2.6	40%	0.2	2%	6.5	2%
Sub-Total (A)	20.5	11%	146.3	79%	2.6	1%	5.3	3%	6.2	3%	4.1	2%	185.0	68%
B. Recurrent Costs	1.4	11%	0.5	4%	0.1	1%	1.2	9%	4.7	35%	5.4	41%	13.3	5%
Total Base Cost	21.9	11%	146.9	74%	2.6	1%	6.5	3%	10.9	5%	9.5	5%	198.3	73%
C. Contingencies													60.4	22%
Financing Charges During													12.4	5%
D. Implementation														
Total Project Cost (A+B+C+D)	21.9	8%	146.9	54%	2.6	1%	6.5	2%	10.9	4%	9.5	3%	271.1	100%

Note: This does not include Punjab Irrigated Agriculture Project Preparation Facility amounting to \$10 million under Loan 2300-PAK (SF) and its corresponding Government's share as such no additional financing is required for the component financed under Loan 2300-PAK (SF). After the effectiveness of the additional financing, the new (i) ICB-06A contract, and (ii) associated consulting services contract authorized for retroactive financing, will be disbursed under the additional financing. The additional financing will be also disbursed for existing contracts awarded under the original loan (L2299-PAK) when the allocation of the original loan are not sufficient to finance the contracts..

^a The original amount refers to amount approved in 2006.

Sources: Government of Pakistan. 2015. Punjab Irrigated Agriculture Investment Project 1; Asian Development Bank estimates.

G. Detail Cost Estimates by Outputs/Components for Additional Financing

Items	R&U of the Balloki Barrage Complex			R&U of the LBDC Distribution Network			Groundwater Management			OFWM and Agriculture			Institutional Strengthening and Operation Modernization			Project Management			Total			%		
	Rev.	AF	Total	Rev.	AF	Total	Rev.	AF	Total	Rev.	AF	Total	Rev.	AF	Total	Rev.	AF	Total	Rev.	AF	Total			
A. Investment Costs																								
1. Works	22.9		22.9	170.7	26.1	196.7													193.5	26.1	219.6	82.0%		
2. Equipment and Related Services												0.1	0.1	0.5	0.5	0.6	0.6	0.6			0.6	0.2%		
3. Land Acquisition, Resettlement, Environmental Mitigation, and Surveys	0.4		0.4	0.5		0.5													1.0		1.0	0.4%		
4. Consulting Services	2.7		2.7	15.4	1.9	17.3	1.4		1.4	1.2		1.2	0.4		0.4	3.8	0.3	4.2	24.8	2.3	27.1	10.1%		
5. Project Management																			0.0		0.0	0.0%		
6. Capacity Development									0.6		0.6	0.2		0.2	0.6		0.6	1.4		1.4	0.5%			
Sub-Total (A)	25.9		25.9	186.6	28.0	214.5	1.4		1.4	1.8		1.8	0.7		0.7	5.0	0.3	5.3	221.2	28.3	249.6	93.2%		
B. Recurrent Costs	0.1		0.1									0.3		0.3	0.8		0.8	2.0		2.0	3.2		3.2	1.2%
Total Base Cost	26.0		26.0	186.6	28.0	214.5	1.4		1.4	2.1		2.1	1.4		1.4	7.0	0.3	7.3	224.4	28.3	252.8	94.3%		
C. Contingencies																					1.3	0.5%		
D. Financing Charges During Implementation																					13.5	5.2%		
Total Project Cost (A+B+C+D)	26.0		26.0	186.6	28.0	214.5	1.4		1.4	2.1		2.1	1.4		1.4	7.0	0.3	7.3	237.9	30.0	267.9	100.0%		

Rev. = Revised Amount in 2015; AF = Additional Financing;

Note: This does not include Punjab Irrigated Agriculture Project Preparation Facility amounting to \$10 million under Loan 2300-PAK (SF) and its corresponding Government's share as such no additional financing is required for the component financed under Loan 2300-PAK (SF). After the effectiveness of the additional financing, the new (i) ICB-06A contract, and (ii) associated consulting services contract authorized for retroactive financing, will be disbursed under the additional financing. The additional financing will be also disbursed for existing contracts awarded under the original loan (L2299-PAK) when the allocation of the original loan are not sufficient to finance the contracts.

Sources: Government of Pakistan. 2015. Punjab Irrigated Agriculture Investment Project 1; Asian Development Bank estimates.

H. Detailed Cost Estimates by Year

Revised Amount

Items	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Grand Total
1 Works	0.0	0.0	0.0	1.3	16.3	31.3	33.5	30.3	19.0	42.3	174.0
2 Equipment and Related Services	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0			0.2
3 Land Acquisition, Resettlement, Environmental Mitigation, and Surveys	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1		0.1
4 Consulting Services	0.0	0.0	1.1	1.7	2.3	2.7	2.8	2.8	3.0	3.4	19.7
5 Project Management											0.0
6 Capacity Development	0.0	0.0	0.0	0.0	0.0	0.2	0.1	0.0	0.5		0.8
7 Financing Charges During Implementation	0.1	0.5	1.2	2.0	2.2	1.8	1.3	1.1	1.8	1.6	13.6
8 Recurrent Costs											0.0
8 Contingencies											0.0
Total	0.1	0.5	2.3	5.1	20.8	36.1	37.7	34.2	24.4	47.3	208.4
	0.0%	0.2%	1.1%	2.4%	10.0%	17.3%	18.1%	16.4%	11.7%	22.7%	100%

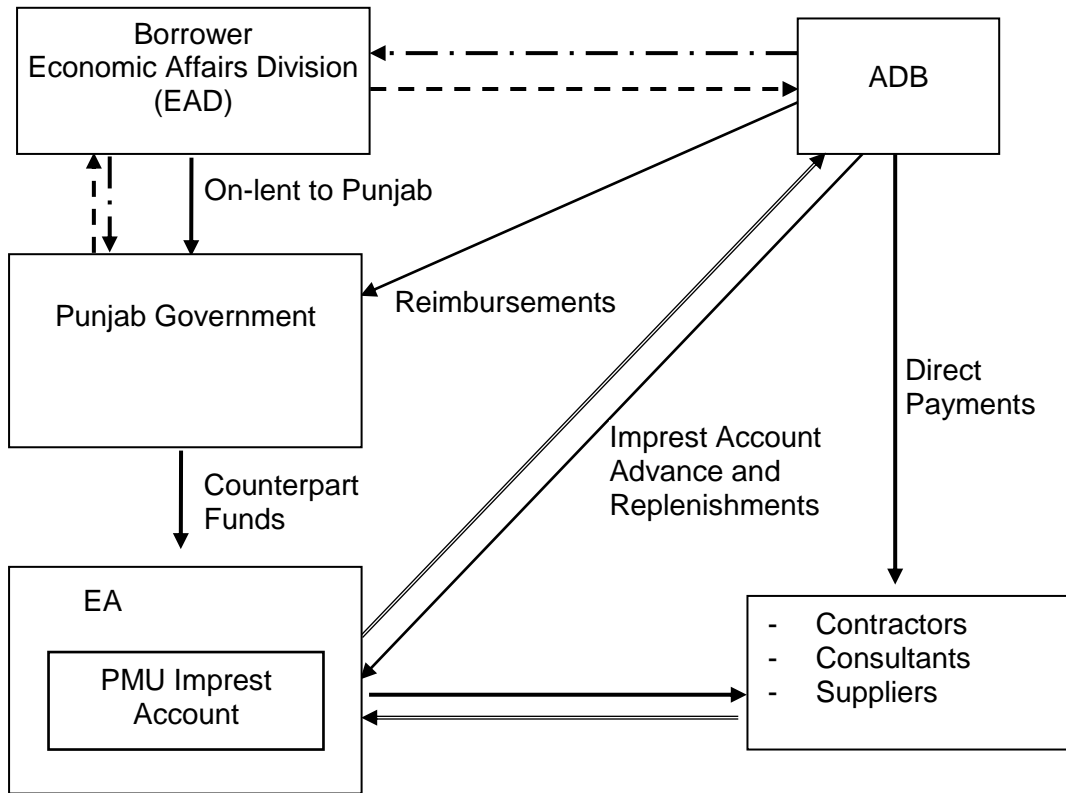
Note: This does not include Punjab Irrigated Agriculture Project Preparation Facility amounting to \$10 million under Loan 2300-PAK (SF) and its corresponding Government's share as such no additional financing is required for the component financed under Loan 2300-PAK (SF). After the effectiveness of the additional financing, the new (i) ICB-06A contract, and (ii) associated consulting services contract authorized for retroactive financing, will be disbursed under the additional financing. The additional financing will be also disbursed for existing contracts awarded under the original loan (L2299-PAK) when the allocation of the original loan are not sufficient to finance the contracts.

Sources: Government of Pakistan. 2015. Punjab Irrigated Agriculture Investment Project 1; Asian Development Bank estimates.

Additional Financing

Item	2015	2016	2017	Grand Total
1 Works		21.5	2	23.5
2 Consulting Services		1.7		1.7
3 Financing Charges During Implementation		0.3	0.1	0.4
4 Contingencies			1	1.0
Total		23.5	3.1	26.6
		88%	12%	100%

J. Fund Flow Diagram



- Flow of funds
- . - . → Lending
- - - - → Loan repayment
- - - - → Withdrawal
- ==> Application/Invoice

V. FINANCIAL MANAGEMENT

12. Financial management assessment has been conducted for the EA and IAs of the Punjab Government in accordance with ADB's *Guidelines for the Financial Management and Analysis of Projects*⁴ and *A Methodology Note on Financial Due Diligence*⁵. Key findings are given below.

A. Financial Management Assessment

13. Financial Management Assessment is based on ADB's experience with the EA implementing Loan No. 2299-PAK since 2007. The EA has considerable experience in implementing ADB Project and during this period ADB did not find any major disbursement issues under the loan. In order to have an updated assessment, a Statement of Expenditure (SOE) and Financial Management Assessment review according to CTLA guidelines was conducted in September 2015. Key findings are given in the table below. In summary, the maintenance of accounting records and financial reporting are adequate. No major audit issues were noted since Loan No. 2299-PAK start-up. The only significant shortcoming is lack of internal audit unit, the EA has assured to liaise with line department to operationalize an internal audit unit prior to project start-up. ADB will follow up to ensure that the internal audit unit is in place within the year.

Summary of Financial Management Internal Control and Risk Assessment

Risk Type	Risk Assessment	Risk Description	Risk Mitigation Measures
1. Country-Specific Risks	M	No significant budgetary or financial management issues are evident related to allocations, releases and accounting of Development Budget.	The National Accounting, development budget system, financial controls and auditing procedures are adequate in the country
2. Entity-Specific Risks	L	No major issues were noted	The EA has considerable experience in implementing ADB's project. No major issues noted in implementation.
3. Project Specific Risks	L	The project locations requiring rehabilitation works are geographically scattered	Payments will be made from by the PMU and there will be no second generation imprest account. Tested procedures under Loan No. 2299-PAK will be followed which have no issue.
Control Risk			
1. Executing and implementing agencies	M	The EA has good experience in implementing ADB Loan No. 2299-PAK	On-going review of the PMU is satisfactory. PMU staff has 5-7 years experience with ADB procedures and requirements. Same EA and PMU will implement. If needed, staff capacity shall be

⁴ ADB. 2005. *Financial Management and Analysis of Projects*. Manila. Available at:<http://www.adb.org/Documents/Guidelines/Financial/default.asp>.

⁵ ADB. 2009. *Financial Due Diligence: A Methodology Note*. Manila. Available at: <http://www.adb.org/Documents/Others/FM-toolkit/Methodology-Note.pdf>

Risk Type	Risk Assessment	Risk Description	Risk Mitigation Measures
2. Funds Flow	L	The loan proceeds will be disbursed in accordance with ADB's <i>Loan Disbursement Handbook</i> and there is little risk foreseen.	built by ADB A rule based mechanism for fund flow is available and governed under rules of the Ministry of Finance: - Imprest Accounts shall be used for ADB share only - Assignment Accounts shall be used for GOPb counterpart funding by EA - Direct payment procedure shall be used for large value payments or payments which require disbursement in foreign currency - Reimbursement procedure shall be used for retroactive financing of eligible works in Punjab
3. Staffing	L	Existing PMU Finance and accounts staff under Loan No. 2299-PAK will be assigned for the financial management of the Project.	The PMU has a qualified and experienced staff with 5-7 years of experience with ADB procedures and requirements. Adequately staffed PMU to be a condition precedent for loan disbursements
4. Accounting Policies and Procedures	N	Implementation of given rules is important	Accounting standards and practices are based on Pakistan National Accounting Standards which are in compliance with International Accounting Standards. The EA is using the National systems and procedures, and no major issues are noted
5. Internal Audit	H	Internal Audit unit is non-operational. Internal audit functions are mainly perceived and limited to pre-audit of payments.	The PMU has assured to liaise with the line department and Project Management Office (implementing Loan Nos. 2841-PAK(SF) and 2971-PAK) to operationalize an internal audit unit. ADB will follow-up to ensure that the unit is in place within the year.
6. External Audit	N	The Department of Auditor General of Pakistan (AGP) shall conduct Audit and submit separate Audited Project Financial Statements within the due date for the EA.	ADB works closely with the AGP to ensure timely submission of audited project accounts. AGP staff has been trained to ensure that ADB requirements are met.
7. Reporting and Monitoring	M	Quality of project financial statements is an issue which needs to be addressed	ADB is working with all EAs to improve the quality of project financial statements so that all essential financial information is suitably disclosed. EA of the Project shall also be trained

Risk Type	Risk Assessment	Risk Description	Risk Mitigation Measures
8. Information System	N	Existing accounting systems and procedures are adequate.	The EA shall be mandated to have its own standalone computerized accounting package.
Overall Risk	M		

* H = High, S = Substantial, M = Moderate, N = Negligible or Low; GoPb= Government of Punjab

B. Disbursement

14. 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.⁶ Online training for project staff on disbursement policies and procedures is available. The project staff is encouraged to avail of this training to help ensure efficient disbursement and fiduciary control.⁷ In order to ensure separate accounting and financial reporting, the EA shall request for the borrower's authorization to withdraw funds from the loan account to meet expenditure under the respective loan components.

15. Reimbursement procedure shall be used eligible expenditure under the Project. Disbursement from the loan account under all claims will be made by ADB after loan effectiveness to the Non-food Account-1 of Punjab upon submission of a withdrawal application and Statement of Expenditure forms.

16. Direct payment procedure will be used for large value payments, or payments which require disbursement in a foreign currency for civil works contracts, procurement of equipment and for consulting services.

17. Immediately after loan effectiveness, the EA will open imprest accounts at the National Bank of Pakistan branch in Lahore in accordance with Finance Division Procedures.⁸ The imprest account is to be used exclusively for ADB's share of eligible expenditures. Imprest accounts will be established, managed, and liquidated in accordance with ADB's Loan Disbursement Handbook and detailed arrangements agreed by the Government and ADB. The currency of the imprest account will be US Dollar. ADB's Loan Disbursement Handbook describes which supporting documents should be submitted to ADB and which should be retained by the EA for liquidation and replenishment of imprest account. The request for initial advance to the imprest account should be accompanied by an Estimate of Expenditure Sheet setting out the estimated expenditures for the first six (6) months of project implementation.⁹ 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. For every liquidation and replenishment request of the imprest account, the EA will furnish to ADB (a) Statement of Account (Bank Statement) where the imprest account is maintained, and (b) the Imprest Account Reconciliation Statement (IARS) reconciling the above mentioned bank statement against the EA's records.¹⁰

18. The EA will be responsible to prepare the annual budget requests to ensure adequate budgetary provisions are there for Project financing and to ensure adequate counterpart

⁶ Available at: http://www.adb.org/Documents/Handbooks/Loan_Disbursement/loan-disbursement-final.pdf

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

⁸ Any bank charges will be financed from the loan, in line with OM H3 requirement.

⁹ Available in Appendix 29 of the *Loan Disbursement Handbook*.

¹⁰ Follow the format provided in Appendix 30 of the *Loan Disbursement Handbook*.

funding. The statement of expenditure (SOE) procedure will be used to reimburse eligible expenditure and to liquidate and replenish the imprest account. SOE records should be maintained by EA, 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.¹¹

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

C. Accounting

20. The EA will maintain separate books and records for all expenditures incurred on the project. The EA will prepare project financial statements in accordance with financial reporting standards acceptable to ADB and in accordance with the Government's new Accounting Manual, the Government's accounting laws and regulations which are consistent with international accounting principles and practices.

D. Auditing and Public Disclosure

21. The EA will cause the project accounts and project financial statements to be audited in accordance with International Standards on Auditing and in accordance with the audit regulations and procedures of the Department of the Auditor General of Pakistan.

22. The annual audit report for the project accounts will include audited project financial statements, 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. As part of each such audit, the auditors will prepare a report, which includes the auditors' opinion on the financial statements and the use of the proceeds of the Ordinary Operations Loan, Special Operations Loan and Additional Financing Loan, and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any).

23. The EA will furnish to ADB, no later than 6 months after the close of the fiscal year to which they relate, copies of such audited financial statements, audit report and management

¹¹ Checklist for SOE procedures and formats are available at:
http://www.adb.org/documents/handbooks/loan_disbursement/chap-09.pdf
http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Contracts-100-Below.xls
http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Contracts-Over-100.xls
http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Operating-Costs.xls
http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Free-Format.xls

letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

24. Separate Audited Project Financial Statements will be due from the EA. Project Financial Statements will be audited by the Director General Audit (Works), Punjab. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal project supervision, and followed up regularly with all concerned, including the external auditor. The Government of Punjab shall cause PID to enable ADB, upon ADB's request, to discuss the financial statements for the Project and PID's financial affairs where they relate to the Project with the auditors appointed by PID and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB in the presence of an authorized officer of PID, unless PID shall otherwise agree.

25. The EA has been made aware of ADB's policy on delayed submission of audited project financial statements and the audit reports, and the requirements for satisfactory and acceptable quality of the audited project financial statements.¹² 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 audit is 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. 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).¹³ After review, ADB will disclose the audited project financial statements for the project and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website. The Audit Management Letter will not be disclosed.

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting and Retroactive Financing

26. Retroactive financing. The Government also requested for retroactive financing of consulting services amounting up to \$0.75 million which does not exceed an amount equivalent to 20% of the individual loan. The consulting services are associated with construction supervision services for supervising (ICB-06A).

¹² ADB Policy on delayed submission of audited project financial statements:

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

¹³ Available from <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>.

B. Procurement of Goods, Works and Consulting Services

27. All procurement of goods, works and consulting services are complete.

C. Procurement Plan**Basic Data**

Project Name: MFF-Punjab Irrigated Agriculture Investment Program - Tranche 4	
Project Number: 37231-044	Approval Number: xxx
Country: PAKISTAN (Punjab)	Executing Agency: PID
Project Procurement Classification: B	Implementing Agency: PID through PMU
Procurement Risk: -	
Project Additional Financing: \$29.97 million ADB Financing: \$26.6 million Co-financing (ADB Administered): No Non-ADB Financing: \$3.4 million	Project Closing Date: 30 June 2017
Date of First Procurement Plan: 18 December 2006	Date of this Procurement Plan: 7 October 2015

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

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

Procurement of Goods and Works

Method	Threshold
International Competitive Bidding (ICB) for Works	US\$15,000,000 and Above
National Competitive Bidding (NCB) for Works	Below US\$15,000,000
Shopping for Goods	Below US\$100,000

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

29. No procurement activity is ongoing.

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

30. No procurement activity is ongoing.

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

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

1. Awarded and On-going Contracts

Goods and Works							
Package Number	General Description	Estimated Value \$	Awarded Contract Value	Procurement Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award	Comments
ICB-05	R&U of branches and distributaries/mi	39,000,000	51,382,749	ICB	Q2 / 2011	29-AUG-12	

	nors falling in Sahiwal Canal Divisions						
ICB-04	R&U of branches and distributaries/minors falling in Balloki and Okara Canal Division	28,000,000	39,951,399	ICB	Q2 /2011	19-DEC-11	
ICB-06B	R&U of branches and distributaries/minors falling in Khanewal Canal Divisions	17,911,351	21,694,945	ICB	Q4 / 2012	30-JUL-13	
ICB-01/BB	Rehabilitation of upgrading (R&U) of Balloki Barrage and LBDC and Balloki-Suleman ki Head Regulators and bridges	26,244,286	21,350,953	ICB	Q3 / 2010	16-MAY-11	
ICB-06A	R&U of branches and distributaries/minors falling in Khanewal Canal Divisions	12,325,888	14,656,877	ICB	Q4/2013	17-JUN-15	to be financed from Additional Financing Loan

Consulting Services							
Package Number	General Description	Estimated Value	Awarded Contract Value	Recruitment Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award	Comments
Package-1	Design and Construction Supervision Consultants	8,454,941	16,568,437	QCBS	Q2 / 2008	31-JUL-08	Contract was awarded in the original project. The contract modification will provide continuity of services till completion of project
Package-2	PMU Support Consultants	2,816,000	3,297,092	QCBS	Q2 / 2008	31-JUL-08	Contract was awarded in the original project. The contract modification will provide continuity of services till completion of project
Package-6	Preparation and detailed design of Sulemanki headworks, Pakpattan	6,399,092	9,163,224	QCBS	Q3 / 2009	13-JUN-09	Assignment National Quality-Cost Ratio: 80:20 Comments: Done; The consultancy

	canal, Thal Canal, Sidhnai Canal, and Trimmu barrage						services in this package are for the investment program (PIAIP) and for the project (LBDCIP).
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2. Completed Contracts

Goods and Works								
Package Number	General Description	Estimated Value	Contract Value	Procurement Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award	Date of Completion	Comments
NCB-01	R&U Jandraka Distributary	1,791,362	1,724,159	NCB	Q3 / 2010	29-JAN-10	22-MAR-10	
NCB-02	R&U 15-L Distributary	3,941,983	3,507,123	NCB	Q3 / 2010	12-JAN-10	06-APR-13	
ICB-01	R&U main canal RD 0+000 to RD 227+454	21,003,374	23,104,529	ICB	Q2 / 2010	24-NOV-10	30-SEP-13	
ICB-02	R&U main canal RD 227+454 to RD 527+216	32,845,457	33,752,705	ICB	Q3 / 2010	16-DEC-10	31-JAN-14	
ICB-03	R&U main canal RD 527+216 to RD660+700	8,969,567	8,332,753	ICB	Q3 / 2010	09-FEB-11	31-JAN-14	
Sup-V-c-1-p5	Jeep 4x4 (04 Nos)	80,372	33,657	SHOPPING	Q1 / 2010	04-JAN-10	18-MAR-10	
Sup-V-a-1	Motorcycles Suzuki ECO 110 CC (33 no)	24,163	9,901	SHOPPING	Q1 / 2010	27-APR-10	27-APR-10	32 Motorcycle
Sup-V-a-2	Sedan Car 1300 CC (03 Nos)	46,128	12,458	SHOPPING	Q2 / 2010	04-JUN-10	17-JUN-10	2 Cars instead of 3
Pkg-01	Rental of Land Leveling Equipment	2,000	1,437	DC	Q3 / 2010	01-JUL-10	26-JUL-10	
Sup-V-a-005	1-1300cc Sedan and 2 Single Cabin Pickups	75,000	50,553	SHOPPING	Q4 / 2010	18-MAR-11	30-JUN-11	Vehicles
Sup-V-b-1-p3)	Pick-up 4x4 Double Cabin (03 Nos)	83,860	83,641	SHOPPING	Q1 / 2011	01-MAR-11	30-JUN-11	
Sup-Eqpt-a-2-P3	Office supplies, equipment, machinery	4,000	13,881	SHOPPING	Q2 / 2011	20-MAY-11	30-NOV-11	
Sup-Eqpt-a-1-P2	Desktop Computers (50)	100,000	2,233	SHOPPING	Q2 / 2011	20-AUG-11	20-DEC-11	only 5 computers and other office equipment
Sup-V-c-1-	Single cabin pick-ups (4	69,770	52,724	SHOPPING	Q2 / 2011	18-JUN-11	30-DEC-11	3 pick-ups

p9	Nos)							
Sup-V-c-1-	Cars 1000 CC	85,162	86,666	SHOPPING	Q1 / 2011	21-FEB-11	12-JUN-12	p4 (08 Nos)
Sup-V-c-1-p6	Suzuki Jimny Jeep 1300 CC.4Wd, Petrol Engine, W/AC RHD, M2012	87,210	23,355	SHOPPING	Q1 / 2011	29-FEB-12	12-JUN-12	
Sup-V-c-1-p8	Cars 1000 CC (04 Nos)	44,185	42,132	SHOPPING	Q2 / 2011	13-FEB-12	13-JUN-15	under two PCSS
Consulting Services								
Package Number	General Description	Estimated Value	Contract Value	Recruitment Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award	Date of Completion	Comments
Package -5	Institutional Strengthening and FO Development	1,764,947	1,436,114	QCBS	Q3 / 2009	08-DEC-09	03-MAR-10	
Package -4	On Farm Water Management and Agriculture Support	1,299,420	1,237,283	QCBS	Q3 / 2009	18-OCT-10	31-DEC-12	
Package -3	Groundwater monitoring, modeling and management	1,793,000	1,529,216	QCBS	Q2 / 2009	08-DEC-10	16-MAR-13	

VII. SAFEGUARDS

31. The EA will ensure that the components of civil works financed through additional financing continues to be implemented in full compliance with (i) all applicable laws and regulations of the Government of Pakistan and the Government of Punjab, and ADB's SPS (2009), including the policies on involuntary resettlement, indigenous people and the environment; and (iii) respective resettlement plans, and environmental management plans. In the event that there is a discrepancy between the laws and regulations of Punjab and ADB safeguard policies, the ADB safeguard policies will prevail. The PID prepared the updated resettlement plan. The project team carried out social and environmental due diligence. Following sections provide details of safeguards related actions, which along with assurances in section VIII, will be incorporated into the related loan agreements.

32. Punjab shall cause PID to ensure that no new activities or additional activities which will have environmental, indigenous peoples or involuntary resettlement impacts within the meaning of ADB's Safeguard Policy Statement (2009) are undertaken in connection with the Project. In the event that any such activities are undertaken, Punjab shall cause PID to take all steps required to ensure that such activities comply with the applicable laws and regulations of the Borrower and with ADB's Safeguard Policy Statement (2009).

33. **Environment.** The EA will continue to ensure that the construction, operation and maintenance of the components of civil works financed through additional financing are carried out in accordance with ADB's SPS (2009). The EA will ensure that (i) potential adverse environmental impacts arising from the Project are minimized by implementing all mitigation and monitoring measures, as presented in the environment management plan (EMP) or site specific environment management plan (SSEMP) or corrective action plans (CAP); (ii) sufficient resources are available to implement and record the implementation of the EMPs, SSEMPs and CAPs; (iii) bi-annual environmental reports are submitted within 1 month of the close of each half of the calendar year during the implementation of the project; and (iv) civil works contractors are supervised to ensure compliance with the requirements of the IEE and EMP. The overall responsibility for environmental management and monitoring will rest with the PMU of the PID, which is already established. Within the PMU, the Directorate of Environment and Social Safeguards act as the Environmental Management Office. The environmental team of PMU will be responsible for the following:

- i. Ensuring that the EMPs are included in tender documents.
- ii. Ensuring that all regulatory clearances are obtained before starting civil works for the subproject.
- iii. Ensuring that the EMPs, including all proposed mitigation measures and monitoring programs are properly implemented.
- iv. Undertaking monitoring of subprojects and preparing environmental monitoring reports every six months (in case of projects with long duration) and post-project reports (for shorter projects), to be delivered to ADB.
- v. In the case of unpredicted environmental impacts occurring during project implementation, preparing and implementing a Corrective Action Plan (CAP).
- vi. Reviewing and approving the project site specific EMP (SSEMP) that includes a sub-plan for each of the work areas.
- vii. Providing awareness training in environmental management for all employees working on the subproject.
- viii. Sharing information and disclosure of environmental safeguard documents (including any Corrective Action Plans prepared in cases of change to original project design) as required.

34. **Land Acquisition and Resettlement, and Indigenous Peoples.** Punjab government will ensure that land acquisition and involuntary resettlement plans are updated and/or implemented in accordance with SPS (2009) and the LARF. Punjab government will ensure that: (i) the funds to pay compensation and entitlements under the resettlement plan are available in a timely manner and in accordance with the provisions of the resettlement plan; (ii) all land and rights of way required are made available in a timely manner; (iii) contractors' activities are in compliance with the requirements of the LARPs and EMPs; and (iv) internal and external monitoring continues on the project.

35. The overall project was originally classified as resettlement category A, indigenous people category C and environmental category B. Since the additional financing is provided to cover cost overruns and financing gaps within the existing project scale and scope, it is classified category C for environment, involuntary resettlement, and indigenous people safeguards. Under Tranche 1, all nine Resettlement Plans (RP) were updated, approved and disclosed, of which six are completed while the rest are at various stages of implementation. The implementation of RPs is validated through external monitoring agency and PMU will provide to ADB a monitoring report confirming the safeguards progress-implementation of RPs

and payments to APs. The safeguard requirements of the MFF are managed by an environment and social unit, established within PMU and presently staffed with environment, community relations and social safeguards specialists (one each). The PID will fill the post of Director Environment and Social to strengthen ESU's weak capacity in safeguards management.

36. The EA will continue to monitor and submit the quarterly progress and completion reports on land acquisition and resettlement and ensure that reports are simultaneously submitted to ADB. The PID will continue to submit the external monitoring reports to assess the implementation processes regarding resettlement. The PID will promptly revise the LARP and seek ADB approval in case of any change in the scope occurs. The Government will bear any increase in resettlement cost as a result of revisions in the LARP. In case of change, the PID will ensure that (i) displaced persons are meaningfully consulted in the price assessment process, and their viewpoint clearly documented in the LARP together with the steps/actions taken/proposed to ensure payments at full replacement value. The PMU will manage the resettlement funds, which will be kept in a bank account specifically for the purpose of disbursement of compensation to the displaced persons.

VIII. GENDER AND SOCIAL DIMENSIONS

37. Social and gender dimensions as detailed in the attached summary of social and poverty with actions completed in the overall project which includes, (i) conducting consultations with local women to identify their needs and concerns; (ii) gender orientation training for the staff of OFWM and PIDA staff; (iii) formation of more Rural Women Groups (RWGs); (iv) strengthening RWGs through systematic mentoring process and trainings; (v) conducting coordination meetings with all the stakeholders, males and females alike, at provincial and district levels; (vi) conducting additional trainings improving specific farm and livestock management skills for women in various FOs/DCs. The remaining component of civil works associated with additional financing does not have specific gender action other than obligations of the contractors in the contract, (i) to use their best efforts to employ women; and (ii) not to differentiate between men and women's wages or benefits for work of equal value.

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION

A. Project Design and Monitoring Framework

<p>Impact the Project is aligned with:</p> <p>Current Project Increased agricultural production and farm income in Lower Bari Doab Canal command area.</p> <p>Overall project The target achievement year is changed from 2017 to 2021.</p>
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Project Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
Outcome LBDC command area	Current project	PPMS	Risks

<p>receives a sustainably improved delivery of water services and management</p>	<p>All 3,500 outlets receive design water supply throughout the year by 2015. Design discharges diverted to the distributary and minor canals throughout the year by 2015</p> <p>Overall project All 3,500 outlets receive design water supply throughout the year by 2016. Design discharges diverted to the distributary and minor canals throughout the year by 2016</p>	<p>PID Directorate of flow regulation data in tail reaches</p>	<p>Reduced water availability for Punjab irrigated agriculture impacted by climate change effect or energy driven reservoirs releases.</p>
<p>Outputs</p> <p>Output 1. Current Project A groundwater management plan and conjunctive use strategy for LBDC is operational Overall project Unchanged</p>	<p>1a.</p> <p>Current project Groundwater data base in use by PID by 2015 Overall project Unchanged</p> <p>1b.</p> <p>Current project Groundwater model in use by PID by 2015 Overall project Unchanged</p> <p>1c.</p> <p>Current project By 2015 PID uses guidelines for groundwater use Overall project Unchanged</p>	<p>1a.</p> <p>Project quarterly reports and PID's Directorate for Groundwater Management data</p> <p>1b-c.</p> <p>Project quarterly reports and PPMS</p>	
<p>Output 2.</p> <p>Current project Area Water Board (AWB) and Farmers Organizations (FOs) take responsibility for operations of canal systems Overall project Unchanged</p>	<p>2a.</p> <p>Current project One AWB, 50 FOs and more than 3,000 <i>Khal Panchayats</i> established by 2015 Overall project One AWB, 52 FOs and more than 3,000 <i>Khal Panchayats</i> established by 2015^a</p> <p>2b.</p> <p>Current project All the FOs trained in operation and maintenance of distributary and minor canals by 2015 Overall project All the FOs trained in operation and maintenance of distributary</p>	<p>2a-b.</p> <p>Project quarterly reports and PPMS</p>	

	<p>and minor canals by 2016</p> <p>2c.</p> <p>Current project All the FOs measure outlet discharges by 2015</p> <p>Overall project Unchanged</p>	<p>2c.</p> <p>FO discharge database</p>	
<p>Output 3.</p> <p>Current project Balloki Barrage rehabilitated on time and within budget</p> <p>Overall project Balloki Barrage rehabilitated on revised time schedule and within budget based on the detail design and model studies</p>	<p>3a.</p> <p>Current project Barrage reliably diverts up to a sanction discharge of 278 m³s⁻¹ to LBDC by 2015</p> <p>Overall project Barrage reliably diverts up to a sanction discharge of 278 m³s⁻¹ to LBDC by 2016</p> <p>3b.</p> <p>Current project Barrage's safe flood capacity increased from 6,400 m³s⁻¹ in 2009 to 7,000 m³s⁻¹ in 2015</p> <p>Overall project Barrage's safe flood capacity increased from 6,400 m³s⁻¹ in 2009 to 10,700 m³s⁻¹ in 2016^a</p>	<p>3a-b</p> <p>PID Directorate of flow regulation data</p>	<p>Risks Project is unable to employ quality foreign consultants and contractors due to security issues.</p> <p>Weak implementation of civil works, contract and construction management will further cause delays in project.</p>
<p>Output 4</p> <p>Current project Due diligence of subsequent tranches</p> <p>Overall project Unchanged</p>	<p>4a.</p> <p>Current project 7 subprojects prepared</p> <p>Overall project Unchanged</p>	<p>4a.</p> <p>Project quarterly reports</p>	
<p>Output 5</p> <p>Current project Farmers use improved on-farm water management practices</p> <p>Overall project Unchanged</p>	<p>5a.</p> <p>Current project 40 demonstration plots established on 200 ha by 2015</p> <p>Overall project Unchanged</p>	<p>5a.</p> <p>Project quarterly reports and PPMS</p>	
<p>Output 6</p> <p>Current project The LBDC and distribution system rehabilitated on time and within budget</p>	<p>6a.</p> <p>Current project 1,700 km main and distributary canals and 3,000 appurtenant</p>	<p>6a-b.</p> <p>Project Quarterly reports and PPMS</p>	<p>Risks Project is unable to employ quality foreign consultants and contractors due to security issues.</p>

<p>Overall project The LBDC and distribution system rehabilitated on revised time schedule and within budget based on detail design</p>	<p>structures rehabilitated by 2015</p> <p>Overall project 2,450 km main and distributary canals and 3,500 appurtenant structures rehabilitated by 2016^a</p> <p>6b.</p> <p>Current project The cost remains within contingencies</p> <p>Overall project The cost remains within the original and additional financing</p>		<p>Weak implementation of civil works, contract and construction management will further cause delays in project.</p>
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Key Activities with Milestones

- 1. A groundwater management plan and conjunctive use strategy for LBDC is operational**
 - 1.1. Recruit consultants by 28 December 2010 (completed).
 - 1.2. Establish database by 28 February 2013 (completed).
 - 1.3. Develop and validate groundwater model by 31 March 2013 (completed).
 - 1.4. Simulate groundwater changes for different scenarios by 31 March 2013 (completed).
 - 1.5. Compile results, trained staff and transfer model to PID by 7 March 2013 (completed).
 - 1.6. Develop groundwater management strategy by 10 March 2013 (completed).
 - 1.7. PID develops and implements GW management plan by 31 December 2015.
- 2. Area Water Board (AWB) and Farmers Organizations (FOs) take responsibility for operations of canal systems**
 - 2.1. Establish *Khal Punchayats* and FOs by 31 December 2013 (completed).
 - 2.2. Adopt rules & regulations for decentralized management system by 30 June 2012 (completed).
 - 2.3. FOs participates in rehabilitation of distributaries and minor canals by 1 March 2012 (completed).
 - 2.4. Every FO establishes a minimum of one pilot demonstration plot by 31 December 2012 (completed).
 - 2.5. All FOs are trained and measure out discharges and establish the discharge database by 31 December 2016 (changed).
 - 2.6. AWB maintain discharges database of LBDC system by 31 December 2016 (changed).
- 3. Balloki Barrage rehabilitated on time and within budget**
 - 3.1. Establish and staff PMO/PIO by 30 June 2008 (completed).
 - 3.2. Recruit design and supervision consultants by 19 September 2008 (completed).
 - 3.3. Complete design and prepare tender documents by 31 October 2010 (completed).
 - 3.4. Carryout prequalification, evaluate bids and award contract by 15 June 2011 (completed).
 - 3.5. Resettlement plan preparation and implementation by 30 June 2016 (changed).
 - 3.6. Implement environmental management plan by 30 September 2016 (changed).
 - 3.7. Complete construction by 30 April 2016 (changed).
- 4. Due diligence of subsequent tranches**
 - 4.1. Recruitment of Consultants by 22 April 2009 (completed).
 - 4.2. Preparation of subprojects and support for due diligence by 30 September 2016 (changed).
- 5. Farmers use improved on-farm water management practices**
 - 5.1. Recruit consultants by 28 December 2010 (completed).
 - 5.2. Identify pilot demonstration areas with FOs by 30 June 2012 (completed).
 - 5.3. Develop pilot demonstration areas with FOs 30 September 2012 (completed).
 - 5.4. Operate field programs by 31 December 2012 (completed).
- 6. The LBDC and distribution system rehabilitated on time and within budget.**
 - 6.1. Complete design and prepare tender documents by 31 December 2011 (completed).
 - 6.2. Carryout prequalification, evaluate bids and award contract by 23 June 2015 (completed).
 - 6.3. Resettlement plan preparation and implementation 30 September 2016 (changed).
 - 6.4. Implement environmental management plan by 30 September 2016 (changed).
 - 6.5. Complete construction by 31 December 2016 (changed).

Inputs		
ADB		
Total	OCR	ADF
\$ 218.4 million (current)	\$208.4 million	\$10 million
\$ 26.6 million (additional)	\$26.6 million	
\$ 245.0 million (overall)	\$235 million	\$10 million
Government		
\$ 30.4 million (current)		
\$ 3.4 million (additional)		
\$ 33.8 million (overall)		

Assumptions for Partner Financing
Not applicable

ADB = Asian Development Bank; ADF = Asian Development Fund; AWB = Area Water Board; FOs = Farmers Organizations; GW= groundwater; ha=hectares; LBDC= Lower Bari Doab Canal; OCR = Ordinary Capital Resources; PPMS = Project Performance Monitoring System; PID = Punjab Irrigation Department; PIO= Project Implementation Office; PMO= Project Management Office

^a The statement of overall project is revised to reflect the updated output indicator of the current project.

Notes:

1. "Current Amount" refers to the amount in US\$ net of cancellation and incurred or expected expenditures.
2. "Additional Financing" refers to the additional amount required for completion of the project
3. "Overall project" refers to the original project including additional financing
4. *Khal Panchayats* are water user associations

Source: Asian Development Bank.

B. Monitoring

38. The project performance management system (PPMS) already established for the LBDCIP will be updated after approval of the additional financing. The PPMS will continue to provide information on the project-specific requirements and updated in consultation with EA. A database of key benchmark indicators is used by the PMU and forms a part of the project monitoring system and is routinely updated and monitored bi-annually. The PID is also submitting quarterly progress reports (QPRs). ADB will monitor the project progress and performance through the QPRs and PPMS. ADB will also field regular review missions, bi-annually, to monitor the progress. The QPRs information will be used to regularly update ADB's project performance reporting system.

39. **Compliance monitoring.** The loan covenants on policy, legal, financial, economic, environmental, labor standards and others will be monitored regularly through QPRs, bi-annual and annual reports and discussions during missions.

40. **Safeguard monitoring.** The EA will integrate status of LARP and SSEMP in each QPR. QPRs, bi-annual internal and external monitoring reports and ADB review missions will provide comprehensive progress and status of the safeguards implementation.

41. **Gender and social dimension monitoring.** EA's QPR, PPMS (twice a year) and ADB's review missions will monitor the implementation progress.

C. Evaluation

42. Review missions will be carried out on a semiannual basis jointly by representatives of ADB, Borrower, and the PID. The review missions will assess the status of the project implementation including procurement, civil works, and financing, compliance to environmental and social safeguards. The review will allow for any necessary midcourse corrections to ensure successful implementation and the achievement of the project objectives. Within 6 months of physical completion of the Project, the EA will submit a project completion report to ADB.¹⁴

D. Reporting

43. The PID will continue to provide ADB with (i) quarterly progress reports in approved format consistent with ADB's project performance reporting system; (ii) consolidated bi-annual report including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions; (c) updated procurement plan and (d) updated implementation plan for next 12 months; and (iii) a project completion report within 6 months of physical completion of the Project. To ensure projects continue to be both viable and sustainable, project accounts and the executing agency AFSs, together with the associated auditor's report, should be adequately reviewed.

E. Stakeholder Communication Strategy

44. The following project information is communicated and its means of communication, who will provide the information, the audiences, and frequency is given in the table below:

Project Documents	Means of Communication	Responsible Party	Frequency	Audience (s)
Project Information Document	ADB's Website	ADB	Initial PID no later than 30 calendar days of approval of the PFR; quarterly afterwards	General Public
Design and Monitoring Framework	ADB's Website	ADB	DMF after approval	Project-affected people
Resettlement Planning Documents	ADB's Website	ADB	Already posted	General Public, project-affected people in particular
Periodic Financing Request Report	ADB's Website	ADB	Within 2 weeks of Management approval of the loan	General Public
Legal Agreements	ADB's Website	ADB	No later than 14 days of Management approval of the project	General Public
Social and Environmental Monitoring Reports	ADB's Website	ADB	Routinely disclosed, no specific requirements	General Public, project-affected people in particular
Completion Report	ADB's Website	ADB	Within 2 weeks of circulation to the Board for information	General Public
Evaluation Report	ADB's Website	ADB	Routinely disclosed, no specific requirement	General Public
Annual audited financial statements and the opinion of the auditors on the financial statements	ADB's Website	ADB	Annually within 14 days of the date of ADB's confirmation of their acceptability	General Public

¹⁴ Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

X. ANTICORRUPTION POLICY

45. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the Project.¹⁵ 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.¹⁶

46. The Government will comply with, and will ensure that the PID complies with, ADB's Anticorruption Policy (1998, as amended to date). The Government, consistent with its commitment to good governance, accountability and transparency, agrees (a) that ADB has the right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive or coercive practices relating to the Project; and (b) 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. In addition, the Government will (a) conduct periodic inspections on the contractors' activities related to fund withdrawals and settlements; (b) 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 all contractors, suppliers, consultants, and other service providers as they relate to the project; and (c) ensure that the construction supervision consultant shall verify the contractors' invoices in accordance with working drawings and contract specifications.

XI. ACCOUNTABILITY MECHANISM

47. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make a good faith effort to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.¹⁷

XII. RECORD OF PAM CHANGES

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

¹⁵ Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

¹⁶ ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

¹⁷ For further information see: <http://compliance.adb.org/>