



Project Administration Memorandum

Project Number: 36353
Loan Number: 2372(SF)
June 2009

Viet Nam: Greater Mekong Subregion Southern Coastal Corridor Project

The project administration memorandum is an active document, progressively updated and revised as necessary, particularly following any changes in project costs, scope, or implementation arrangements. This document, however, may not reflect the latest project changes. This PAM shall be read along with the Report and Recommendations of the President, the Loan and Grant Agreements. This PAM incorporates agreements reached between SETU and MOT as of 12 June 2009. In case of discrepancy, the Loan Agreement shall prevail.

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 23 April 2008)

Currency Unit (Viet Nam) – dong (D)

D1.00 = \$0.0001

\$1.00 = D16,082

ABBREVIATIONS

ADB	–	Asian Development Bank
AP	–	affected person
CBTA	–	Cross-Border Transport Agreement
DDIS	–	detailed design and implementation services
EA	–	executing agency
EIRR	–	economic internal rate of return
EMP	–	environmental management plan
GDP	–	gross domestic product
GMS	–	Greater Mekong Subregion
IA	–	implementation agency
ICB	–	international competitive bidding
IEE	–	initial environment examination
IMO	–	independent monitoring organization
IRC	–	Interministerial Resettlement Committee
IRM	–	independent resettlement monitor
JBIC	–	Japan Bank for International Cooperation
JICA	–	Japan International Cooperation Agency
KEXIM	–	Export-Import Bank of Korea
MOF	–	Ministry of Finance
MOT	–	Ministry of Transport
MPWT	–	Ministry of Public Works and Transport
NCB	–	national competitive bidding
NPV	–	net present value
PIR	–	poverty impact ratio
PIU	–	project implementation unit
PMU-MT	–	My Thuan Project Management Unit
PPC	–	Provincial People's Committee
QCBS	–	quality and cost-based selection
QL	–	national highway (Viet Nam)
ROW	–	right-of-way
RP	–	resettlement plan
SCC	–	Southern Coastal Corridor
STI	–	sexually transmitted infection
TA	–	technical assistance
TL	–	provincial road (Viet Nam)
VOC	–	vehicle operating cost
VRA	–	Viet Nam Road Administration

NOTES

- (i) The fiscal year (FY) of the Government and its agencies ends on 31 December. FY before a calendar year denotes the year in which the fiscal year ends, e.g., FY2000 ends on 31 December 2000.
- (ii) In this report, "\$" refers to US dollars.

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LOAN PROCESSING HISTORY

	Date(s)
a. Approval of PPTA	10 March 2005
b. Feasibility Study	May 2007
a. Fact-finding Mission	25 September – 16 October 2006
b. Management Review Meeting	14 December 2006
c. Appraisal Mission	26 – 29 June 2007
d. Staff Review Committee Meeting	19 July 2007
e. Loan Negotiations	01 October – 02 November 2007
f. Board Approval	28 November 2007
g. Loan Signed	10 January 2008
h. Loan Effectiveness	29 May 2008
i. Physical Completion Date	31 December 2014
j. Loan Closing Date	30 June 2015

I. PROJECT DESCRIPTION

A. Project Area and Location

1. The Greater Mekong Subregion Southern Coastal Corridor (GMS-SCC) Project is part of the Southern Economic Corridor involving Thailand, Cambodia, and Viet Nam. In Viet Nam, the GMS-SCC runs from the Cambodia border south through Kien Giang and Ca Mau provinces to Ca Mau city on sections of national highway (QL) 80, QL61, and QL63. The project area in Vietnam includes the provinces Kien Giang (population 1.63 million) and Ca Mau (population 1.20 million). Implementation of the Viet Nam component will be undertaken under two or more stages because of funding constraints. Funding is currently available for stage 1 of the GMS-SCC Project, which includes improvement of a short section of QL80 between the border at Xa Xia and Ha Tien, and completion of the transport corridor to Ca Mau on the Minh Luong–Ca Mau city section. Improvements to be funded under future stages will include improvements to the Ha Tien–Rach Gia section of QL80 and a bypass to Rach Gia.

B. Impact and Outcome

2. The design and monitoring framework is in Appendix 1. The impact of the GMS-SCC Project will be to promote economic growth in the project area and the GMS by strengthening connectivity with neighboring countries and increasing competitiveness.

3. The outcome of the Project will be to reduce transport times and costs on the GMS-SCC, and induce more efficient movement of passengers and goods within the project area and between GMS countries.

C. Outputs

4. The Project will comprise development of stage 1 of the Greater Mekong Subregion Southern Coastal Corridor (GMS-SCC) Project which includes improvement of a short section of national highway (QL) 80 between the border at Xa Xia and Ha Tien, and development of the corridor between Minh Luong and the access road to the Khanh An Industrial Zone west of Ca Mau city

1. Rehabilitation of Transport Infrastructure

5. QL80 between the Cambodia border at Xa Xia and the start of the Ha Tien bypass, and QL63 between Minh Luong and the start of the Tac Cau Bypass, will be widened along the existing alignments. At Tac Cau, a 6.4 km bypass will be constructed about 1 km south and east of the existing QL63. This bypass requires four bridges, including two large bridges across Cai Be River (about 600 meters [m] total length) and Cai Lon River (about 680 m total length). QL63 between the end of the Tac Cau bypass and Thu Bay will be widened, and the construction of Thu Bay Bypass will be completed under the Project. Rehabilitation and improvements to Provincial Road 7 will be undertaken between Thu Bay and Nga Bac Canal and from the Nga Bac Canal to Ca Mau, a new embankment will be constructed along the alignment of an existing track. The embankment for the existing access track will not be disturbed to avoid potential instability of canal banks. Bridgeworks on the Nga Bac Canal to Ca Mau section will include construction of 30 small or medium bridges across feeder canals and nine large bridges. The Project will identify key locations for improvements to existing public landings to facilitate intermodal transfers between road and water transport. This will coordinate with the Mekong Transport Infrastructure Development Project, funded by the World Bank with cofinancing from the Government of Australia, which will consider the development of intermodal transport infrastructure and services in the Mekong Delta in more detail.

2. Cross-Border Facilities

6. The GMS-SCC crosses borders between Cambodia and Vietnam at Preak Chak–Xa Xia. Current facilities at this border crossing is inadequate. A complete new facility will be constructed at Preak Chak on the Cambodian side; on the Vietnamese side, additional facilities to facilitate passenger and cargo inspections and processing are required to supplement those provided in a recently completed building. The overall design of the cross-border facility will be a single design spanning both sides of the border and will take into account ongoing work on the implementation of the GMS CBTA.¹

3. HIV/AIDS and Trafficking Awareness and Prevention Program

7. To address the increased risk of exposure to HIV/AIDS during construction activities, and the potential for increased trafficking of women and children because of large volumes of transit traffic along the GMS-SCC and the border area, the Project includes an HIV/AIDS and trafficking awareness and prevention campaign. This will be implemented through existing agencies in Viet Nam, with assistance from consultants engaged under the Project, and will complement ongoing programs. Plan components include advocacy actions on HIV/AIDS and trafficking, information and education campaigns on HIV/AIDS and trafficking, provision of comprehensive HIV/AIDS medical packages to clinics and medical centers along the road, and monitoring. The plan will also address the needs of ethnic minorities.

D. Special Features

8. **Regional Cooperation.** The Project considers the improvement of border facilities as an important element in encouraging economic growth and increasing trade opportunities between Cambodia and Viet Nam. While the likely scale of the flow through the new crossing between Cambodia and Viet Nam at Preak Chak–Xa Xia is difficult to quantify with precision because of the absence of a current formal crossing, regional population and industrial output suggest that future flows could be 10–30% of the concurrent traffic flows using the Bavet–Moc Bai crossing on the road linking Ho Chi Minh City and Phnom Penh.

9. **Resettlement.** Two full resettlement plans have been prepared based on the preliminary design available—one each for Ca Mau Province and Kien Giang Provinces. 3,775 households will be affected by loss of residential, commercial, or agricultural land within the corridors of impact of project roads and border crossings. Of these, 677 houses and 513 small businesses and shops will be displaced, and 680 households will be severely affected by loss of productive assets. The resettlement plans incorporate special actions to address the needs of ethnic minorities and are consistent with the project gender strategy.

II. COST ESTIMATES AND FINANCING PLAN

A. Project Investment Plan

10. The project investment cost is estimated at \$208.70 million, including taxes and duties of \$13.67 million. The project investment plan is summarized in Table 1 and detailed cost estimates are in Appendix 2

¹ ADB. 2006. *Technical Assistance for the Implementation of the GMS Cross-Border Transport Agreement*. Manila (TA 6307-REG). The CBTA will apply at both border crossings.

Table 1: Project Investment Plan (\$ million)

	Item	Amount ^a
A.	Base Cost^b	
	1 Civil Works	119.42
	2 Resettlement	26.11
	3 Consultants	14.67
	4 Recurrent Costs	3.06
	Subtotal (A)	163.26
B.	Contingencies^c	41.64
C.	Financing Charges During Implementation^d	3.80
	Total (A+B+C)	208.70

^a Includes taxes and duties of \$13.67 million

^b In mid-2005 prices.

^c Physical contingencies computed at 10% for civil works. Price contingencies computed at 17.5% . Includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

^d Includes interest during construction.

Source: Asian Development Bank estimates.

B. Financing Plan

11. The ADB provided a loan to the Socialist Republic of Viet Nam of \$75 million equivalent. The loan is denominated in special drawing rights from ADB's Special Funds resources with terms of 32 years and grace periods of 8 years. There will be an interest charge of 1% per annum during the grace periods and 1.5% per annum thereafter. The Government of Australia, through the Australian Agency for International Development, provided a grant to the Socialist Republic of Viet Nam of \$25.5 million equivalent in joint cofinancing for consulting services and civil works.² The Government of the Republic of Korea, through the Economic Development Cooperation Fund of Korea, also provided a loan of about \$50.0 million equivalent to the Socialist Republic of Viet Nam for consulting services and civil works to construct the Tac Cau Bypass. The Government of the Republic of Korea loan will be denominated in Won and have a term of 30 years including a grace period of 10 years. There will be an interest charge of 1% per annum charged throughout the term of the loan and a service charge of 0.1% on the amount of each disbursement. Repayments will be in semiannual installments after the grace period. Government of the Republic of Korea financing will be tied and made available as parallel cofinancing. The Government of Viet Nam will contribute about \$58.2 million equivalent (about 28% of total costs) which will cover land acquisition and resettlement, unexploded ordnance clearance, independent monitoring of the resettlement plan provisions, project management costs, local currency contingencies, and all taxes and duties. The Project's financing plan is summarized in Table 2 and details are in Appendix 2.

12. The Borrower for the Project will be the Socialist Republic of Viet Nam. The Ministry of Finance (MOF) will be responsible for repayment of the loan. MOF will provide counterpart funds to MOT through priority budgetary allocations and MOF will make project loan funds available to VRA by onlending through MOT.

² The amounts stated for the Government of Australia grants are inclusive of ADB's fees and charges. The amounts to be made available to the government of Viet Nam will be \$25 million.

Source	Amount	%
Asian Development Bank (ADB)	75.0	36.0
Government of Australia ^a	25.5	12.0
Government of the Republic of Korea	50.0	24.0
Government of Viet Nam	58.2	28.0
Totals	208.7	100.0

^a These amounts also include ADB's administration fee, audit cost, bank charges and provision for foreign exchange fluctuations (if any), to the extent that these items are not covered by the interest and investment income earned on this grant, or any additional grant contribution by the Government of Australia.

Source: ADB estimates.

13. The allocations for purposes of withdrawal from the loan proceeds is included as attachment to Schedule 3 of the loan agreement and shown in the following Table 3.

Table 3: Allocation and Withdrawal of Loan Proceeds
(million SDR)

Number	Category	Amount Allocated \$'000	Percentage of Total Funding (%)
1	Works	41,982	91*
2	Interest Charge	1,256	100*
3	Unallocated	5,062	
	TOTAL	48,300	

*inclusive of taxes and duties imposed within the territory of the Borrower.

14. Government of Australia cofinancing was made available through a cofinancing agreement between ADB and the Government of Australia for the funds to be placed in a trust account at ADB. The cofinancing agreement includes provision for a fixed Australian dollar amount (equivalent to US\$25.5 million) and provision has been made to cover the cost of administration fees. The conditions and arrangements for the application of the trust funds to the Project is documented through a grant³ agreement between ADB and the Government of Viet Nam. Table 4 shows the allocation and withdrawal of Government of Australia grant proceeds. Conditions and arrangements for Government of the Republic of Korea cofinancing will be a through bilateral financing agreement to be negotiated between the Government of Viet Nam and the Government of the Republic of Korea. Operational arrangements for cofinancing arrangements between ADB and Government of the Republic of Korea will be based on the memorandum of understanding on Establishing Operational Arrangements between ADB and Export-Import Bank of Korea (KEXIM) signed on 14 December 2005. KEXIM

³ Government procedures require that loan and grant agreements be drawn up for use in Viet Nam.

is the Republic of Korea government agency responsible for the administration of the Economic Development Cooperation Fund.

Table 4: Allocation and Withdrawal of Government of Australia Grant Proceeds
(US\$ million)

Number	Category	Amount Allocated \$'000	Percentage of Total Funding (%)
1	Works	13,540	91*
2	Consulting Services	9,830	100
3	Unallocated	1,630	
	TOTAL	25,000	

*inclusive of taxes imposed within the territory of the recipient.

III. IMPLEMENTATION ARRANGEMENTS

15. VRA is the EA for the Project. Responsibility for planning and implementation was delegated to My Thuan Project Management Unit (PMU-MT), which was engaged under an agreement with VRA to undertake the duties of the IA for the Project. Consultants and contractors will be procured separately for the ADB and Government of Australia financed section, and for the Republic of Korea-financed section. The IA will engage, direct, and coordinate the work of all consultants; be responsible for procurement; and be the Employer on all civil works contracts. The IA will be delegated all necessary legal authority to undertake the above tasks. PMU-MT has experience of ADB requirements during the implementation of ADB-funded projects and performed satisfactorily on previous projects. The Government of Viet Nam will ensure that Kien Giang and Ca Mau PPC establish provincial resettlement committees (if needed, based on Project needs) as well as district compensation, assistance, and resettlement boards and commune resettlement task forces to be responsible for the preparation and implementation of the resettlement plans. PMU-MT will ensure that an updated resettlement plan is prepared prior to any award of civil works contracts. The PPCs will also direct provincial government agencies to implement the HIV/AIDS and trafficking awareness and prevention program with assistance from the ADB detailed design and implementation services (DDIS) component consultant. VRA will have overall responsibility for implementation of the EMP in the design and construction stages. EMP requirements will be incorporated into the construction documents; monitoring and enforcement will be ensured by the project implementation consultant and Republic of Korea supervision consultant. EMP requirements during operations will be implemented by PMU-MT, with monitoring by the Provincial Departments of Natural Resources and the Environment. The PMU-MT will recruit an IRM to monitor implementation of the resettlement plans. The IRM will be engaged prior to initiation of resettlement activities.

16. Upon completion of the project roads, VRA will assign responsibility for operation and maintenance to its subsidiary operational agency, Regional Road Management Unit No. 7, which already has responsibility for the major national highways in the project area. MOT will reclassify provincial road (TL) 7 as a QL on completion of rehabilitation and improvements, and responsibility for the operation and maintenance of this road will be transferred to VRA.

IV. IMPLEMENTATION SCHEDULE

17. The DDIS consultant for the ADB and Government of Australia funded components (ADB DDIS consultant) for the Project has been recruited and started work in December 2008.

For the first civil works contract, detailed designs and bid documents will be completed by late 2009, enabling procurement to be completed and construction to start by early 2010. The consultant will assist PMU-MT and the districts in Ca Mau and Kien Giang provinces to complete resettlement work sufficient for award of civil works contracts by early 2010. Construction of the ADB and Government of Australia funded civil works will be completed by end 2013. The Government of the Republic of Korea funded DDIS component consultant will begin work in late 2008 at the same time as the ADB DDIS consultant, and complete the detailed designs by the late 2009. This will enable the ADB DDIS consultant to complete the resettlement work on the Republic of Korea section in parallel with the ADB and Government of Australia section by the end of 2009 sufficient for construction work to commence. Construction on the Republic of Korea section is planned to begin in early 2010 and be completed by the end of 2013. An outline implementation schedule for the Project is presented in Appendix 3.

V. PROCUREMENT

18. Procurement of all ADB and Government of Australia financed works will be in accordance with ADB's Procurement Guidelines (2007, as amended from time to time). The project procurement plan⁴ is detailed in Appendix 4 and details of proposed contract packages for the Project are in Appendix 5.

19. All procurement will be managed by the IA with assistance from the DDIS consultants. For the ADB and Government of Australia funded components, there will be two major civil works contracts (one each for the An Minh Bypass–Nga Bac Canal, and the Nga Bac Canal–Industrial Complex sections) to be procured using ADB's ICB procedures with prequalification; documentation will be subject to prior review. Other smaller civil works contracts partly or wholly financed by ADB and costing more than \$100,000 and less than \$2 million may follow NCB procedures acceptable to ADB. Documentation for the first contract procured under NCB procedures will be subject to prior review; thereafter, post-review will be required. NCB shall be carried out in accordance with Viet Nam's public procurement law, modified or clarified as necessary to ensure consistency with ADB's *Procurement Guidelines*. Any necessary modifications or clarifications will be reflected in the procurement plan. The Government of Viet Nam will use its own resources for financing the resettlement component of the Project, so procurement for services and goods under this component will be undertaken using government procurement procedures.

20. Procurement of civil works under the Government of the Republic of Korea funded component will be subject to Republic of Korea procurement guidelines and procedures.

VI. CONSULTING SERVICES

21. For all ADB and Government of Australia financed consulting services, international and national consultants were recruited through a firm in accordance with ADB's *Guidelines on the Use of Consultants* (2007, as amended from time to time) and used ADB's quality and cost-based recruitment procedures. Full technical proposals were required: to calculate the firms' total scores, technical proposals were given a weight of 80% and financial proposals were given a weight of 20%. The government had requested approval of advance contracting action for consulting services. Details of contract packages and procurement procedures are in Appendices 4 and 5.

⁴ The Borrower have submitted procurement plans for the next 18 months for ADB's approval. These will be updated annually or as necessary.

22. Consultants will be recruited under three separate packages. Under the ADB and Government of Australia funded components, one package (ADB DDIS package) will cover detailed design and construction supervision of the ADB and Government of Australia funded section, and the HIV/AIDS and trafficking awareness and prevention program. This package is funded from Government of Australia grant funds. For this contract, about 1,643 person-months of input is required (about 137 person-months international and 1,506 national). The consultants were required to have expertise in project management, procurement, construction supervision, surveying, quantity surveying, materials, transport planning and economics, and project management systems; highway, bridge (including hydrology and drainage engineering), and pavement design; environmental impact management, social impact (including social development, gender, HIV/AIDS, and human trafficking), and resettlement planning; architecture and electrical and mechanical engineering; maintenance planning and economics; road safety awareness and audits; and project monitoring and evaluation. Under the Government of the Republic of Korea funded component, a single package was prepared for the Government of the Republic of Korea DDIS services with recruitment following Republic of Korea procedures. For this contract, about 1,348 person-months of input was required (about 109 person-months international and 1,239 national). The consultants were required to have expertise in project management, procurement, construction supervision, surveying, quantity surveying, materials, and project management systems; highway, bridge (including hydrology and drainage engineering), and pavement design; and environmental impact management. The Ca Mau and Kien Giang PPCs have directed provincial government agencies to implement the HIV/AIDS and trafficking awareness and prevention program with assistance from the ADB DDIS consultant.

23. PMU-MT will recruit an IRM to monitor implementation of the resettlement plans. The terms of reference for the IRM will also include monitoring of the HIV/AIDS and trafficking awareness and prevention program. This IRM will be a national company with experience in resettlement planning and social analysis on similar internationally funded infrastructure projects. Government of Viet Nam counterpart funds will be applied to these services and recruitment will be under Government of Viet Nam procedures.

VII. DISBURSEMENT PROCEDURES

24. Two imprest accounts—one for ADB loan funds and another for Government of Australia grant funds—will be established, managed, replenished, and liquidated in accordance with ADB's *Loan Disbursement Handbook*, and the detailed arrangements agreed between the Government and ADB. The initial amount to be deposited in the imprest account will be based on estimated expenditures for 6 months or 10% of the loan/grant amount, whichever is lower. The accounts will be established with a reputable commercial bank acceptable to both the Government of Viet Nam and ADB. ADB's statement of expenditures procedure will be followed for reimbursement of expenditures and for the liquidation of each imprest account for individual payments not exceeding \$100,000. Appendix 6 outlines procedures in setting up the imprest account. Loan disbursements for civil works (procured under ICB) and consulting services will utilize the direct payment procedures defined in ADB's *Loan Disbursement Handbook*. Appendix 7 discusses more on disbursement guidelines and procedures.

25. Arrangements for disbursement of funds made available from the Government of the Republic of Korea loan will follow Republic of Korea procedures.

VIII. PROJECT MONITORING AND EVALUATION

26. The project IA, assisted by the consultants, will establish systematic project performance monitoring and analysis throughout the life of the Project and integrating it with the existing

management information system. Initially, the monitoring system will develop and conduct sample surveys to establish baseline data for subsequent performance monitoring, and will establish pre-project social and economic living conditions for the direct project beneficiaries. A second survey will be carried out on project completion and a third survey after a period of not less than 5 years after project completion. The baseline and impact surveys will include appropriate control areas and will assess all interventions under the Project, including resettlement and other safeguard interventions that affect the livelihood of project beneficiaries. In addition, a set of indicators reflecting transport costs, tariffs, and mobility will be developed to assess the effects of improved access to the area. District indicators will include agricultural productivity, economic activity, and health and education indicators. The impacts of development on the poor resulting from improved road access will receive particular attention.

IX. REPORTING REQUIREMENTS

27. Regular progress reports on the Project will be prepared by the DDIS consultants, reviewed by the IA, and submitted by the IA to ADB and Government of Australia every quarter. In Viet Nam, copies of the progress reports will also be submitted to KEXIM. Progress reports will include a description of the physical progress, status of implementation of resettlement plans, status of work subject to provisions of the EMP, procurement and contractual status, and highlights of any implementation issues. The progress reports will also contain a summary of project accounts, including details of the latest project expenditures and contract amounts. These reports will include an evaluation of progress in implementing the Project. Within 3 months of physical completion of the Project, the IAs will furnish to ADB and Government of Australia (in Viet Nam, also to KEXIM) a project completion report covering details of project implementation, costs, and an evaluation of the Project's success in meeting performance targets. Appendix 8 discusses reporting requirements for the project. Appendix 9 is an outline of the project completion report.

X. AUDITING REQUIREMENTS

28. The project IA will maintain separate records and accounts adequate to identify the goods and services financed from the proceeds of the project loans and grants, financing resources received, expenditures incurred for the Project, an audit of resettlement expenditures, and use of local funds. Within 6 months of the close of the each year, each government will submit audited annual project accounts to ADB, which provide a detailed description of the source of funds and expenditures made. Annual project accounts will be audited by an auditor acceptable to ADB, and the auditor's terms of reference will be approved by ADB before commencement of work. The annual audit will include an audit opinion on the imprest account and statement of expenditures procedure operations. The audit results will be submitted to ADB, Government of Australia, and KEXIM annually. Appendix 10 is a sample of financial and auditing reports that have to submitted.

XI. MAJOR LOAN COVENANTS

29. The status of compliance, including actions taken to comply with the covenants (see Appendix 11), should be indicated in the appropriate column and be appended in the quarterly progress reports.

XII. PROJECT REVIEW

30. In addition to regular reviews by ADB and the Government of Australia, and in Viet Nam by KEXIM, a midterm review of project implementation will be carried out. At critical periods during implementation of the resettlement plans and EMPs, ADB's resettlement and environment specialists will join the reviews. Representatives of ADB, and in Viet Nam of

KEXIM, and the governments will take part in the review. The review will allow for any necessary midcourse corrections.

XIII. KEY PERSONS INVOLVED IN THE PROJECT

A. ADB Staff

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Southeast Asia Regional Department
(SERD)

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Central Operations Services Office
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B. Executing Agency

31. The key contact points are:

Project Executing Agency/Implementing Agency:

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XIV. ANTICORRUPTION

32. ADB's *Anticorruption Policy* (1998, as amended to date) was explained to and discussed with the government of Viet Nam. Consistent with its commitment to good governance, accountability, and transparency, ADB reserves the right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive, or coercive practices relating to the Project. To support these efforts, relevant provisions of ADB's *Anticorruption Policy* are included in the loan regulations and the bidding documents for the Project. In particular, all contracts financed by ADB in connection with the Project shall include provisions specifying the right of ADB to audit and examine the records and accounts of the EA and all contractors, suppliers, consultants, and other service providers as they relate to the Project.

33. To promote transparency and good governance, project-specific websites will be set up for the Project. This website will include copies of all project-related documents, including information on how project funds are being used. Access to this website will be made available to the public. VRA⁵ will publicly disclose on the website information on how loan proceeds are

⁵ VRA will use the website maintained by the Ministry of Planning and Investment for the disclosure of procurement information.

being used, presenting procurement contract awards, including for each such contract: (i) the list of participating bidders, (ii) name of the winning bidder, (iii) basic details on bidding procedures adopted, (iv) amount of the contract awarded, (v) list of goods and/or services purchased, and (vi) intended and actual utilization of loan proceeds under each contract. A basic set of information is shown in Appendix 12

34. The ADB Office of the General Auditor is the point of contact to report allegations of fraud and corruption among ADB-financed projects or its staff. Within that office, the Anticorruption Unit is responsible for dealing with all matters related to allegations of fraud and corruption. Please refer to the ADB's Anticorruption Policy Handbook. Anyone coming across evidence of corruption associated with the Project may contact the Anticorruption Unit by telephone, facsimile, by mail, or by email as follows:

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6 ADB Avenue, Mandaluyong City
0401 Metro Manila, Philippines
Postal Address: P. O. Box 789
0980 Manila, Philippines
Telephone No.: (63-2) 632 5004
Facsimile No. : (63-2) 636 2152
E-mail : anticorruption@adb.org or
integrity@adb.org

35. The PAM shall be read in conjunction with the RRP, Loan Agreement, and relevant ADB documents listed in Appendix 13

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>Impact</p> <ul style="list-style-type: none"> Promotion of economic growth in the project area and GMS by strengthening connectivity with neighboring countries and increasing competitiveness 	<ul style="list-style-type: none"> Average per capita income in project-affected provinces will reach the national average within 5 years of project completion Total trading volume between Cambodia and Viet Nam will double 5 years after project completion 	<ul style="list-style-type: none"> National and regional economic data and statistics International trade statistics Baseline and ex-post surveys of household income levels in project-affected areas Project completion report and benefit monitoring and evaluation 	<p>Assumption</p> <ul style="list-style-type: none"> GMS CBTA is fully implemented
<p>Outcome</p> <ul style="list-style-type: none"> Reduce transport times and costs, and induce more efficient movement of passengers and goods within the project area and between GMS countries 	<ul style="list-style-type: none"> Reduction in passenger and freight vehicle operating costs by an average of 30%, in real terms, within 5 years of project completion Traffic on improved roads increases by 40% from 2008 baseline within 2 years of project completion Cross-border processing times of under 0.5 hours for passengers and under 2.0 hours for freight by project completion 	<ul style="list-style-type: none"> Baseline traffic and transport cost data Traffic counts at border crossings and strategic points in the transport network Customs statistics Field surveys and interviews of road transport operators and road users 	<p>Assumptions</p> <ul style="list-style-type: none"> GMS CBTA is implemented at pilot sites Reciprocal operating permits are granted to commercial passenger and goods vehicles <p>Risks</p> <ul style="list-style-type: none"> Harmonized cross-border inspection procedures are not implemented effectively
<p>Outputs</p> <ol style="list-style-type: none"> Completion of the road and bridge improvements enabling unrestricted passenger and freight transport Border facilities constructed HIV/AIDS and trafficking awareness and prevention programs completed on the project road 	<ul style="list-style-type: none"> In Viet Nam, improve 4 km of QL80 between Xa Xia and Ha Tien, 21 km of QL63 between Minh Luong and Thu Bay, and 70 km of TL7 from Thu Bay to Ca Mau; construct bridges across the Cai Be and Cai Lon rivers; and construct border facilities at Xa Xia Finalization, approval, and implementation of resettlement plans and environmental management plans without delays 	<ul style="list-style-type: none"> Resettlement monitoring reports Civil works bid evaluation and award of contract reports Monthly and quarterly progress reports Project completion report 	<p>Assumptions</p> <ul style="list-style-type: none"> Procurement processes ensure bidders are qualified Quality management and cost control of civil works are effective Provincial authorities have the capacity to manage resettlement, environmental management, and social action plans

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
	<ul style="list-style-type: none"> • Civil works contracts awarded within 9 months of invitation for bids • Unexploded ordnance cleared prior to start of civil works • Completion of civil works contracts on schedule, in compliance with conditions of contract and all defects rectified by end of defects liability period • All vulnerable groups and contractor personnel have participated in HIV/AIDS and trafficking awareness and prevention programs • Road safety audits undertaken during detailed design and road safety awareness programs undertaken during construction period • 		<p>Risks</p> <ul style="list-style-type: none"> • Insufficient number of bids are received from qualified, eligible bidders • Delays in completion of procurement or resettlement delay start of construction • Increased construction and resettlement costs reduce the scope of work achievable within the Project • Contractors fail to perform as required • Increased number and severity of road accidents

Activities with Milestones	Inputs																		
<p>Viet Nam</p> <p>1.1 Selection of detailed design and construction supervision consultant Target: Begin Q4 2007 and complete Q3 2008 – ADB component Target: Begin Q4 2007 and complete Q3 2008 – Republic of Korea component</p> <p>1.2 Preparation of detailed designs and bidding documents Target: Begin Q4 2008 and complete Q4 2009 – ADB Component Target: Begin Q4 2008 and complete Q4 2009 – Republic of Korea component</p> <p>1.3 Bidding for civil works contractors Target: Begin Q2 2009 and complete Q4 2010– ADB Component Target: Begin Q2 2009 and complete Q4 2010 – Republic of Korea component</p> <p>1.4 Civil works for road and bridges Target: Begin Q1 2010 and complete Q4 2013 – ADB Component Target: Begin Q1 2010 and complete Q4 2013 – Republic of Korea component</p> <p>1.5 Implement resettlement plans and project specific gender strategy Target: Begin Q4 2009 and complete Q2 2011</p> <p>2.1 Civil works for cross-border facilities Target: Begin Q1 2010 and complete Q1 2011</p> <p>3.1 Implement HIV/AIDS and trafficking awareness and prevention programs Target: Begin Q1 2010 and complete Q4 2012</p>	<p>Viet Nam</p> <table border="0"> <tr> <td data-bbox="1010 1192 1133 1249">Consulting Services</td> <td data-bbox="1154 1192 1279 1249">\$9.8 million</td> <td data-bbox="1312 1192 1474 1249">Government of Australia</td> </tr> <tr> <td></td> <td data-bbox="1154 1249 1279 1306">\$4.5 million</td> <td data-bbox="1312 1249 1474 1306">Government of the Republic of Korea</td> </tr> <tr> <td data-bbox="1010 1360 1133 1388">Civil Works</td> <td data-bbox="1154 1360 1279 1388">\$75.0 million</td> <td data-bbox="1312 1360 1474 1388">ADB</td> </tr> <tr> <td></td> <td data-bbox="1154 1388 1279 1444">\$15.2 million</td> <td data-bbox="1312 1388 1474 1444">Government of Australia</td> </tr> <tr> <td></td> <td data-bbox="1154 1444 1279 1501">\$45.5 million</td> <td data-bbox="1312 1444 1474 1501">Government of the Republic of Korea</td> </tr> <tr> <td></td> <td data-bbox="1154 1501 1279 1558">\$58.2 million</td> <td data-bbox="1312 1501 1474 1558">Government of Viet Nam</td> </tr> </table>	Consulting Services	\$9.8 million	Government of Australia		\$4.5 million	Government of the Republic of Korea	Civil Works	\$75.0 million	ADB		\$15.2 million	Government of Australia		\$45.5 million	Government of the Republic of Korea		\$58.2 million	Government of Viet Nam
Consulting Services	\$9.8 million	Government of Australia																	
	\$4.5 million	Government of the Republic of Korea																	
Civil Works	\$75.0 million	ADB																	
	\$15.2 million	Government of Australia																	
	\$45.5 million	Government of the Republic of Korea																	
	\$58.2 million	Government of Viet Nam																	

Activities with Milestones	Inputs
4.1 Project monitoring and evaluation Targets: Initial baseline survey within 18 months of loan effectiveness Second survey immediately prior to project completion Third survey to be conducted 5 years after project completion	

ADB = Asian Development Bank, CBTA = GMS Cross-Border Transport Agreement, GMS = Greater Mekong Subregion, km = kilometer, NR = national road (Cambodia), Q = quarter, QL = national highway (Viet Nam), STI = sexually transmitted infection, TL = provincial road (Viet Nam).

Note: ADB component refers to components to be funded by ADB and Government of Australia.

DETAILED COST ESTIMATES AND FINANCING PLAN

Item	Cost	ADB		Government of Australia		Government of the Republic of Korea		Government of Viet Nam	
		Amount	% of	Amount	% of	Amount	% of	Amount	% of
			Cost		Category		Cost		Category
A. Investment Costs^a									
1. Civil Works	105.75	59.26	56.04	12.31	11.64	34.18	32.32	0.00	0.00
2. Resettlement	26.11	0.00	0.00			0.00	0.00	26.11	100.00
3. Consultants									
a. Detailed Design and Implementation Services (ADB and Government of Australia)	9.83	0.00	0.00	9.83	100.00			0.00	0.00
b. Detailed Design and Implementation Services (Republic of Korea)	4.47					4.47	100.00	0.00	0.00
c. Independent Resettlement Monitoring	0.37	0.00	0.00			0.00	0.00	0.37	100.00
4. Taxes and Duties	13.67	0.00	0.00			0.00	0.00	13.67	100.00
Subtotal (A)	160.20	59.26	36.99	22.14	13.82	38.65	24.13	40.15	25.06
B. Recurrent Costs									
1. Project Administration	3.06	0.00	0.00			0.00	0.00	3.06	100.00
Subtotal (B)	3.06	0.00	0.00			0.00	0.00	3.06	100.00
Total Base Cost	163.26	59.26	36.30	22.14	13.56	38.65	23.67	43.21	26.47
C. Contingencies	41.64	13.79	33.12	2.86	6.87	10.00	24.02	14.99	36.00
D. Financing Charges During Implementation	3.80	1.95	51.32	0.50	13.16	1.35	35.53	0.00	0.00
Total Project Costs	208.70	75.00	35.94	25.50^b	12.22	50.00	23.96	58.20	27.89
% Total Project Costs	100%		36		12		24		28

IMPLEMENTATION SCHEDULE

No.	Activity	2007				2008				2009				2010				
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
A. Loan Processing																		
1	Board Consideration			◆														
2	Signing of Loan Agreement			◆	◆													
3	Loan Effectiveness				◆		◆											
B. Detailed Design ADB Sections and Resettlement All Sections																		
1	Recruitment of Consultants			■														
2	Project Implementation Consultant Starts				■				◆									
3	Field Surveys, Final Designs							■										
4	Update Resettlement Plans and Implementation - ADB/Korea Sections												■					
C. Civil Works Procurement ADB Section																		
1	Preparation of Bid Documents and Approvals									■								
2	Invitations for Bids									■								
3	Bid Evaluation and Report										■							
4	Contract Negotiations, Signing, Notice To Proceed											■						
D. Construction ADB Sections																		
1	Construction Supervision ^a													■				
2	Civil Works Construction													■				
3	Civil Works Defects Liability Period													■				
E. Detailed Design Korea Sections																		
1	Recruit Design and Supervision Consultants			■														
2	Korea Design Consultant Starts								◆									
3	Field Surveys, Final Designs							■										
F. Civil Works Procurement and Construction Korea Sections																		
1	Bid Documents, Procurement and Award of Contract										■							
2	Construction Supervision ^a													■				
3	Civil Works Construction													■				
4	Civil Works Defects Liability Period													■				

No.	Activity	2011				2012				2013				2014			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
A. Loan Processing																	
1	Board Consideration																
2	Signing of Loan Agreement																
3	Loan Effectiveness																
B. Detailed Design ADB Sections and Resettlement All Sections																	
1	Recruitment of Consultants																
2	Project Implementation Consultant Starts																
3	Field Surveys, Final Designs																
4	Update Resettlement Plans and Implementation																
C. Civil Works Procurement ADB Section																	
1	Preparation of Bid Documents and Approvals																
2	Invitations for Bids																
3	Bid Evaluation and Report																
4	Contract Negotiations, Signing, Notice To Proceed																
D. Construction ADB Sections																	
1	Construction Supervision ^a																
2	Civil Works Construction																
3	Civil Works Defects Liability Period																
E. Detailed Design Korea Sections																	
1	Recruit Design and Supervision Consultants																
2	Korea Design Consultant Starts																
3	Field Surveys, Final Designs																
F. Civil Works Procurement and Construction Korea Sections																	
1	Bid Documents, Procurement and Award of Contract																
2	Construction Supervision ^a																
3	Civil Works Construction																
4	Civil Works Defects Liability Period																

PROCUREMENT PLAN

Project Information

Country	Socialist Republic of Viet Nam
Name of Borrower	Socialist Republic of Viet Nam
Project Name	Greater Mekong Subregion Southern Coastal Corridor Project
Loan Reference	Loan: 2372-VIE
Date of Effectiveness	29 May 2008
Amount \$:	ADB loan \$75 million, Government of Australia grant \$25 million, Government of Republic of Korea loan \$50 million
Of which Committed, \$	\$75 million
Executing Agency:	Ministry of Transport/Viet Nam Road Administration
Implementation Agency:	My Thuan Project Management Unit
Approval Date of Original Procurement Plan	01 October 2007
Approval of most recent Procurement Plan	1 October 2007
Publication for Local Advertisements	Not decided
Period Covered by this Plan	2007–2009

Procurement Thresholds, Goods and Related Services, Works, and Supply and Installation

Procurement Method	To be used above (Value \$)
ICB Works	>2 million
NCB Works	<2 million

Procurement Thresholds, Consultant Services

Procurement Method	To be used above
	(Value \$)
Quality and Cost-Based Selection	>200,000
Least-Cost Selection	<100,000
Exceptional Methods	
Independent resettlement monitor (fully funded by government)	Government guidelines will apply

CONTRACT PACKAGES
List of Contract Packages and Mode of Procurement

Reference	Contract Description	Estimated Cost (\$ million)	Procurement Method	Expected Date of Advertisements	Prior Review
A. Civil Works^a					
CW1	Xa Xia–Ha Tien Bypass and Border Facilities	1.71	ADB-NCB	April 2008	Yes
CW2	Minh Luong–Start Ta Cau Bypass	1.75	Republic of Korea	April 2008	No
CW3	Ta Cau Bypass	28.60	Republic of Korea Guidelines	April 2008	No
CW4	End Ta Cau Bypass–Start Thu Bay Bypass	2.06	Republic of Korea Guidelines	April 2008	No
CW5	Thu Bay Bypass–An Minh Bypass	8.94	Republic of Korea Guidelines ^b	April 2008	No
CW6	An Minh Bypass–Nga Bac Canal	13.18	ADB-ICB	April 2008	Yes
CW7	Nga Bac Canal–Ca Mau	71.71	ADB-ICB	April 2008	Yes
	Subtotal (A)	127.95			
B. Resettlement and Social Mitigation					
R1	Payment of resettlement and social allowances, entitlements, and compensation and funding income restoration program	31.33	Government of Viet Nam Guidelines/ Resettlement Plan	Not applicable	No ^c
C. Consulting Services					
CS1	Detailed design and implementation services – ADB and Government of Australia	9.83	ADB Guidelines QCBS	July 2007	Yes
CS2	Detailed design and implementation services – Government of the Republic of Korea	4.47	Republic of Korea Guidelines	July 2007	No
CS3	Independent resettlement monitor	0.37	Government of Viet Nam Guidelines	April 2008	Yes
	Subtotal (C)	14.67			
	Total	173.95			

ADB = Asian Development Bank, CW = civil works, CS = consulting services, ICB = international competitive bidding, NCB = national competitive bidding, QCBS = quality and cost-based selection, R = resettlement.

^a Including physical contingencies and price escalation, taxes and duties.

^b Civil works for part of this section of the Project may be financed from Government of the Republic of Korea proceeds as an additional component. This will be determined jointly among ADB, Government of the Republic of Korea, and Government of Viet Nam once the detailed designs are completed. If Government of the Republic of Korea funds are to be used, Republic of Korea procurement guidelines shall apply.

^c Payment of compensation and allowances arising from resettlement activities will be in accordance with procedures set out in ADB-approved resettlement plans.

Source: ADB staff.

PROCEDURES FOR ESTABLISHING AND OPERATING THE LOAN IMPREST ACCOUNT

A. Definition

35. Whenever used in this procedure, unless the context otherwise requires, several terms defined in the Loan Agreement between the Recipient and the Asian Development Bank (ADB) have the respective meanings therein set forth.

B. Imprest Account for Loan Proceeds

36. For the purpose of this project, and if applicable, the Recipient shall cause the Executing Agency to establish after the Effective Date, an Imprest Account. The Imprest Account shall be established, managed, replenished and liquidated in accordance with ADB's "Loan Disbursement Handbook" of January 2007, as amended from time to time and detailed arrangement between the Government of Viet Nam and ADB.

C. Eligible Expenditures

37. Payments out of the Imprest Account will be made exclusively to meet eligible expenditures in accordance with the provisions of Schedule 2 of the Loan Agreement.

D. Account Name and Authorization for Withdrawals

38. The Imprest Account will be opened and maintained at the designated bank acceptable to ADB, in the name of the PMU-MT and the person or persons duly authorized by PMU-MT for making withdrawals from the Loan Account, under relevant provisions of the Loan Agreement will be responsible for operating the Imprest Account and withdrawals and payments therefrom.

E. Initial Advance and Ceiling

39. After the Effective Date, on the basis of a Withdrawal Application-Imprest Fund (Form ADB-IFP) and an Estimate of Expenditure Sheet (Form ADB-IFP-EES) from the PMU setting out the estimated expenditures for the first six months of project implementation, and submission of evidence satisfactory to ADB that the Imprest account has been duly opened, ADB will withdraw from the Loan Account and deposit into the Imprest account an initial amount based on the estimated expenditure for the first 6 months of project implementation or 10% of the total Loan, whichever is lower.

F. Liquidation and Replenishment

40. The PMU-MT will, on a regular basis, furnish to ADB in respect of all payments out of the Imprest Account, the duly filled-in Withdrawal Application-Imprest Fund (Form ADB-IFP-WA) and Summary Sheet (ADB-IFP-SS), together with such supporting documents and other evidence as ADB will reasonably request, showing that each payment was made for eligible expenditures. ADB agrees to the use of the Statement of Expenditure (SOE) procedure for expenditures incurred not exceeding US\$100,000.

41. For every liquidation and replenishment request, PMU-MT will furnish to ADB (a) Statement of Account (Bank Statement) prepared by commercial banks, and (b) the Imprest Account Reconciliation Statement (IARS) reconciling the abovementioned Bank statement against the PMU-MT's records.

42. ADB may at any stage by notice to the PMU-MT, suspend further replenishments to the Loan Imprest Account if they failed to comply with any of the provisions of this Appendix.

G. Accounts and Records

43. The PMU-MT will ensure that all amounts received for or in connection with the Loan Imprest Account and amounts withdrawn therefrom are recorded in a separate account in accordance with consistently maintained sound accounting principles. The PMU-MT will retain until one year after the closing date for withdrawals from the Loan account all accounts and records including orders, invoices, bills, receipts and other original documents evidencing the expenditures paid out of the Imprest Account, and will enable ADB's representatives to examine such account and records during disbursement and review missions.

H. Audit

44. The PMUMT will cause an independent auditor or government auditor acceptable to ADB to annually audit the Imprest Account/SGIAs and records referred to in Paragraph 43 above and furnish to ADB certified copies of audit report and audited financial statements not later than 6 months after the end of each fiscal year. An opinion on the examination of the Imprest Account and SGIAs should be separately set out in the said Auditor's Report.

I. Ineligible or Unjustified Payment

45. Where any withdrawal or payment from the Loan Imprest Account/SGIAs is determined by ADB (i) to have been utilized for any purpose not eligible, or (ii) not justified by the evidence furnished pursuant to Paragraph 10 of this Attachment, the PMU-MT will, promptly upon notice from ADB, deposit into the Loan Imprest Account/SGIAs an amount equal to the amount of such payment or the portion thereof not eligible or justified, in the same currency as that in which the amount was withdrawn from the Loan Account. Alternatively, ADB may offset the unjustified payment against new withdrawal applications for replenishment.

J. Closing of the Imprest Account

46. In the event that ADB determines that (i) any amount outstanding in the Loan Imprest Account will not be required to cover further payments for eligible expenditures, or (ii) any amount remains outstanding in the Loan Imprest Account after the closing date, PMU-MT will, promptly upon notice from ADB and unless otherwise agreed by ADB, refund such amount then outstanding in the Loan Imprest Account.

K. Other Issues

47. For matters not covered in the Attachment, the guidelines set forth in ADB's Loan Disbursement Handbook will apply.

DISBURSEMENT

A. Guidelines and Practices

a. General Guidelines

1. The recipient is responsible for implementing the project according to the grant agreement. ADB, on its part, monitors the project and reviews its progress to ensure that the Loan proceeds are spent as agreed upon.

2. When the Loan becomes effective, the Loan account is opened in ADB's books in the name of the recipient and the Loan amount is credited to that account. Withdrawal from the account is approved only after fulfillment of the requirements indicated under basic requirements below.

b. Disbursement Letter

3. Disbursement Letter will be dispatched by the Disbursement Division after the Loan agreement is signed. It outlines the disbursement procedures and other related arrangements for financial administration of the Project.

B. Requirements for Disbursement

a. Basic Requirement

4. The first withdrawal application from the Loan account requires that:

- (i) ADB declared the Loan agreement effective;
- (ii) The Recipient submitted 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 specific signature of each authorized person before the first withdrawal application is sent to ADB. (Any subsequent change in the list of authorized representatives must be reported immediately and authenticated specimen signatures of new representatives must also be provided); and
- (iii) Disbursement conditions as specified in the Loan agreements are met.

b. Withdrawal Application

5. For all withdrawals, ADB must receive a withdrawal application in the prescribed form. A withdrawal application is a written request from the Recipient to ADB to pay funds against the Recipient's Loan account. No withdrawal application will be entertained after the Loan closing date. The Loan closing date is the date ADB may terminate the right of the recipient to make withdrawals from the Loan account. Expenditures incurred after the Loan closing date will not be financed under the Loan.

6. Before the first W/A is submitted to ADB, the name of the authorized representative(s) must be provided to ADB, through the Authorized Representatives of the Recipients, including the authenticated specimen signatures of the representative(s).

7. The W/A should be signed by the authorized representative(s), sequentially numbered and should not exceed five digits (00001, 00002, etc.)
8. The W/A forms and summary sheets to be used vary for the different procedures. A separate W/A for each currency requested should be submitted.
9. The W/A to be submitted to ADB must be the signed original copy. However, supporting documents may be in photocopies.
10. A withdrawal application consists of:
 - (i) the application itself, in letter form, in 2 copies;
 - (ii) summary sheet(s) for each category claimed; and
 - (iii) original supporting documents.
11. A withdrawal application should:
 - (iv) Indicate the payee's complete name.
 - (v) Indicate the complete name and address of the designated payee's bank, including the name of a branch office, where applicable, and the payee's account number.
 - (vi) Be sure to indicate the complete name and address of the payee bank's correspondent bank in the country of the currency of payment where applicable, and the account number of the payee's bank.

C. Allocation of Loan Proceeds

12. The Loan proceeds shall be disbursed on the basis of the percentages stated in the Loan Agreement.

D. Direct Payment (Page 24 of the Handbook)

13. It is a procedure whereby ADB, at the recipient's request, pays a designated beneficiary directly.

1. Supporting Documents for Direct Payment

- (i) Signed Withdrawal Application (ADB-DRP/RMP, Appendix 3 of Handbook);
- (ii) Summary Sheet (ADB-DRP-SS, Appendix 4 of Handbook);
- (iii) Contract or confirmed purchase order, indicating amount and due date;
- (iv) For payment of goods: supplier's invoice and bill of lading or other similar documents; and
- (v) For payment of services: consultants' claim or invoice

E. Other Instructions

14. The withdrawal application's signed original copy is submitted to ADB. Supporting documents may be submitted as photocopies.

F. Commitment Procedure (page 26 of Handbook)

15. This procedure is used for financing import of goods. A letter of credit is usually opened by a commercial bank. The negotiating bank is authorized to seek payment from ADB under the Loan.

16. ADB issues a Commitment Letter against a letter of credit (L/C), and agrees to pay (on behalf of the Recipient and out of Loan funds) the negotiating bank for the payments made or to be made to the supplier in accordance with the terms of the L/C.

1. Supporting Documents for Issuing Commitment Letter

- (i) Signed Application for Commitment Letter (ADB-CL, Appendix 5 of Handbook);
- (ii) Summary Sheet (Appendix 6)
- (iii) Contract or confirmed Purchase Order;
- (iv) Two signed copies of L/C.

17. ADB issues a Commitment Letter to the designated commercial bank (usually advising bank) as shown in Appendix 7 of Handbook. A copy of ADB's commitment letter is also sent to the EA for information.

2. ADB's Payment to the Negotiating Bank

18. The Commitment Letter provides for ADB's payment to the negotiating bank upon receipt of the reimbursement claim confirming that negotiation has been done in full compliance with the letter of credit terms. Such reimbursement claim is usually made by tested telex or authenticated SWIFT message.

3. Amendment to the Letter of Credit

19. ADB's approval is required for amendment to the letter of credit (L/C) involving:

- (i) terms of payment including currency and amount of L/C;
- (ii) the description or quantity of goods;
- (iii) beneficiary;
- (iv) country of origin; and
- (v) extension of the expiry date of L/C beyond the Loan closing date.

20. Amendments not mentioned above do not require ADB's approval. For example, extension of L/C expiry date within Loan closing date does not require ADB's approval, but simply inform ADB of such extension by filling out the form shown as Appendix 11 of Handbook and attaching one copy of the amendment.

G. Reimbursement Procedure (page 30 of Handbook)

21. ADB pays to the project account for eligible expenditures which have been incurred and paid for by the Government out of its budget allocation or its own resources (page 30 of Handbook).

1. Supporting Documents for Reimbursement Procedure

- (i) Signed Withdrawal Application (ADB-DRP/RMP, Appendix 3 of Handbook);
- (ii) Summary Sheet (ADB-RMP-SS, Appendix 4 of Handbook);
- (iii) Contract or confirmed Purchase order, if not yet submitted earlier to ADB; and

- (iv) Evidence or receipt of payment showing the amount paid, the date of receipt and the payee.

H. Statement of Expenditure (SOE) Procedure

22. This is a procedure requiring no submission of supporting documents. Any individual payment to be reimbursed or liquidated under the SOE procedure shall not exceed \$100,000 (including counterpart fund). The procedure derives its name from the Statement of Expenditure (SOE) form, which is submitted with the Withdrawal Application (W/A). The SOE is used in lieu of the usual supporting documents and the Summary Sheet. It may also be used in connection with the liquidation or replenishment of the Imprest Account (page 31 of Handbook).

23. Three types of SOE are available:

- (i) SOE form for contract items, mostly related to civil works (Appendix 12 and 13 of Handbook);
- (ii) SOE form for noncontract items, mostly related to operating expenses and overhead (Appendix 14 of Handbook); and
- (iii) SOE form (free format) for items not provided in the other SOE forms (Appendix 15 of Handbook).

24. Alterations on the application forms are initialed by the recipient's authorized representatives.

25. In the SOE, the borrower certifies that:

- Expenditures have been incurred and paid for under the terms and conditions of the Loan agreement; and
- Records are maintained and are available for examination by ADB disbursement/review missions and independent auditors.

26. The following conditions must exist before the recipient can use the procedure:

- Impracticability of Full Documentation – The SOE procedure is used where it is impractical to require full documentation. This may apply to EA operating costs or expenditures related to small civil works contracts scattered over a wide area.
- Recipient's Capability – The recipient must have sufficient administrative and accounting capabilities to prepare and maintain proper SOE records and make them readily available for examination.
- Audit Requirements – The recipient must be capable of arranging for periodic or annual audits of SOE transactions as part of the project's audit.

F. PCSS Numbers

27. The Procurement Contract Summary Sheet (PCSS) number is assigned by ADB for identifying a particular contract approved by the borrower and submitted to ADB under the Loan. The PCSS includes the following:

- ADB contract number;
- Date of contract approval;
- Mode of procurement;
- Name of contractor or supplier;
- Terms of payment and currency of contract; and

- Percentage of ADB financing.

28. On checking the details of payment made under a particular withdrawal application from the ADB Loan Financial Information System (GFIS) Website, the EA will use the PCSS Number under a particular Loan number.

29. Without the PCSS, ADB's Controller's Department could not proceed with the processing of payment for the W/A.

30. When an amendment or a variation of a contract is made, a copy of the variation order should also be sent to ADB, for updating of the PCSS.

31. To avoid delay in the processing of payment, the PCSS No. should be indicated in the W/A to be submitted by the EA. The PCSS No. should be shown in the summary sheet.

H. Disbursement Reports

32. Recipient, EA, and Donors are given information on the status of Loan disbursement in:

- semi-monthly listings of Loan disbursements (see page 120 of the Handbook);
- statement of withdrawal vouchers; and
- statements of amount capitalized.

33. The above reports and other information are available online at LFIS website at [URL://lfis.adb.org](http://lfis.adb.org). For access to the loan information website, requests may be sent by e-mail to lfis@adb.org.

34. The recipient and its EA provide ADB with the current names, mailing, and e-mail addresses of contact persons who should receive the reports. An updated list of contact persons is to be sent to ADB immediately when there are changes in contact persons or addresses.

REPORTS

A. Introduction

1. Loan regulations and Loan agreements require the Recipient and executing agency (EA) to provide ADB/Donors with reports and information it reasonably requests. These include the EA's periodic progress reports that enable the Recipient, EA, ADB and other Donors to monitor project progress, become aware of problems during implementation, and assess whether the immediate project objectives will be met.

B. Content and Format

2. The content of the progress report includes sufficient information in summary form to be useful to ADB and other Donors as a funding agency. The purpose of the report is to enable the Recipient, EA, and ADB to monitor the latest progress, become aware of current problems, and assess whether the project's immediate objectives will be met. More detailed reports are prepared by consultants or contractors for PMU-MT and distributed to all stakeholders. These reports are to be held at PMU-MT and are made available for ADB review, midterm review, and project completion review missions.

3. The progress report sent to ADB is an executive summary of the detailed reports; with format and content permitting ADB and other stakeholders to readily capture key information for inputting into the project performance report (PPR). When ADB requires detailed information (such as background to a particular problem), this is included as an appendix. Simple charts such as a bar or milestone charts to illustrate implementation progress, a chart showing actual versus planned expenditures, and the relationship between physical and financial performance are included. A framework and guidelines for calculating project progress and a sample implementation schedule are shown on page 29.

C. Reports Required by ADB

4. The following reports are required by ADB:

Description	Originator	Due Date
Quarterly Progress Report		Not later than 30 days after each period
Audited Project Account		Not later than 6 months after close of each fiscal year
Impact Survey Report		Within 2 years after baseline survey
Updated Resettlement Plan		After completion of DMS and detailed design, prior to implementation
Contract Awards and Disbursement Projections		Every January of the year during implementation
Project Completion Report		Within 3 months of project completion.

D. Quarterly Progress Reports

5. The PMU-MT will prepare and submit to all Donors quarterly progress reports concerning procurement of services, design and preconstruction activities, and construction of all civil works included in the Project. The reports will identify problems and difficulties

encountered during implementation and summarize the Project's accounts consisting of disbursements during the reporting period, year to date, and total to date. The report should be submitted to all financiers not later than 30 days after the end of the period covered by each report.

6. The quarterly report should indicate, among other things: (i) the progress made and problems encountered during the quarter; (ii) steps taken or proposed to be taken to remedy these problems; (iii) the updated bar chart prepared in an acceptable manner showing progress as compared to the schedule agreed, including the number of consumers connected; (iv) description of implementation of the RP, including status of completion of compensation, resettlement and rehabilitation activities, monitoring reports submitted by the IMO, and a description of problems encountered and anticipated with suggested corrective actions; (v) summary of accounts for the Project during the period, year to date and total to date; and (iv) expected progress during the following quarter.

7. Suggested outline of a quarterly progress report is shown below and pro-forma sample is shown on page 31.

- a. Background and Introduction
- b. Project Scope
- c. Financial Progress/Utilization of Funds
- d. Covenants Complied During the Period
- e. Status of Implementation
 - i. Progress of Civil Works
 - ii. Project Coordination with Donors
 - iii. Disbursements (Operation of Imprest Fund, Receipt of Counterpart Funds)
 - iv. Problems Encountered and Action Taken During the Period
 - v. Planned Activities During the Next Period
- f. List of Annexes
 - Project Performance Report
 - Detailed List of Compliance with Loan Covenants
 - List of Contracts Awarded
 - Updated Implementation Schedule
 - Budget Schedule

E. Project Completion Report (PCR)

8. To facilitate post evaluation of the Project, the Recipient will provide ADB and other Donors within 3 months of physical completion of the Project, a completion report that will comprehensively cover details of project implementation, costs and potential benefits, and any other information that may be requested by ADB and other Donors concerning the Project. Relevant ADB instruction and outline of PCR is shown on page 39 .

F. Contract Awards and Disbursement Projections

9. Effective monitoring of project implementation requires accurate projections of contract awards, commitments, and disbursements. Comparison of such projections with the actual figures helps identify impediments to implementation progress and remedial measures. Accurate disbursement projection also helps ADB improve its overall liquidity, cash flow, and portfolio management.

10. ADB distributes the projections worksheet (in either hard copy or electronic form) by the second week of October to the executing agencies (EAs) to complete their projections of contract awards, commitments, and disbursement for the following year. The EA is to submit the completed worksheet to ADB for project implementation by the second week of each year.

11. Using information received from the EAs, ADB prepares annual projections of contract awards, commitments, and disbursement (with quarterly breakdowns) for all projects it administers (for Loans approved up to 31 December each year).

FRAMEWORK AND GUIDELINES IN CALCULATING PROJECT PROGRESS

A. Introduction

1. To ensure that all implementation activities are reflected in measuring implementation progress against the project implementation schedule, the term "physical completion" in the PPR has been changed to "project progress."
2. Physical and pre-commencement activities are considered in calculating project implementation progress. These activities, which may include recruitment of consultants, capacity building, detailed design, preparation of bid and prequalification documents, etc., could constitute a significant proportion of overall implementation and therefore should be counted.
3. Each activity in the implementation schedule will be weighted according to its overall contribution (using time as a reference) to progress of project implementation. These weights will then be used to calculate the percentage of project progress along the entire time span of the project. This is to provide a holistic view of the pace of implementation.

B. Framework for Compiling Activity List and Assigning Weights

4. As implementation activities (with corresponding weights) will vary in terms of project, sector, and country, SETU will be responsible for incorporating them in the project administration memorandum. The actual project implementation progress of these activities should be reported regularly through the EA's quarterly project progress report. To ensure ADB-wide consistency, the following framework has been established. The application of this framework will be monitored through the PPR.

1. Compilation of Activity List

5. SETU will identify and include major implementation activities in the implementation schedule which is attached as an appendix in the Report and Recommendation of the President (RRP). The implementation schedule should follow the critical path of the project's major activities in project implementation taking account of various country, sector, and project constraints.

2. Assignment of Weights

6. Corresponding weights for each activity should be assigned to ensure that "project progress" measures the percentage of achievement (nonfinancial except when the project has credit components) for all events during the entire duration of the implementation schedule. To avoid disproportionate assignment of weights, to the extent possible these should be evenly distributed along the implementation schedule. When activities are concurrent, avoid "double counting."

3. Computation of Project Progress

7. Once all activities are identified and corresponding weights assigned, project progress should be calculated using the following steps:

- (i) Determine the actual percentage progress (non-financial) of each activity.

- (ii) Multiply these percentages by the assigned weight of each activity to arrive at the weighted progress.
- (iii) Add up the resulting weighted progress of all activities to determine the project progress.

The following figure provides an illustration of this calculation using a generic sample implementation schedule, and the next page shows a specific schedule for this Project.

Implementation Schedule with Activities and Weights

No	DESCRIPTION	Weight (%)	Progress	Weighted Progress
A	Loan Processing 1. Board Consideration 2. Signing of Loan Agreement 3. Loan Effectiveness			
B	Detailed Design ADB Sections and Resettlement All Sections 1. Recruitment of Consultants 2. Project Implementation Consultant Starts 3. Field Surveys, Final Design 4. Update Resettlement plans and Implementation	20 5 10 5	100 5 5	5.75 5 0.5 0.25
C	Civil Works Procurement ADB Section 1. Preparation of Bid Documents and Approvals 2. Invitation for Bids 3. Bid Evaluation and Report 4. Contract Negotiations, Signing, Notice to Proceed	10 2 1 5 2		0 0 0 0 0
D	Construction ADB Section 1. Construction Supervision 2. Civil Works Construction	70 10 60		0 0 0
E	Detailed Design Korea Section 1. Recruit Design and Supervision Consultants 2. Korea Design Consultants Start 3. Field Surveys, Final Design			
F	Civil Works Procurement and Construction Korea Section 1. Bid Documents, Procurement and Award of Contracts 2. Construction Supervision 3. Civil Works Construction 4. Civil Works Defects Liability Period			
	TOTAL	100		5.75

PRO FORMA OF THE EXECUTING AGENCY'S PROJECT PROGRESS REPORT

A. Introduction and Basic Data

Provide the following:

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

B. Utilization of Funds (ADB Loan, Co-financing, and Counterpart Funds)

Provide the following:

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

C. Project Purpose

Provide the following:

- status of project scope/implementation arrangements compared with those in the report and recommendation of the President (RRP), and whether major changes have occurred or will need to be made;
- an assessment of the likelihood that the immediate development objectives (project purpose) will be met in part or in full, and whether remedial measures are required based on the current project scope and implementation arrangements;
- an assessment of changes to the key assumptions and risks that affect attainment of the development objectives; and
- other project developments, including monitoring and reporting on environmental and social requirements that might adversely affect the project's viability or accomplishment of immediate objectives.

D. Implementation Progress

Provide the following:

- assessment of project implementation arrangements such as establishment, staffing, or funding of the PMU-MT;
- information relating to other aspects of the EA's internal operations that may impact on the implementation arrangements or project progress;
- progress or achievements in implementation since the last progress report;
- assessment of the progress of each project component, such as,
 - recruitment of consultants and their performance;
 - procurement of goods and works (from preparation of detailed designs and bidding documents to contract awards); and
 - the performance of suppliers, manufacturers, and contractors for goods and works contracts;
- assessment of progress in implementing the overall project to date in comparison with the original implementation schedule—quantifiable and monitorable target, (include simple charts such as bar or milestone to illustrate progress, a chart showing actual versus planned expenditure, S-curve graph showing the relationship between physical and financial performance, and actual progress in comparison with the original schedules and budgets, the reference framework or guidelines in calculating the project progress as explained on page 29); and
- an assessment of the validity of key assumptions and risks in achieving the quantifiable implementation targets.
- Description on the implementation of the RP including status of completion of compensation, resettlement and rehabilitation activities, monitoring reports submitted by the IMO and a description of problems encountered and anticipated with suggested corrective actions;

E. Compliance with Covenants

Provide the following:

- the recipient's compliance with policy Loan covenants such as sector reform initiatives and EA reforms, and the reasons for any noncompliance or delay in compliance;
- the recipient's and EA's compliance with financial Loan covenants including the EA's financial management, and the provision of audited project accounts or audited agency financial statements; and
- the recipient's and EA's compliance with project-specific Loan covenants associated with implementation, environment, and social dimensions.

F. Major Project Issues and Problems

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

PROJECT COMPLETION REPORT FORMAT

A. General Guidelines for Preparing Project Completion Report

CONTENTS
BASIC DATA
MAP

I. PROJECT DESCRIPTION

II. EVALUATION OF DESIGN AND IMPLEMENTATION

- A. Relevance of Design and Formulation
- B. Project Outputs
- C. Project Costs
- D. Disbursements
- E. Project Schedule
- F. Implementation Arrangements
- G. Conditions and Covenants
- H. Consultant Recruitment and Procurement
- I. Performance of Consultants, Contractors, and Suppliers
- J. Performance of the Recipient and the Executing Agency
- K. Performance of the Asian Development Bank

III. EVALUATION OF PERFORMANCE

- A. Relevance
- B. Efficacy in Achievement of Purposes
- C. Efficiency in Achievement of Outputs and Purpose
- D. Preliminary Assessment of Sustainability

IV. EVALUATION OF SOCIAL DIMENSIONS AND SOCIAL SAFEGUARDS IMPACTS

- A. Social Dimensions (e.g. poverty reduction, gender equity, community and participatory mass organizations)
- B. Ethnic Groups Development Impacts

V. OVERALL ASSESSMENT AND RECOMMENDATIONS

- A. Overall Assessment
- B. Lessons Learned
- C. Recommendations

BASIC DATA

A. Loan Identification

1. Country
2. Loan Number
3. Project Title
4. Recipient
5. Executing Agency
6. Amount of Loan
7. Project Completion Report Number (to be provided by ADB)

B. Loan Data

1. Appraisal
 - Date Started
 - Date Completed
2. Loan Negotiations
 - Date Started
 - Date Completed
3. Date of Board Approval
4. Date of Loan Agreement
5. Date of Loan Effectiveness
 - In Loan Agreement
 - Actual
 - Number of Extensions
6. Closing Date
 - In Loan Agreement
 - Actual
 - Number of Extensions
7. Terms of Loan
 - No Interest
 - No repayment
 - Grace Period (number of years)

8. Disbursements

a. Dates

Initial Disbursement	Final Disbursement	Time Interval
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Effective Date	Original Closing Date	Time Interval
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Category	Component	Original Allocation	Last Revised Allocation	Net Amount Disbursed	Undisbursed Balance
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Total

C. Project Data

1. Project Cost (\$ million)

Cost	Appraisal Estimate	Actual
Foreign Exchange Cost		
Total		

2. Financing Plan (\$ million)

Cost	Appraisal Estimate		Actual	
	Foreign	Total	Foreign	Total

Implementation Costs

ADB-Financed

Government

Total

3. Cost Breakdown by Project Component (\$ million)

Cost	Appraisal Estimate		Actual	
	Foreign	Total ^a	Foreign	Total

TOTAL PROJECT COST

Note

4. Project Schedule

Item	Appraisal Estimate	Actual
Date of Contract with Consultants		
Equipment and Supplies		
Dates		
First Procurement		
Last Procurement		
Completion of Equipment Installation		
Start of Operations		
Other Milestones		
Start of Program		
Completion of Program		

D. Data on Asian Development Bank Missions

Name of Mission	Date	No. of Persons	No. of Person-Days	Specialization of Members^a
Fact-Finding				
Appraisal				
Inception				
Review				
Review				
Review				
Review				
Midterm Review				
Review				
Review				
Review				
Review				
Completion Review ^b				

Note:

^a May use reference letters in table, e.g., a - engineer, b - financial analyst, c - counsel, d - economist, e - procurement consultant or specialist, f - control officer, g - assistant project analyst.

^b The project {Loan} completion report was prepared by {name}, {designation}.

B. Suggested Topics for Project Completion Reports to be Prepared by Borrowers**I. PROJECT DESCRIPTION**

- A. Objectives
- B. Components
- C. Implementation methods
- D. Description and justification of changes in components (or subproject appraisal criteria) or implementation methods

II. PROJECT IMPLEMENTATION

- A. Compare original and actual implementation schedules. Indicate delays, length and causes of delays, and remedial action taken.
- B. Compare cost estimates made during appraisal and actual costs. The costs financed by cofinanciers must be compiled correctly with reference to audited project accounts. Indicate factors that contributed to any significant overruns or underruns.
- C. State problems or difficulties in recruiting consultants, with reference to ADB procedures. Assess the consultant's work and the working relationship between the executing agency (EA) and the consultant. Use of a logical framework is strongly recommended.
- D. State problems or difficulties encountered in procuring goods and services (including civil works) with reference to ADB procedures. Assess the supplier's or contractor's performance under the contract.
- E. Give the extent of compliance of the borrower and EA with Loan covenants, with reasons for noncompliance or delays in compliance and the remedial actions taken.
- F. State reasons for any delays in Loan utilization. Evaluate the appropriateness of the disbursement methods used. Justify the reallocation of Loan proceeds.
- G. State problems or difficulties with subproject appraisal. Evaluate the EA's performance and capacity to appraise subprojects.

III. INITIAL OPERATIONS

- A. Describe initial operations of the project and transitional problems encountered from project completion to initial operations.
- B. Describe measures taken to ensure continued smooth operation of the project relative to management, staffing, funding, and maintenance of project facilities.
- C. Analyze the prospects of the project benefits being realized.

IV. EVALUATION OF THE ASIAN DEVELOPMENT BANK'S PERFORMANCE

- A. Assess ADB's performance in supervising project implementation. Include comments on the adequacy of the consultants' terms of reference and appropriateness of specifications in tender documents. Evaluate the effectiveness and timeliness of assistance extended by ADB to solve implementation problems.
- B. Comment on problems encountered with ADB's procedures. Note the measures taken to resolve these problems and suggest changes in procedures and requirements.

FINANCIAL REPORTING AND AUDITING REQUIREMENTS

1. ADB's *Handbook for Borrowers on the Financial Governance and Management of Investment Projects Financed by the ADB* (the Booklet) provides guidelines to ensure timely compliance with the loan covenants and the quality of financial information as required by ADB.

2. ADB, by its Charter, is required to ensure that the proceeds of any loan/grant made, guaranteed, or participated in by ADB are used for the purposes for which the loan/grant was approved. ADB requires accurate and timely financial information from its borrowers/recipients to be assured that expenditure was for the purposes stated in the loan/grant agreement.

3. The following are the main requirements:

- (i) ADB requires the EA to maintain separate project accounts and records exclusively for the Project to ensure that the loan funds were used only for the objectives set out in the Loan Agreement.

The first set of project accounts to be submitted to ADB covers the fiscal year ending 31 December 2008. As stipulated in the Loan or Project Agreements, they are to be submitted up to six months after the end of the fiscal year. For this loan, the deadline is by 30 June 2009. A sample report format with explanatory notes is attached as Annex A of this Appendix.

- (ii) The accounts and records for the project are to be consistently maintained by using sound accounting principles. The external auditor is to express an opinion on whether the financial report has been prepared using international or local generally accepted accounting standards and whether they have been applied consistently.

ADB prefers project accounts to use international accounting standards prescribed by the International Accounting Standards Committee. The name of external auditor is to comment on the impact of any deviations, by the Executing Agency from international accounting standards.

- (iii) The external auditor specifies in the Auditor's Report the appropriate auditing standards they used, and direct them to expand the scope of the paragraph in the Auditor's Report by disclosing the key audit procedures followed. The external auditor is also to state whether the same audit procedures were followed for all supplementary financial statements submitted.

ADB wishes that auditors conform to the international auditing standards issued by the International Federation of Accountants. In cases where other auditing standards are used, the external auditor is requested to indicate in the Auditor's Report the extent of any differences and their impact on the audit.

- (iv) The external auditor's opinion is also required on whether
- the proceeds of the ADB's loan have been utilized only for the project as stated in the Loan Agreement;
 - the financial information contains data specifically agreed upon between the Recipient or EA and ADB to be included in the financial statements;

- the financial information complies with relevant regulations and statutory requirements; and
 - compliance has been met with all the financial covenants contained in the Loan or Project Agreements.
- (v) The Auditor's Report is to clearly state the reasons for any opinions that are qualified, adverse, or disclaimers.
- (vi) Actions on deficiencies disclosed by the external auditor in its report are to be resolved by the Recipient or Executing Agency within a reasonable time. The external auditor is to comment in the subsequent Auditor's Report on the adequacy of the corrective measures taken by the Recipient or EA.
4. Compliance with these ADB requirements will be monitored by review missions and during normal project supervision, and followed up regularly with all concerned, including the external auditor.

ANNEX A: SAMPLE FORM OF AUDITOR'S OPINION**Imprest Account**

We have examined the Statement of Imprest Account of Loan No 2261-CAM for the period 1 January 2008 to 31 December 2008, pursuant to the Agreement signed between the Government and the Asian Development Bank on 01 December 2006.

Our examination was made in accordance with generally accepted auditing standards emphasizing on the adequacy and completeness of the supporting documents of the Imprest Account and other auditing procedures as we considered necessary in the circumstances;

In our opinion, the Statement of Imprest Account and supporting documents and information submitted with them (can/ cannot) be fairly relied on to support the applications for reimbursement/payment in accordance with ADB's requirements as set out in the Loan Agreement.

STATEMENT OF EXPENDITURE

We have also examined the Statements of Expenditure submitted to ADB during the period in support of applications for liquidation of the Imprest, pursuant to the above-mentioned Loan Agreement. Our examination was made in accordance with generally accepted auditing standards, and, accordingly included such tests of the accounting records, verification of assets and other such auditing procedures as we considered necessary in the circumstances.

In our opinion, the Statement of Expenditures submitted, together with the internal control and procedures involved in their preparation, (can/cannot) be relied on to support the applications for liquidations in accordance with the requirements of the above mentioned Loan Agreement.

LOAN COVENANTS

No.	Reference in the Loan Agreement	Loan Covenants	Status/ Deadline for Compliance
1	LA, Schedule 5 Para. 2	The Borrower shall ensure that upon completion of each project road under a Works contract, VRA assigns responsibility for operations and maintenance of that Project road with associated project facilities to the regional road Management Unit No. 7 (RRMU7),	Not yet due
2	LA, Schedule 5 Para. 3	The Borrower shall ensure that the Project-financed roads and bridges are maintained to design standards and in accordance with sound maintenance practices. The Borrower shall ensure that annual road maintenance plans are prepared for the Project-financed roads and bridges, on the basis of maintenance standards, traffic volumes, and assessment of needs, as agreed between the Borrower and ADB.	Not yet due
3	LA, Schedule 5 Para. 4	The Borrower shall ensure that within three (3) months of the completion of rehabilitation and improvements to provincial road 7 under the project, the MOT reclassifies that portion of the Provincial Road 7 (TL7) as a National Road (QL) and responsibility for the maintenance and operation of this road shall be transferred to VRA.	Not yet due
A. Environmental			
4	LA, Schedule 5 Para. 16	The Borrower shall ensure that all actions affecting the environment are carried out in accordance with ADB's Environment Policy (2002). The Borrower shall cause VRA to ensure (a) that specific provisions are included in Works and consulting services contracts for the implementation and monitoring of the EMP prepared as part of the IEE, together with budget allowances for these provisions; and (b) the environmental mitigation measures in the IEE and the summary IEE are adequately implemented by the contractors.	Ongoing
5	LA, Schedule 5 Para. 17	The Borrower shall cause VRA to ensure that the implementation of the EMP and the contractors' mitigation measures are adequately monitored and updated, when necessary, with semi-annual reporting to the Borrower's environmental regulatory authority and ADB.	Not yet due
6	LA, Schedule 5 Para. 18	The Borrower shall cause VRA to ensure that road construction is carried out following good environmental	Not yet due

No.	Reference in the Loan Agreement	Loan Covenants	Status/ Deadline for Compliance
		<p>practices, including (a) appropriate selection of quarry and borrow sites and their subsequent rehabilitation after use; (b) proper disposal of construction wastes and materials; (c) use of good environmental design and construction techniques that ensure slope stability and drainage; (d) minimization of construction impacts, such as dust, diversion of stream flow and increased turbulence, equipment noise, etc.; and (e) necessary mitigation measures for other environmental impacts associated with road construction and maintenance.</p>	
B. Social			
7	LA, Schedule 5 Para. 5	<p>The Borrower shall ensure that MOT issues appropriate instructions to the relevant Project Provincial Peoples Committees with regard to resettlement, and shall further ensure that the relevant Project Provincial Peoples Committees timely acquire the land required for the Project and for compensation and, if required, relocate, resettle and rehabilitate people affected by any sub-project of the Project. VRA shall be responsible for preparing a new Resettlement Plan for any Project component requiring one under the Resettlement Framework (i.e., for components not yet appraised and which will cause resettlement impacts) and shall submit such Resettlement Plan to ADB for its approval prior to its implementation. Each Resettlement Plan prepared shall follow completion of a detailed design prior to commencing resettlement planning activities and shall be prepared in full consultation with affected persons and disclosed to the affected persons prior to its submission to ADB. The Resettlement Plans shall include detailed measurement surveys, compensation unit rates for all categories of losses and allowances and a final database of affected persons.</p>	Ongoing
8	LA, Schedule 5 Para. 6	<p>The Borrower shall ensure that, within twelve (12) months of the Effective Date, the Kien Giang and Ca Mau Provincial Peoples Committees have established District Compensation, Assistance and Resettlement Boards, and Commune Resettlement Task Forces which are responsible for the preparation and implementation of the Resettlement Plans during the Project period. The Kien Giang and Ca Mau Provincial Peoples Committees shall also establish Provincial Resettlement Committees, if needed, based on Project needs.</p>	29 May 2009/ Complied
9	LA, Schedule 5	<p>The Borrower shall complete a detailed measurement</p>	Ongoing

No.	Reference in the Loan Agreement	Loan Covenants	Status/ Deadline for Compliance
	Para. 7	survey and derive updated compensation unit rates for all categories of losses and allowances. The Borrower shall provide to ADB a final database of affected persons, a summary of the updated detailed measurement survey data, and replacement cost tables for each Project financed road, and formulation of appropriate rehabilitation measures for severely affected, very poor and other vulnerable groups. The revisions to an entitlement matrix in an updated Resettlement Plan shall be limited to: (a) inclusion of new entitlements to address impacts not previously recognized, or (b) changes of mode of payment from cash to in-kind. The Resettlement Plans shall be prepared in compliance with ADB's Involuntary Resettlement Policy (1995) and the Borrower's laws, regulations, and procedures. In case of discrepancies between the Borrower's laws, regulations, and procedures and ADB's Involuntary Resettlement Policy, ADB's Policy shall prevail.	
10	LA, Schedule 5 Para. 8	The Borrower shall ensure that affected persons, including those from any host community, are compensated at replacement cost and assisted prior to displacement from their houses, land, and assets, such that they will be at least as well off as they would have been in the absence of the Project, and the poorest affected persons and vulnerable groups, including affected persons from ethnic minorities, are assisted to help improve their socioeconomic status.	Not yet due
11	LA, Schedule 5 Para. 9	The Borrower shall ensure timely provision of counterpart funds for resettlement to meet any unforeseen obligations in excess of the resettlement budget estimates in order to satisfy resettlement requirements and objectives.	Ongoing
12	LA, Schedule 5 Para. 10	The Borrower shall cause VRA to ensure that PMU-MT (a) engages resettlement and gender specialist consultants to assist in updating, implementing and monitoring the agreed upon Resettlement Plans and an independent external monitoring organization before commencement of any land acquisition activities; (b) does not commence any land acquisition and relocation activities for a geographic area nor commence any Works in that geographic area until the updated Resettlement Plan for that section has been prepared following detailed design, the updated Resettlement Plan has been reviewed and approved by ADB, and it has been disclosed to affected persons; and (c) carries out all resettlement activities in accordance with the updated	Ongoing

No.	Reference in the Loan Agreement	Loan Covenants	Status/ Deadline for Compliance
		Resettlement Plans agreed upon between the Borrower and ADB.	
10	LA, Schedule 5 Para. 11	The Borrower shall cause VRA to ensure that Works contractors are not issued a notice of possession for a geographic area until (a) compensation payment and relocation to new sites has been satisfactorily completed for that geographic area, (b) agreed rehabilitation assistance is in place, and (c) the geographic area is free of all encumbrances.	Not yet due
11	LA, Schedule 5 Para. 12	The Borrower shall ensure that, to the extent any ethnic minorities are likely to be significantly affected by the Project, the measures set forth in the Ethnic Minorities Specific Actions in the Resettlement Plans, and as agreed between the Borrower and ADB, are carried out in accordance with such Actions, applicable laws and regulations of the Borrower and ADB's Policy on Indigenous Peoples (1998). In case of discrepancies between the Borrower's laws, regulations, and procedures and ADB's Policy on Indigenous Peoples, ADB's Policy shall prevail.	Ongoing
12	LA, Schedule 5 Para. 13	The Borrower shall cause MOT to ensure that all Works contracts under the Project incorporate provisions (and sufficient budget) to require that contractors: (a) comply with all applicable labor laws and related international treaty obligations and do not employ child labor; (b) do not provide differential wages or benefits to men and women for work of equal value; (c) provide basic water and sanitation facilities for men and women in the construction camps as well as separate bathing and toilet facilities for men and women; (d) provide day care service for the children of female construction workers; (e) provide safe working conditions for male and female workers; and (f) carry out HIV/AIDS and Human Trafficking Prevention and Awareness campaigns in the campsites and corridors of influence, and which will include (i) women leaders and youth from Project affected households, and (ii) the Women's Union and the Youth Union, with such campaigns being held in coordination with the Borrower's programs and other existing initiatives.	Not yet due
13	LA, Schedule 5 Para. 14	The Borrower shall ensure that District Compensation, Assistance and Resettlement Boards established pursuant to the Resettlement Plans shall include representatives from the district-level Women's Union.	Not yet Due

No.	Reference in the Loan Agreement	Loan Covenants	Status/ Deadline for Compliance
		Commune Resettlement Task Forces established pursuant to the Resettlement Plans shall include representatives from the commune-level Women's Union, as well as female representatives from affected households, including women-headed households, and women from ethnic minority households. VRA shall ensure there are capacity building training programs to provide training to district-level and commune-level resettlement committee members, as well as female representatives from affected households, including women headed households and women from ethnic minority households, in order to provide, among other things, detailed information on resettlement activities, such as proposed relocation sites, entitlements, compensation and livelihood strategies for income improvement for affected persons, and grievance procedures.	
14	LA, Schedule 5 Para. 15	The Borrower shall ensure that (a) VRA develops disaggregated monitoring indicators by gender and ethnic group for purposes of monitoring and reports, and (b) conducts gender sensitization training on gender and resettlement for its relevant staff, the District Compensation, Assistance and Resettlement Boards, and Commune Resettlement Task Forces, and the Women's Union. In any instance where land is acquired for affected persons, the Borrower and VRA shall ensure joint registration of land or land use rights in the names of both the husband and wife.	Ongoing
C. Financial			
15	LA, Schedule 5 Para. 21	The Borrower shall ensure that a separate accounting system for Project expenditures is maintained in accordance with sound accounting principles.	Ongoing
D. Others			
16	LA, Schedule 5 Para. 20	Established, Staffed, and Operating PMU/PIU Implementation will be delegated to My Thuan Project management Unit (PMU-MT which will be engaged under an agreement with VRA to undertake the duties of the IA for the Project.)	Complied
17	LA, Schedule 5 Para. 21	Fielding of Consultants Except as ADB may otherwise agree, the Borrower shall apply quality-and cost-based selection for selecting and	Complied

No.	Reference in the Loan Agreement	Loan Covenants	Status/ Deadline for Compliance
		engaging consulting services	
18	LA, Schedule 5 Para. 19	To ensure transparency and good governance, the Borrower shall publicly disclose on its website (maintained by its Ministry of Planning and Investment) information on how Loan proceeds are being used, presenting procurement contract awards, including for each such contract (a) the list of participating bidders, (b) name of the winning bidder, (c) basic details on bidding procedures adopted, (d) amount of the contract awarded, (d) list of Goods and/or services purchased, and (e) intended and actual utilization of Loan proceeds under each contract. The website shall be updated within two (2) weeks after each award of contract.	Not yet complied
19	LA, Schedule 5 Para. 22	VRA shall ensure the implementation of a systematic Project performance monitoring and evaluation system for use throughout the Project period, and after as needed, that indicates: (i) the effectiveness of Project implementation activities, including (a) the precise nature, timeliness, cost and quality of physical infrastructure implemented in the Project, (b) the integrity of resettlement and related programs, and (c) the extent to which the HIV/AIDS and human trafficking awareness and prevention programs are implemented as planned and their impacts; and (ii) the effectiveness of the Project with regard to its anticipated effect on economic and social development relative to the baseline prior to its implementation as indicated by changes in (a) per capita income in the Participating Provinces, (b) the volume and type of freight and number of passengers crossing the border between Cambodia and Viet Nam at Preak Chak - Xa Xia (also known as Lork – Xa Xia); (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 the community, (e) the quantity and type of traffic on roads improved under the Project, and the quantity and type of freight transported at selected locations, and (f) the processing time for passengers and for freight departing from Viet Nam and entering Viet Nam at the border with Cambodia at Preak Chak - Xa Xia (also known as Lork – Xa Xia). The impacts of development on low income households resulting from improved road access shall receive particular attention with regard to consideration of the effectiveness of the Project	Ongoing

No.	Reference in the Loan Agreement	Loan Covenants	Status/ Deadline for Compliance
20	LA, Schedule 5 Para. 23	Baseline data shall be collected within 18 months of the Effective Date, with a second survey to be conducted upon Project completion and a third survey to be conducted five (5) years after Project completion to establish Project impact. The baseline and subsequent surveys shall draw on data collected during Project preparatory activities and data collected from traffic and travel surveys, household socioeconomic sample surveys, participatory rapid appraisals and secondary data from government sources. Where relevant, indicators shall be disaggregated by gender and socioeconomic status	November 2009
21	LA, Schedule 5 Para. 24	The Borrower shall ensure that the PMU-MT: (i) collects and consolidates all Project progress reports, site reports, technical and financial reports and submits them to ADB; (ii) reviews and submits quarterly progress reports, a midterm Project evaluation report and an overall Project completion report as prepared by its consultants; and (iii) prepares and submits other reports as may be reasonably requested by ADB. Quarterly reports shall include updated implementation, financial and procurement-related information, as well as reports submitted by the independent monitor for resettlement activities. Quarterly reports shall be submitted to ADB within 30 days of the end of each quarter.	Quarterly

SAMPLE WEBSITE INFORMATION**SUMMARY OF CONTRACT****I. PROJECT DATA**

- A. Loan No. :
- B. Executing Agency :

II. OUTLINE OF CONTRACT

- A. Contract No. :
- B. Total Contract Amount :
- C. Contractor's Name and Address :

- D. Scope of Contract :

III. SUMMARY OF CONTRACT AGREEMENT

- A. Contract Amount :
- B. Taxes and Duties :
- C. Contract Period :
- Date of Contract Signing :
- Contract Period :
- Commencement Date :
- Completion Date :

IV. RESULT OF BIDDING

- A. Mode of Procurement :
- B. Date of Bid Invitation :
- C. Date of Bid Opening :
- D. Ranking/List of Bidders :

Rank	Name of Bidders	Bid No.	Amount of Bid As Opened	Amount of Bid As Evaluated
1				
2				
3				
4				

Note: Please provide a brief explanation if the contract was not awarded to the lowest bidder.

V. COUNTRY/COUNTRIES OF ORIGIN (for Goods only):

Seen and Approved:
Name
Project Director

RELEVANT DOCUMENTS

The following are a list of ADB's reference materials.

A. Project Related

1. Report and Recommendation of the President to the Board of Directors
2. Loan Agreement
3. e-Handbook on Project Implementation
<http://www.adb.org/Documents/Handbooks/Project-Implementation/default.asp>

B. Consultants. May be downloaded from the following website:

<http://www.adb.org/Consulting/documents.asp>

4. Guidelines on the Use of Consultants by ADB and Its Borrowers
Handbook for Users of Consulting Services

C. Procurement. May be downloaded from the following website:

<http://www.adb.org/Procurement/prequalification-bid-documents.asp>

5. Guidelines on Procurement under ADB Loans
6. Guide on Bid Evaluation
7. Handbook on Policies, Practices and Procedures Relating to Procurement Under ADB Loans
8. Handbook on Problems in Procurement for Projects Financed by ADB
9. Standard Bidding Documents: Procurement of Goods (including related services)
Single-stage: One-Envelope
Single-stage: Two-Envelope
Two-stage: Two-Envelope
Two-stage User's Guide
10. Guide on Prequalification of Civil Works Contractors
11. Sample Bidding Documents – Procurement of Civil Works
12. Sample Bidding Documents – Procurement of Civil Works (Small Contracts)
13. Guide on Community Participation in Procurement
14. Contract Awards and Disbursement Projections

D. Disbursement

15. Disbursement Letter issued by Controller's Department
16. Loan Disbursement Handbook

http://www.adb.org/documents/handbooks/loan_disbursement/default.asp

E. General – may be downloaded or browsed from the following website:

<http://www.adb.org/Integrity/>

<http://www.adb.org/Documents/Policies/Environment/default.asp>

http://www.adb.org/Documents/Policies/Involuntary_Resettlement/default.asp

http://www.adb.org/Documents/Policies/Indigenous_Peoples/default.asp

17. Anticorruption Policy

18. Anticorruption Policy: Description and Answers to Frequently Asked Questions
19. Guidelines for Economic Analysis of Projects
20. Ethnic Group Development Plan Framework
21. Environmental Assessment and Review Procedure
22. Handbook on Management of Project Implementation
23. e-Handbook on Project Implementation
<http://www.adb.org/Documents/Handbooks/Project-Implementation/default.asp>