



Project Administration Memorandum

Project Number: 40198
Loan Number: 2451 (OCR)
June 2009

Socialist Republic of Viet Nam: Ho Chi Minh City– Long Thanh–Dau Giay Expressway Construction 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 27 August 2008)

Currency Unit (Viet Nam)	–		dong (D)
	D1.00	=	\$0.0001
	\$1.00	=	D16,625

ABBREVIATIONS

ADB	–	Asian Development Bank
DCC	–	district compensation committee
EIA	–	environmental impact assessment
EIRR	–	economic internal rate of return
EMP	–	environmental management plan
FIRR	–	financial internal rate of return
GDP	–	gross domestic product
GMS	–	Greater Mekong Subregion
HCMC	–	Ho Chi Minh City
HLD	–	Ho Chi Minh City–Long Thanh–Dau Giay
JBIC	–	Japan Bank for International Cooperation
JICA	–	Japan International Cooperation Agency
km	–	kilometer
LIBOR	–	London interbank offered rate
m ²	–	square meter
MOT	–	Ministry of Transport
O&M	–	operation and maintenance
PPP	–	public–private partnership
PSC	–	project supervision consultant
QL	–	national highway
SEPMU	–	Southern Expressway Project Management Unit
SGIA	–	second generation imprest account
SFEZ	–	Southern Focal Economic Zone
TA	–	technical assistance
VEC	–	Vietnam Expressway Corporation
VOC	–	vehicle operating cost
WACC	–	weighted average cost of capital

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 DATA

	Date(s)
a. Approval of PPTA	30 April 2007
b. Submission of Feasibility Study	21 April 2008
c. Fact-finding Mission	03-14 March 2008
d. Management Review Meeting	24 April 2008
e. Appraisal Mission	05-19 May 2008
f. Staff Review Committee Meeting	25 June 2008
g. Loan Negotiations	28-29 August 2008
h. Board Approval	30 September 2008
i. Loan Signing	20 March 2009
j. Loan Effectiveness	Not yet effective
k. Physical Completion Date	30 June 2014
l. Loan Closing Date	31 December 2014

I. PROJECT DESCRIPTION

A. Project Area and Location

1. The Ho Chi Minh City–Long Thanh–Dau Giay Expressway (HLD expressway) Project comprises construction of approximately 51 kilometers of four-lane, tolled expressway. The expressway will commence at the junction of the Second Ring Road in District 9, Ho Chi Minh City (HCMC), and end at a junction with National Highway 1 at Dau Giay, Dong Nai Province. It will provide a direct connection from the center of HCMC to economic growth areas in provinces to the north of HCMC along National Highway 1, which connects HCMC to Hanoi. The expressway will be a toll road, with access initially restricted to three locations: the intersection with the Second Ring Road, the intersection with National Highway 51 at the southern end of Long Thanh town, and at Dau Giay. The Project includes construction of a major new 1,700-meter bridge over the Dong Nai River at Long Thanh, and two rest and service areas

B. Impact and Outcome

2. The design and monitoring framework is in Appendix 1. The project impact will be business-led, pro-poor, and sustainable economic growth in HCMC and neighboring provinces. The project outcome will be ability of transport users in HCMC and Dong Nai Province to travel from District 9 in HCMC to Dau Giay with lower transport costs on the HLD expressway.

C. Outputs

3. The core output from the Project will be that the HLD expressway is operating, connecting HCMC District 9 with Dau Giay. To ensure that the Project's social and environmental impacts are acceptable, the Project will implement full resettlement plans, an environmental management plan (EMP) prepared based on an environmental impact assessment (EIA), and an HIV awareness and prevention of human trafficking program. The project design includes O&M of the completed expressway under an O&M concession.

D. Special Features

4. **Cofinancing.** The Project will be cofinanced by ADB and Japan Bank for International Cooperation (JBIC)¹. Cofinancing will be on a parallel basis with each civil works and consulting services contract funded by a single financier. However, ADB funding will be applied to all land acquisition and resettlement activities for the entire Project, and JBIC will fund an electronic toll collection and traffic information and monitoring system for the entire Project. An agreement between ADB, JBIC, and VEC confirms that the requirements of ADB's environment, indigenous peoples, and involuntary resettlement policies will apply to the entire Project.

5. **Environmental Assessment.** Based on the requirements of ADB's *Environment Policy* (2002), the Project is categorized environment category A. The Government prepared an EIA for the Project and submitted it to the Ministry of Natural Resources and Environment in July 2007; it approved the EIA in October 2007. Under the ADB-funded TA for the Expressway Network Development Plan (footnote 5), the Government's EIA was updated and additional sections added to fulfill the requirements of ADB's *Environment Policy*. A summary EIA for the Project was prepared and circulated to the ADB Board of Directors and made publicly available through the ADB website on 19 May 2008.

¹ Due to the merger of JBIC and JICA, the official name will now be JICA, hence all reference to JBIC in this document should be referred to JICA

6. **Resettlement Plan.** The involuntary resettlement category for the Project is category A. A full resettlement plan was prepared in accordance with ADB's *Involuntary Resettlement Policy* (1995). Based on the resettlement plan, a total of 975 households will be affected in District 9 of HCMC (167 households) and in four districts of Dong Nai Province (808 households). Of these, 31 households in HCMC and 392 households in Dong Nai Province will lose more than 10% of their productive assets; 309 households will have to relocate to new plots of residential land as their land will be either totally acquired or the remaining land will be no longer be viable; and 246 households will lose some land but they will retain sufficient residential land to retain or relocate structures on the remaining land. The Project will acquire land currently being used by three rubber plantation companies, commune-owned culverts, 15 irrigation canals, church land with a prayer house, and three foundations for transmission towers. In terms of land acquisition, 307 hectares will be acquired of which 62 hectares are in HCMC and 245 hectares in Dong Nai Province.

7. **Land Acquisition and Retroactive Financing.** ADB loan funds will be used to finance land acquisition and resettlement activities. As required by ADB's *Operation Manuals*,² due diligence assessments focused on the (i) expected productive nature of the acquisition; (ii) suitability of land market conditions; (iii) adequacy of administrative arrangements; (iv) definition of the risk profile of the transaction; and (v) soundness of the monitoring and evaluation arrangements. From the results of these assessments, ADB concluded that all requirements had been met. Retroactive financing was approved for land acquisition and resettlement activities. Approval of this request allowed the updating and implementation of the resettlement plan to proceed in parallel with processing of the Project to expedite award of construction contracts and shorten project implementation. Consulting services resources to assist in updating and implementing the resettlement plan are available under the HLD TA (footnote 7).

8. **Public–Private Partnership.** As an initial step to the involvement of the private sector in the expressway subsector, an O&M concession will be put in place using competitive bidding procedures. The intent is that the O&M concession will take effect within 2 years of completion of construction of the HLD expressway and use documentation being prepared under the HLD TA³

II. COST ESTIMATES AND FINANCING PLAN

A. Project Investment Plan

9. The project investment cost is estimated at \$932.4 million equivalent, including taxes and duties of \$6.6 million. The total cost includes physical and price contingencies, and interest and other charges during implementation. The project investment plan is shown in Table 1, detailed cost estimates are in Appendix 2.

B. Financing Plan

10. ADB has approved a loan to the Government for \$410,200,000 from its ordinary capital resources to help finance the Project. The loan has a 25-year term, including a grace period of 5 years, an interest rate determined in accordance with ADB's London interbank offered rate

² ADB. 2005. *Operations Manual*. Section A1/BP: Cost Sharing and Eligibility of Expenditures for ADB Financing. Manila.

³ ADB. 2007. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Socialist Republic of Viet Nam for the Ho Chi Minh City–Long Thanh–Dau Giay Expressway Technical Assistance Project*. Manila (Loan 2374-VIE).

(LIBOR)-based lending facility plus a spread of 0.20%, a commitment charge of 0.15% per annum, and such other terms and conditions set forth in the draft loan and project agreements. The ADB loan will finance 44% of the total project cost which includes: (i) civil works for construction of the Long Thanh–Dau Giay section of the HLD expressway, (ii) land acquisition and resettlement compensation and allowances for all of the Project, (iii) consulting services, and (iv) VEC's project administration costs. ADB financing will cover all local taxes on the ADB-financed expenditures. The project financing plan is in Table 2, details of the financing plan are in Appendix 2.

Table 1: Project Investment Plan
(\$ million)

Item	Amount ^a
A. Base Cost^b	
1. Civil Works	451.1
2. Land Acquisition Cost	115.1
3. Compensation and Resettlement	20.8
4. Unexploded Ordnance Clearance	0.5
5. Consulting Services	19.2
6. Project Administration Costs	10.2 ^f
Subtotal (A)	616.9
B. Contingencies	
1. Physical ^c	53.7
2. Price ^d	145.9
Subtotal (B)	199.5
C. Financing Charge during Implementation^e	116.0
Total (A+B+C)	932.4

^a Includes taxes and duties of \$6.6 million.

^b In 2008 prices (1st quarter 2008)

^c Physical contingencies computed at 10% for civil works of ADB-financed section and 15% for land acquisition cost.

^d Price contingencies computed at 0.8% on foreign exchange costs, local currency costs are computed at 18.3% in 2008, 10.2% in 2009, 6.5% in 2010, 4.0% in 2011, and 5.0% in 2012 onward and include provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

^e Includes interest and commitment charges. Interest during the grace period is computed at the 5-year forward London interbank offered rate plus a spread of 0.2%. Commitment charge is calculated at 0.15% on the undisbursed balance.

^f Total Administration cost agreed upon during loan negotiations is \$15.3 million

Source: Asian Development Bank estimates

Table 2: Financing Plan
(\$ million)

Source	Total	%
Asian Development Bank	410.2	44.0
Japan Bank for International Cooperation ^a	516.5	55.5
Vietnam Expressway Corporation	5.7	0.5
Total	932.4	100.0

^a The amount indicated for the Japan Bank for International Cooperation is indicative pending the completion of detailed designs and cost estimates.

Source: Asian Development Bank estimates.

11. VEC can recoup local taxes and duties relating to value-added tax from the Government. When funds so recouped are against payments made for ADB-funded contracts, they will be

recorded in a special project account ledger established by VEC, for VAT payments applicable only to eligible payments for civil works and consultants for the construction of the Long Thanh–Dau Giay section of the HLD expressway.

12. The final 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. Note the amounts may not coincide with Tables 1 and 2 due to revisions made during loan negotiations.

Table 3: Allocation and Withdrawal of Loan Proceeds

(million \$)			
Number	Item	Amount Allocated \$'000	Percentage of Total Funding (%)
1	Works	90.00	100
	Land Acquisition and Resettlement		
2	Compensation	186.10	100
3	Consulting Services	11.00	100
4	Project Administration Costs	15.30	100
5	Interest Charge	62.10	100
6	Unallocated	45.70	
	TOTAL	410.20	

13. Project administration costs will be funded from the ADB loan. Eligible expenses incurred by VEC for project administration will include (i) salaries for full-time VEC staff engaged in administration of the Project; (ii) leases, utilities, office equipment (both hard furnishings and computer equipment), and communication charges for offices established for the Project by VEC; (iii) per diem, travel, and other field allowances; and (iv) lease, maintenance, and operating costs for vehicles acquired by VEC for project use only.

14. The Government of Japan through JBIC provided to the Government of Viet Nam provided a loan of ¥50.972 billion (about \$444.5 million⁴ equivalent). The loan will have a 30-year term, including a grace period of 10 years and an interest rate of 1.2% for the construction loan and 0.01% for consulting services. JBIC will finance civil works for the HCMC–Long Thanh section, an electronic toll collection and traffic information and monitoring system for the entire Project, and consulting services. Counterpart funds from VEC will cover taxes on the JBIC-financed project components. As of October 2007, the agreed amount of funding from JBIC to the Project is ¥50.972 billion, this amount will be provided using a time-slice modality with the first loan for ¥16.643 billion signed in March 2008. Loan documents for the remaining funds will be drawn up once detailed designs and final cost estimates are complete. At that time,⁵ the total amount of funding to be provided by JBIC, and the value of the second time-slice loan, will be determined to be consistent with the final cost estimates for JBIC-funded components. The discrepancy between the agreed JBIC loan amount and the estimated costs for the JBIC-financed project components presented in this document is a result of the initial JBIC loan amount being fixed in October 2007, whereas the estimated costs are based on a February 2008 update. The Government has provided ADB with an assurance that any shortfall in the JBIC financing will be covered from the Government's own funds.

⁴ Based on a yen/\$ exchange rate of Y114.66/\$1 on 30 October 2007, at the time of signing of the memorandum of understanding between JBIC and the Government of Viet Nam.

⁵ The detailed designs and final cost estimates are being prepared under the HLD TA (footnote 3) and are expected to be complete by the end of March 2009.

15. VEC will finance the remaining cost, about \$5.7 million equivalent. The loans from ADB and JBIC will be lent to the Government of Viet Nam. The Government will onlend the proceeds of the ADB loan to VEC through a subsidiary loan agreement on terms and conditions acceptable to ADB.

III. IMPLEMENTATION ARRANGEMENTS

16. VEC will be the Executing Agency for the Project. VEC will have overall responsibility for project implementation and formal correspondence with the line ministries, provincial authorities, and ADB. VEC will engage and direct the work of consultants, and procure and direct all contractors. It will delegate responsibility for day-to-day project implementation to the Southern Expressway Project Management Unit (SEPMU). SEPMU is based in HCMC and will establish field offices in district 9 of HCMC and Long Thanh district, Dong Nai Province. SEPMU has a land acquisition and resettlement unit, headed by the SEPMU deputy-director, and has assigned four staff on a full-time basis to represent VEC on the district compensation committees (DCCs). In addition, one accountant will be responsible for administering and monitoring loan funds for land acquisition and resettlement. Vietnamese regulations require that land acquisition and resettlement plans are implemented by the relevant provincial authorities. The peoples committees of HCMC and Dong Nai Province have established DCCs for all districts through which the HLD expressway will pass. The DCCs will be the implementing agencies for the land acquisition and resettlement plans, and be responsible for payment of all compensation and allowances. VEC will ensure that an updated resettlement plan is prepared prior to any award of civil works contracts. VEC will have overall responsibility for implementation of the EMP during design and construction. EMP requirements will be incorporated into the construction documents; monitoring and enforcement will be ensured by the ADB- and JBIC-funded construction supervision consultants. VEC will implement the EMP requirements during expressway operation, with the provincial departments of natural resources and the environment providing the monitoring. Project organization arrangements are shown in Appendix 6.

IV. IMPLEMENTATION SCHEDULE

17. The Project will be implemented from December 2008 to June 2014. This assumes that construction work on the first package will commence by the June 2009 and that the last package will be sufficiently complete for the HLD expressway to be opened for operation by the June 2013. An additional year is allowed to complete all construction work and finalize payments. The implementation schedule for the Project is in Appendix 3.

V. PROCUREMENT

18. All procurement to be financed under the ADB loan will be carried out in accordance with ADB's *Procurement Guidelines* (2007, as amended from time to time). Civil works to be funded from the ADB loan will be procured through (i) international competitive bidding procedures for two contracts to construct the ADB-funded section of the HLD expressway, and (ii) national competitive bidding procedures for four contracts to prepare resettlement sites. The first international competitive bidding contract will cover construction of 13.9 km of the HLD expressway from the end of the JBIC section at Long Thanh to a point 37.8 km from the start of the expressway. The second international competitive bidding contract will cover the construction of 17.2 km of expressway from kilometer 37.8 to the eastern end of the HLD expressway at Dau Giay. Advance contracting procedures will be applied to procurement of civil works contracts. The remaining four civil works contracts will be funded by JBIC and procured using JBIC procedures. JBIC will also fund an equipment contract for an electronic toll collection

and traffic information and monitoring system for the entire HLD expressway. This contract will be procured using JBIC procedures. VEC will fund a contract for clearance of unexploded ordnance for the entire expressway. This contract will be procured using Government procedures. Contract packages are presented in the procurement plan in Appendix 4.

19. The consulting service activities to be funded under the Project will be undertaken through four contracts, with three funded from the ADB loan and one from the JBIC loan. Using ADB loan proceeds, VEC will recruit international consulting firms for the project supervision and third party quality assurance consulting services using quality- and cost-based selection procedures, in accordance with ADB's *Guidelines on the Use of Consultants* (2007, as amended from time to time); full technical proposals will be required. For the project audit consulting services, VEC will recruit a national consulting firm using consultants' qualifications selection procedures, in accordance with ADB's *Guidelines on the Use of Consultants*. Use of consultants' qualifications selection procedures and a shortlist comprising only national firms is justified as (i) the cost of services is estimated at \$180,000, (ii) the number of qualified national firms is sufficient to draw up a shortlist, (iii) national firms have successfully undertaken these services under previous ADB-funded projects, and (iv) the preparation and evaluation of competitive proposals is not necessary given the nature of the services. In the evaluation of proposals for all services, except those under consultants' qualifications selection procedures, to calculate the firms' total scores the technical proposals will be given a weight of 80% and the financial proposals a weight of 20%. About 1,800 person-months (200 person-months of international and 1,600 person-months of national consulting services) will be required. For the project supervision services, the consultants should have expertise in project management, highway engineering, structural engineering, geology, material and quality control, international procurement, toll collection systems, expressway O&M management and works, road safety improvement, project performance monitoring and evaluation, project financial assessment, corporate financing, toll setting, EIA and environmental management, land acquisition and resettlement, livelihood development and income restoration programs, ethnic minority development strategies, gender strategies, HIV and sexually transmitted infections, human trafficking, and staff training. For the third party quality assurance services, the consultants should have expertise in providing quality assurance services for major highway projects, including construction of major bridges. VEC has engaged an external monitoring agency under the HLD TA (footnote 7) to monitor the updating and implementation of the resettlement plans. Retroactive financing will not be required for consulting services.

20. Loan disbursement will be in accordance with ADB's *Loan Disbursement Handbook* (2007, as amended from time to time) and detailed arrangements agreed between the Government and ADB. A diagram showing the funds flow arrangements is in Appendix 5. Loan proceeds will be disbursed directly to the contractors and consultants, based on an approved contract using direct payment procedures. An imprest account will be established at a commercial bank acceptable to the Government and ADB, and be operated under ADB's imprest account procedures as shown in Appendix 6 and ADB's *Loan Disbursement Handbook*. VEC will administer the imprest account. The initial deposit to the imprest account will be based on ADB's share of estimated expenditures to be funded from the imprest account for the first 6 months or \$40.7 million, whichever is lower. Use of the imprest account will be limited to VEC providing funds for (i) payments for project administration costs, (ii) payments for consulting services, and (iii) replenishment of second generation imprest accounts (SGIAs).

VI. DISBURSEMENT PROCEDURES

21. Loan disbursement will be in accordance with ADB's *Loan Disbursement Handbook* (2007, as amended from time to time) and detailed arrangements agreed between the Government and ADB. A diagram showing the funds flow arrangements is in Appendix 5. Loan

proceeds will be disbursed directly to the contractors and consultants, based on an approved contract using direct payment procedures. An imprest account will be established at a commercial bank acceptable to the Government and ADB, and be operated under ADB's imprest account procedures as shown in ADB's *Loan Disbursement Handbook*. VEC will administer the imprest account. The initial deposit to the imprest account will be based on ADB's share of estimated expenditures to be funded from the imprest account for the first 6 months or \$40.7 million, whichever is lower. Use of the imprest account will be limited to VEC providing funds for (i) payments for project administration costs, (ii) payments for consulting services, and (iii) replenishment of second generation imprest accounts (SGIAs). Procedures for imprest account are in Appendix 6. Guidelines for disbursement are set out in Appendix 7.

22. Five SGIAs will be established in the project districts⁶ for payment of expenses arising from implementation of the Project's resettlement plan. Use of the SGIAs will be in accordance with procedures in ADB's *Loan Disbursement Handbook*. The initial deposit to an SGIA will be based on ADB's share of estimated expenditures to be funded from the imprest account for the first 6 months of project implementation or \$5 million, whichever is lower. Use of the SGIAs will be limited to VEC providing funds for payments (i) to affected persons for land and other assets acquired to facilitate construction of the HLD expressway; (ii) to affected persons for resettlement compensation and allowances as set out in the approved updated resettlement plan; (iii) for relocation site development and income restoration programs; and (iv) for incremental expenses incurred by the city, provincial, and district compensation committees necessary for implementing the approved updated resettlement plan. Liquidation of any amount paid from any SGIA for land or other assets will require submission of (i) a valid validation certificate issued by an external valuer acceptable to both the Government and ADB; (ii) the results of the detailed measurement survey for the affected person receiving the payment, signed as agreed by the affected person, setting out the assets to be acquired; (iii) that receipt of payment is acknowledged by the affected person, and (iv) certification by the external monitoring agency that the affected person has received the full payment. VEC will administer the SGIAs and be responsible for ensuring they are operated in accordance with ADB's requirements, authorize all withdrawals from the SGIAs, and ensure that all SGIAs are audited as part of the regular annual audits of project accounts. The statement of expenditure procedure will be used to reimburse eligible expenditures and liquidate advances to imprest and SGIA accounts to facilitate project implementation. The ceiling for each payment under the statement of expenditure procedure is \$100,000.

23. Retroactive financing up to a limit of \$80 million will be applied to (i) acquisition of land and compensation of nonland assets; (ii) resettlement allowances; (iii) incremental expenses for the city, provincial, and district resettlement committees incurred during implementation of the project resettlement plan; (iv) civil works to prepare resettlement sites for the Project; and (v) implementation of appropriate income restoration programs. Use of retroactive financing for these activities is considered reasonable as this will allow the timely commencement of construction activities. The \$80 million represents less than 20% of the ADB loan and is thus within the limit set out in ADB's *Operations Manual*.⁷ Retroactive financing will be applied only to expenditures incurred no earlier than 12 months before the loan signing date and under arrangements acceptable to ADB. Reimbursement procedures, in accordance with ADB's *Loan Disbursement Handbook*, will be applied to payments for eligible expenses under retroactive financing.

⁶ District 9 in HCMC, and Cam My, Long Thanh, Nhon Trach, and Thong Nhat districts of Dong Nai Province.

⁷ ADB. 2006. *Operations Manual*. Section H4/BP: Retroactive Financing. Manila

VII. PROJECT MONITORING AND EVALUATION

24. VEC will establish systematic project performance monitoring and analysis throughout the life of the Project and integrate 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 preproject social and economic living conditions for the direct project beneficiaries. These baseline surveys will be carried out within 1 year of the commencement of services of the supervision consultant and will ensure that sufficient data is gathered to monitor the indicators set out in the design and monitoring framework for the Project. A second survey will be carried out at project completion and a third after a period of not less than 5 years after project completion. The baseline and impact surveys will include appropriate control areas and 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. District indicators will include agricultural productivity, economic activity, and status of health and education.

VIII. REPORTING REQUIREMENTS

25. Regular progress reports on the Project will be prepared by the construction supervision consultants, reviewed by VEC, and submitted by VEC to ADB. Progress reports will include a description of the physical progress, status of implementation of updated 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 contain a summary of project accounts, including details of the latest project expenditures and contract amounts. They will include an evaluation of progress in implementing the Project. Within 6 months of physical completion of the Project, VEC will provide ADB with 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.

IX. AUDITING REQUIREMENTS

26. VEC will maintain separate records and accounts adequate to identify goods and services financed from the proceeds of the project loan, 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, VEC 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 a separate audit opinion on the imprest account, SGIAs, and statement of expenditures procedure operations. Appendix 10 further explains the project's financial reporting requirements.

X. MAJOR LOAN COVENANTS

27. 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.

XI. PROJECT REVIEW

28. In addition to regular reviews by ADB and JBIC 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 the governments will take part in the review. The review will allow for any necessary midcourse corrections.

XII. KEY PERSONS INVOLVED IN THE PROJECT

A. ADB Staff

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XIII. ANTICORRUPTION

30. ADB's *Anticorruption Policy* (1998, as amended to date) was explained to and discussed with the government and EA in 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.

31. To ensure transparency and good governance, VEC will publicly disclose on its website information on how loan proceeds are being used. For each procurement contract, VEC will disclose (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. VEC will disclose details of resettlement reports on its website. The website will be updated within 2 weeks of each contract being awarded. VEC will submit internal and external resettlement monitoring reports to ADB every quarter, and place them within 2 weeks of submission. Moreover, the Government will ensure that all VEC's project staff are fully aware of and comply with Government and ADB procedures, including for implementation, procurement, use of consultants, disbursement, reporting, monitoring, and prevention of fraud and corruption.

32. 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:

Integrity Division (OAGI)
 Office of the Auditor General
 Asian Development Bank
 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

33. 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> <p>Business-led, pro-poor, and sustainable economic growth in HCMC and neighboring provinces</p>	<ul style="list-style-type: none"> • Average per capita income in HCMC and Dong Nai Province increases by 8% per year from project completion • Value of exports from HCMC port increased by at least 10% per annum from project completion 	<ul style="list-style-type: none"> • Annual HCMC and Dong Nai Province statistical reports on manufactured goods • HCMC port customs reports • Road traffic surveys by VEC • Periodic reporting by HCMC's Department of Transport and Urban Public Works and Ministry of Transport 	<p>Assumptions</p> <ul style="list-style-type: none"> • Complementary Investments are made in the linked road system including sections of high-capacity, limited-access highways • Viet Nam remains internationally competitive, and continues to attract foreign direct investment <p>Risk</p> <ul style="list-style-type: none"> • Viet Nam abandons pro-growth policies
<p>Outcome</p> <p>Transport users in HCMC and Dong Nai Province can travel from HCMC District 9 to Dau Giay with lower transport costs on the HLD expressway</p>	<ul style="list-style-type: none"> • Road user costs for a car are reduced from D4,200/km without the Project to D2,400/km with the Project in 2013 • Travel time from HCMC district 9 to Dau Giay reduced from 100 minutes to 40 minutes on completion of the expressway • In 2013, traffic volume from HCMC District 9 to Long Thanh reaches 33,000 passenger car units per day in 2013 and from Long Thanh to Dau Giay 23,000 per day 	<ul style="list-style-type: none"> • VEC measurements of vehicle operating costs • Toll data for HLD expressway • Annual VEC management reports • Annual financial statements of VEC • Traffic surveys by VEC • VEC interviews with HCMC freight forwarders 	<p>Assumptions</p> <ul style="list-style-type: none"> • Assumed economic growth rates materialize • Planned connections from the HLD expressway to the HCMC road network are completed <p>Risk</p> <ul style="list-style-type: none"> • Toll revenue is lower than expected due to low traffic demand
<p>Outputs</p> <p>1. HLD expressway is operating, connecting HCMC District 9 with Dau Giay (about 51 km) as a four-lane, high-speed, limited-access, tolled highway.</p>	<ul style="list-style-type: none"> • Road capacity of 80,000 passenger car units per day is provided on the full length of the expressway in 2013 • About 62 hectares (ha) of land in HCMC and 245 ha in Dong Nai acquired at replacement cost by the end of 2009 • The environmental management plan is implemented and adverse environmental impacts are minimized by mitigation measures • The HIV awareness and prevention of human trafficking program is implemented in the five project districts and community monitoring in place by the end of 2013 • Women representatives are included in the five district compensation committees by the end of 2009; capacity building training on resettlement and 	<ul style="list-style-type: none"> • Contract completion certificates • Contract handover surveys • Project accounts • Resettlement monitoring reports by the external monitoring agency • Environmental monitoring reports by VEC • Monitoring by the HCMC and Dong Nai Province departments of health <ul style="list-style-type: none"> • Resettlement monitoring reports by the external monitoring agency 	<p>Assumptions</p> <ul style="list-style-type: none"> • Measures to address inflation are effective and reduce inflation to single figures by mid 2010 <p>Risks</p> <ul style="list-style-type: none"> • Inadequate priority or funding given to the environmental management plan and the HIV program • Resettlement activities by HCMC and Dong Nai Province are not implemented on time and do not effectively address livelihood restoration for poor women and households headed by women.

<p>2. O&M concession procurement complete and concession operating</p> <p>3. Project management system operating</p>	<p>livelihood are conducted for women and households headed by women in five districts by the end of 2009</p> <ul style="list-style-type: none"> • Concession for O&M effective and operating within 2 years of completion of the expressway • Project performance management system reports generated 	<ul style="list-style-type: none"> • Signed O&M concession • Reports submitted to VEC and ADB 	
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DETAILED COST ESTIMATES AND FINANCING PLAN

Item	Foreign	Local (D million)	Total	Foreign	Local (\$ thousand)	Total	% Foreign Exchange	Costs
A. Investment Costs								
1. Civil works	143,682	6,968,375	7,112,058	8,980	435,523	444,504	2.0	72.1
2. Land acquisition	105,175	1,736,717	1,841,891	6,573	108,545	115,118	5.7	18.7
3. Compensation and resettlement	16,619	315,752	332,370	1,039	19,734	20,773	5.0	3.4
4. Unexploded ordnance clearance	0	7,426	7,426	0	464	464	0.0	0.1
5. Consulting service	190,979	116,431	307,410	11,936	7,277	19,213	62.1	3.1
6. Taxes and duties	0	105,561	105,561	0	6,598	6,598	0.0	1.1
Subtotal (A)	456,455	9,250,263	9,706,717	28,528	578,141	606,670	4.7	98.3
B. Recurrent Costs	0	163,383	163,383	0	10,211	10,211	0.0	1.7
Total Base Costs	456,455	9,413,645	9,870,100	28,528	588,353	616,881	4.6	100.0
C. Contingencies:								
Physical	41,036	817,428	858,464	2,565	51,089	53,654	4.8	8.7
Price	25,786	2,308,250	2,334,036	1,612	144,266	145,877	1.1	23.6
Subtotal (C)	66,821	3,125,678	3,192,499	4,176	195,355	199,531	2.1	32.3
D. Financial Charges during Implementation								
1. Interest during construction	1,829,384	0	1,829,384	114,337	0	114,337	100.0	18.5
2. Commitment charges	26,050	0	26,050	1,628	0	1,628	100.0	0.3
3. Front-end fees	0	0	0	0	0	0		0.0
Subtotal (D)	1,855,435	0	1,855,435	115,965	0	115,965	100.0	18.8
Total (A+B+C+D)	2,378,711	12,539,323	14,918,034	148,669	783,708	932,377	15.9	151.1

Table A5.2 Financing Plan
(\$ million)

Item	ADB Loans		JBIC Loans		VEC		Total Amount
	Amount	%	Amount	%	Amount	%	
A. Investment Costs							
1. Civil works	133.5	22.9	450.6	77.1	0.0	0.0	584.2
i. Long Thanh–Dau Giay section	133.5		0.0		0.0		
ii. HCMC–Long Thanh section and TCTIM	0.0		450.6		0.0		
2. Land acquisition	157.6	100.0	0.0	0.0	0.0	0.0	157.6
3. Compensation and resettlement	28.5	100.0	0.0	0.0	0.0	0.0	28.5
4. Unexploded ordnance clearance	0.0	0.0	0.0	0.0	0.6	100.0	0.6
5. Consulting services	10.6	44.6	13.2	55.4	0.0	0.0	23.7
6. Taxes and duties	2.6	39.4	0.0	0.0	4.0	60.6	6.6
Subtotal (A)	332.8	41.5	463.8	57.9	4.6	0.6	801.2
B. Recurrent Costs	15.3	100.0	0.0	0.0	0.0	0.0	15.3
Total Base Costs	348.1	42.6	463.8	56.8	4.6	0.6	816.4
C. Financial Charges during Implementation							
1. Interest during construction	61.5	53.8	52.8	46.2	0.0	0.0	114.3
2. Commitment charges	0.6	37.5	1.0	62.5	0.0	0.0	1.6
3. Front-end fees	0.0		0.0		0.0		0.0
Subtotal (C)	62.1	53.6	53.8	46.4	0.0	0.0	116.0
Total Disbursement (A+B+C)	410.2	44.0	517.6	55.5	4.6	0.5	932.4

PROCUREMENT PLAN

Project Information

Country	Socialist Republic of Viet Nam
Name of Borrower	Socialist Republic of Viet Nam
Project Name	Ho Chi Minh City–Long Thanh–Dau Giay Expressway Construction Project
Loan or TA Reference	Loan: 2451-VIE
Date of Effectiveness	tbd
Amount US\$:	\$410.2 million (Government of Japan will provide loans of about \$444.5 million equivalent)
Of which Committed, \$	None. (Loan not yet approved)
Executing Agency:	Vietnam Expressway Corporation of the Ministry of Transport
Implementation Agency:	Southern Expressway Project Management Unit
Approval Date of Original Procurement Plan	29 August 2008
Approval of most recent Procurement Plan	
Publication for Local Advertisements	Not decided
Period Covered by this Plan	2009–2010

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

Procurement Method	Contract Value (\$)
ICB Works	More than \$2 million
NCB Works	Less than \$2 million

Procurement Thresholds, Consultant Services

Procurement Method	Value
Quality- and Cost-Based Selection	More than \$200,000
Consultants' Qualifications Selection	Less than \$200,000
Exceptional Methods	
For any contract funded by the Japan Bank for International Cooperation	Government of Japan guidelines will apply

CONTRACT PACKAGES

Reference	Contract Description	Estimated Cost (\$ million)	Procurement Method	Expected Date of Advertisement	Prior Review
A. Civil Works^a					
CW1	Package 1-A: Expressway construction (km 4–km 7.5)	98.63	JBIC		
CW2	Package 1-B: Expressway construction (km 7.5–km 11)	107.41	JBIC		
CW3	Package 2: Long Thanh Bridge (km 11–km 14.1)	100.33	JBIC		
CW4	Package 3: Expressway construction (km 14.1–km 23.9)	138.78	JBIC		
CW5	Package 5: Expressway construction (km 23.9–km 37.8)	67.93	ADB, ICB		Yes
CW6	Package 6: Expressway construction (km 37.8–km 55.0)	73.58	ADB, ICB		Yes
CW7	Preparation of Long An resettlement site	1.33	ADB, NCB		Yes ^b
CW8	Preparation of Long Thanh town resettlement site	1.33	ADB, NCB		Yes ^b
CW9	Preparation of Song Nhan resettlement site	1.33	ADB, NCB		Yes ^b
CW10	Preparation of Xuan Thanh resettlement site	1.33	ADB, NCB		Yes ^b
CW11	Clearance of unexploded ordnance	0.61	Government guidelines		No
	Subtotal (A)	592.59			
B. Equipment^a					
E1	Package 4: Electronic toll collection and traffic information and monitoring system	50.52	JBIC (EPC contract)		
C. Resettlement and Social Mitigation					
R1	Payments for land acquisition	157.58	Government guidelines, resettlement plan	Not applicable	No ^c
R2	Payments of resettlement and social allowances, entitlements, and compensation and funding Income Restoration Program	28.47	Government guidelines, resettlement plan	Not applicable	No ^c
	Subtotal (C)	186.05			
D. Consulting Services					
CS1	Construction supervision, ADB financed	10.35	ADB guidelines, QCBS		Yes
CS2	Third party quality assurance consultant	1.13	ADB guidelines, QCBS		Yes
CS3	Project audit consultants	0.18	ADB guide-		Yes

Reference	Contract Description	Estimated Cost (\$ million)	Procurement Method	Expected Date of Advertisement	Prior Review
			lines, CQS		
CS4	Construction supervision, JBIC financed	14.47	JBIC guide-lines		
	Subtotal (D)	26.13			
	Total	855.29			

ADB = Asian Development Bank; EPC = engineering, procurement, construction; CQS = consultants' qualifications selection; ICB = international competitive bidding; JBIC = Japan Bank for International Cooperation; NCB = national competitive bidding; QCBS = quality-and cost-based selection.

^a Civil works and equipment including physical contingencies and price escalation, taxes, duties, and insurance of works.

^b Documentation for the first NCB contract will be subject to prior review, subsequent contracts will be subject to post review.

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

Source: Asian Development Bank estimates.

A. Procurement Procedures

1. Civil Works: International Competitive Bidding

1. For international competitive bidding (ICB) contracts funded by the Asian Development Bank (ADB), the procurement method will be the single-stage, one-envelope system, with post qualification. ADB's approval of the evaluation results will be obtained before they are communicated to the applicants. For each ICB contract, a full set of bid documents should be submitted to ADB for review and approval before issuance to bidders.

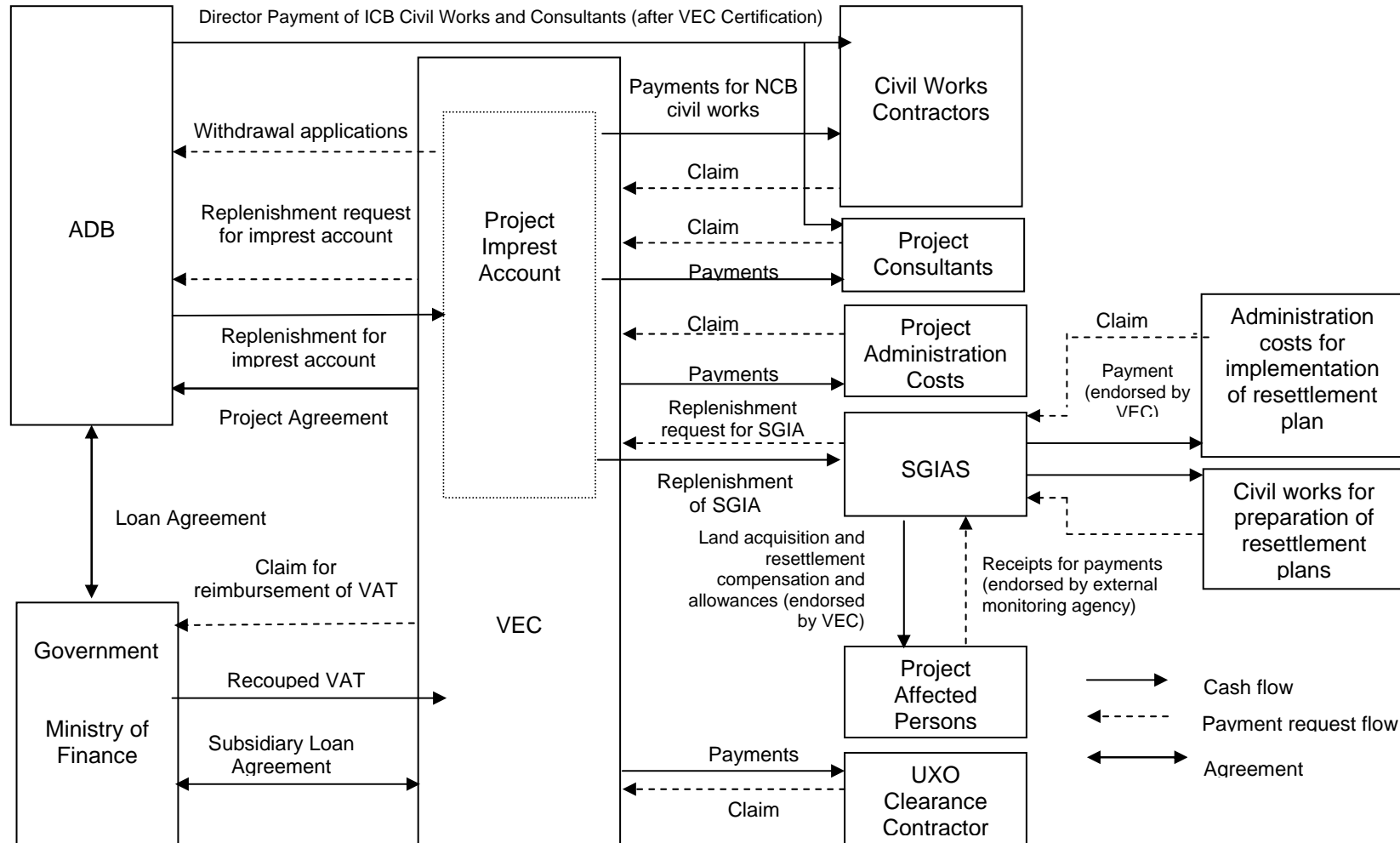
2. Civil Works: National Competitive Bidding

2. For national competitive bidding (NCB) contracts funded by ADB, the requirements of the standard NCB Annex for Viet Nam will apply. Documents will be modeled on those developed for NCB under previous ADB-funded projects. This model is a single-stage, single-envelope model with post qualification. The first draft English language version of the procurement documents will be submitted for ADB review and approval regardless of the estimated contract amount. For subsequent contracts, ADB will review the documents post award. ADB-approved procurement documents will be used as a model for all succeeding NCB contracts financed by ADB for the Project. For all contracts, ADB will review the bid evaluation report and proposal for award of contract on a prior review basis.

B. Recruitment of Consultants

3. For ADB-funded contracts, quality-and cost-based selection (QCBS) procedures will be applied except for the project audit consultants who will be recruited under consultant's qualification selection (CQS) procedures. Full technical proposals will be required except for the project audit services where combined technical and financial proposals will be required. To calculate the firms' total scores, the technical proposals will be given a weight of 80% and the financial proposals 20%. For contracts fully funded by the Government, recruitment documents and procedures will follow government guidelines. For the project audit consulting services, the shortlist will comprise only national firms.

FUNDS FLOW DIAGRAM



^a Recouped VAT will be placed in the Project VAT Account and applied to eligible payments under ICB contracts for the construction of the Long Thanh–Dau Giay section of the expressway.

ADB = Asian Development Bank, ICB = international competitive bidding, NCB = national competitive bidding, SGIA = second generation imprest account, UXO = unexploded ordnance, VEC = Viet Nam Expressway Corporation.

Source: Asian Development Bank.

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 3 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 VEC and the person or persons duly authorized by VEC 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 VEC 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, VEC 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 VEC's records.

42. ADB may at any stage by notice to VEC, 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 VEC 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 VEC 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 VEC 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 VEC 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, VEC 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 borrower is responsible for implementing the project according to the loan 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 VEC and distributed to all stakeholders. These reports are to be held at VEC 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.31

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
Monitoring Report on the conduct of IEE and EMP		Semi-annual
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 VEC 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 (vi) expected progress during the following quarter.

7. Suggested outline of a quarterly progress report is shown below and pro-forma sample is shown in page 34.

- 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 6 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 in Appendix 9 .

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 (L2374) 1. Recruitment of Consultants 2. Project Implementation Consultant Services	0		0
C	Civil Works Procurement ADB Section (by Loan 2374) 1. Preparation of Bid Documents and Approvals 2. Invitation for Bids 3. Bid Evaluation and Report 4. Contract Negotiations, Signing, Notice to Proceed	0		0
D	Activities for Loan 2451 1. Recruitment of Construction Supervision Consultants 2. Supervision 3. Civil Works Construction	100	10	0.2
E	Detailed Design JBIC Section 1. Recruit Design and Supervision Consultants 2. JBIC Design Consultants Services 3. Field Surveys, Final Design			
F	Civil Works Procurement and Construction JBIC Section 1. Bid Documents, Procurement and Award of Contracts 2. Construction Supervision 3. Civil Works Construction 4. Civil Works Defects Liability Period			
	TOTAL	100		0.2

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 VEC;
- 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 including examples are shown on page 31); and
- an assessment of the validity of key assumptions and risks in achieving the quantifiable implementation targets.
- Report on the number of consumers connected
- 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 2451-VIE for the period 1 January 2009 to 31 December 2009, pursuant to the Agreement signed between the Government and the Asian Development Bank on 20 March 2009.

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 Sched 4 Para 6.	<p>The Borrower shall not award any Works contracts financed under the Loan until:</p> <p>(a) Resettlement: an updated RP for the section of road covered by the proposed Works contract has been approved by ADB, including (i) a detailed measurement survey (DMS) for the relevant section and validated compensation unit rates for all categories of losses and allowances; and (ii) a final database of AP, a summary of the updated DMS data, and replacement cost tables for the relevant section</p> <p>(b) Environment: an SEMP for the section of road covered by the proposed Works contract has been approved by ADB.</p>	Not yet due
Environmental			
2	LA, Schedule 5 Para. 13	<p>The Borrower shall ensure that its laws and regulations governing environmental impact assessments, as well as ADB's Environment Policy (2002) are followed, it being agreed that if there is any discrepancy between the Borrower's laws and regulations, and ADB's Environment Policy, the ADB policy requirements shall apply. The Borrower shall ensure that the EMP is fully implemented to the satisfaction of ADB</p>	Not yet due
3	LA, Schedule 5 Para. 14	<p>The Borrower shall ensure that (a) specific provisions are included for the implementation of the EMP and its monitoring in Works contracts, and in consulting services contracts, together with budget allowances for these provisions; (b) the provisions of the EIA and EMP, and any updates, are fully implemented for all activities under the Project, regardless of the source of funds for a particular activity. The Borrower shall ensure that the EMP, as updated during detailed design and approved by ADB, is included in the bidding documents as a basis for the contractors to prepare SEMPs.</p>	Not yet due
4	LA, Schedule 5 Para. 15	<p>The Borrower shall cause VEC to ensure that additional environmental studies will be undertaken and corresponding approval from MONRE and ADB shall be obtained should there be changes in the Project design that would cause significant environmental impacts that are not included in the scope of the current EIA and that such changes shall be screened for environmental significance and environmental category determination.</p>	Not yet due

No.	Reference in the Loan Agreement	Loan Covenants	Status/ Deadline for Compliance
5	LA, Schedule 5 Para. 16	If, at any time, significant realignment of any part of the Project is required, and this change may have an adverse environmental impact as agreed between the Borrower and ADB, an additional environmental assessment shall be completed and a process similar to that used for an EIA, and acceptable to ADB, shall be undertaken.	Not yet due
6	LA, Schedule 5 Para. 17	The Borrower shall cause (i) the contractors engaged under the Works contracts to comply strictly with all environmental impact mitigation requirements set out in the contract documents, and (ii) the consultants engaged for construction supervision to monitor closely the compliance by the contractors with the environmental impact mitigation requirements. The Borrower shall ensure that VEC submits to ADB semi-annual reports on implementation of the EMP as stated in the EIA.	Not yet due
	LA, Schedule 5 Para. 18	The Borrower shall ensure that VEC conducts an unexploded ordnance survey and clearance, and that completion of such clearance is certified to ADB by the Borrower, prior to commencement of Works.	Not yet due
	Social		
7	LA, Schedule 5 Para. 5	The Borrower shall ensure that the RP is fully implemented to the satisfaction of ADB.	Ongoing
8	LA, Schedule 5 Para. 6	The Borrower shall ensure that (a) VEC recruits an EMA before commencement of any land acquisition activities; (b) land acquisition and relocation activities do not commence until an updated RP has been prepared for the relevant section of the Project and the updated RP has been reviewed and approved by ADB; (c) the updated RP is prepared in compliance with ADB's Involuntary Resettlement Policy (1995) and the Borrower's laws, regulations, and procedures and be applied to all resettlement activities under the Project, regardless of the source of funding, being agreed by the Borrower that, in case of any discrepancy between the Borrower's laws and regulations, and ADB's Involuntary Resettlement Policy, the ADB policy requirements shall apply	Not yet due
9	LA, Schedule 5 Para. 7	The Borrower shall ensure that (i) APs are compensated at replacement cost and assisted before they are displaced from their houses, land, and assets and (ii) that no APs are displaced until suitable alternative land within the same or a neighboring commune has been allocated to them or compensation has been paid that is sufficient	Ongoing

No.	Reference in the Loan Agreement	Loan Covenants	Status/ Deadline for Compliance
		to purchase suitable alternative land within the same or a neighboring commune	
10	LA, Schedule 5 Para. 8	The Borrower shall provide ADB with quarterly status reports on the land acquisition and resettlement process as part of the progress reports required under Section 6.05 of the Loan Regulations, and shall provide a report immediately following completion of an RP's implementation.	Ongoing
11	LA, Schedule 5 Para. 9	If, at any time after an RP has been approved, significant realignment of any part of the Project is required, the Borrower shall revise and update that RP to take into account the realignment. The updated RP shall be updated in accordance with ADB's Involuntary Resettlement Policy and submitted to ADB for approval prior to commencement of any land acquisition activities for the realigned part of the Project. Significant realignment occurs when the previously approved alignment is moved entirely outside the construction corridor of the previous design over a distance greater than 100 meters or the impact of the realignment increases the number of APs by more than ten percent (10%).	Not yet due
12	LA, Schedule 5 Para. 10	The Borrower shall ensure that VEC contracts an EMA for independent monitoring and evaluation of resettlement activities and that the EMA's monitoring reports be uploaded onto VEC's website. The Borrower shall ensure that VEC submits copies of the EMA's monitoring reports to ADB every quarter until resettlement and income restoration programs are complete.	Ongoing
10	LA, Schedule 5 Para. 11	The Borrower shall ensure that liquidation of any amount paid from any SGIA for land or other assets requires the submission of: (i) a valid validation certificate issued by an external valuer acceptable to both the Borrower and ADB; (ii) the results of the detailed measurement survey (DMS) for the AP receiving the payment, signed as agreed by the AP, setting out the assets to be acquired; (iii) that receipt of payment is acknowledged by the AP, and (iv) certification by the EMA that the AP has received the full payment.	Ongoing
11	LA, Schedule 5 Para. 12	The Borrower shall ensure that 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 area	Not yet due

No.	Reference in the Loan Agreement	Loan Covenants	Status/ Deadline for Compliance
		in accordance with the approved RP, (b) agreed rehabilitation assistance is in place, and (c) the area is free of all encumbrances.	
12	LA, Schedule 5 Para. 19	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 sections in the RP are carried out in accordance with such actions, Borrower's laws and regulations, and ADB's Policy on Indigenous Peoples (1998), it being agreed that, if there is any discrepancy between Borrower's laws and regulations and ADB's Policy on Indigenous Peoples, the ADB policy requirements shall apply.	Ongoing
13	LA, Schedule 5 Para. 20	The Borrower shall ensure that the provisions set forth in the project-specific gender strategy and the HIV/AIDS Awareness and Prevention of Human Trafficking Program are implemented. In particular, the Borrower shall ensure that, in any instance where land is acquired for AP, VEC ensures joint registration of land or land use rights in the names of both the husband and wife and where compensation is paid, payment is made into a joint account opened in the names of both the husband and wife (where applicable).	Ongoing
14	LA, Schedule 5 Para. 21	The Borrower shall ensure that all Works contracts under the Project incorporate provisions and budget to the effect that contractors comply with all applicable labor laws and related international treaty obligations and carry out the project-specific gender strategy and the HIV/AIDS Awareness and Prevention of Human Trafficking Program in the campsites and corridors of influence. The Borrower shall further ensure that all Works contracts include provisions to: (a) prohibit employment of child labor; (b) prohibit differential wages or benefits to men and women for work of equal value; (c) require the provision of 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; and (e) provide safe working conditions for male and female workers.	Ongoing
	Financial		
15	LA, Schedule 5 Para. 4	In the event where the funds made available to the Borrower under the loan agreements between JBIC and the Borrower are insufficient at any time to finance the	Not yet due

No.	Reference in the Loan Agreement	Loan Covenants	Status/ Deadline for Compliance
		items to be funded by JBIC (as detailed in Schedule 1 to this Loan Agreement), the Borrower undertakes to fund the shortfall from its own resources under arrangements satisfactory to ADB.	
	Others		
16	LA, Schedule 5 Para. 25	<p>The Borrower shall ensure that VEC (a) achieves beginning from Financial Year 2020 (i) a DSCR of at least 1.2 times, and (ii) a debt: equity ratio of not greater than 90:10; (b) submits to ADB a reasonable forecast of the projected financial statements to achieve those financial ratios and sets up toll rate structure and levels in agreement with ADB on the earlier of (i) 1 June 2012, or (ii) the opening of the first section of the HLD Expressway to users. The Borrower shall cause VEC to carry out periodic reviews of the toll structure and toll levels as may be required to adjust for inflation or unanticipated costs or at ADB's request, it being agreed that any changes to the toll rates must be submitted to ADB for approval before they may be implemented. For the purpose of this paragraph, the following definitions shall have the meanings prescribed hereunder:</p> <p>(i) DSCR shall be (a) an indicator of VEC's cash flow margin, enabling it to service debt from internal sources; and (b) a ratio that measures the extent to which forecast cash flows are able to cover forecast debt service requirements; and</p> <p>(ii) debt: equity ratio means the ratio that measures the relationship between all borrowed funds and shareholders' invested capital.</p>	Not yet due
17	LA, Schedule 5 Para. 26	The Borrower shall ensure that, on or before 31 December 2009, VEC has established an internal financial information and management system which enables VEC to produce a financially sustainable Expressway investment plan utilizing monitoring and planning, cost recovery tariff levels, traffic forecast planning, and preparing projected financial statements and debt management strategies.	31 December 2009
18	LA, Schedule 3 Para. 5a	Except as ADB may otherwise agree, the Borrower shall establish immediately after the Effective Date, an imprest account at a commercial bank acceptable to ADB. DCCs shall each establish an SGIA at the provincial branch of a commercial bank acceptable to ADB.	Upon effectiveness

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>