

**Grant 0599-LAO: Second Greater Mekong Subregion Tourism
Infrastructure for Inclusive Growth Project**

Quarterly Progress Report No. 1

Reporting Period: 25 December 2018 – 31 March 2019

30 April 2019

Ministry of Information, Culture and Tourism

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Location map of subprojects

LAO PEOPLE'S DEMOCRATIC REPUBLIC

Vientiane Province

- | | | | |
|---------------|---|---------------|--|
| LAO-V1 | Nam Ngum Reservoir Access Improvements | LAO-V3 | Western Loop Rural Access Road and Bridge Improvements |
| LAO-V2 | Kaeng Yui Waterfall Access Improvements | LAO-V4 | Vang Vieng Urban Renewal (street beautification etc) |
| | | LAO-V5 | Vang Vieng Solid Waste Management Improvements |



Champasak Province

- | | |
|---------------|--|
| LAO-C1 | Nakasang Access Road and Port Rehabilitation |
| LAO-C2 | Don Det-Don Khone Access Improvements |

1. Basic Data

Grant number:	0599-LAO
Grant Amount:	USD 47,000,000
Board Approval:	31 August 2018
Financing Agreement Signed:	16 October 2018
Grant Effectiveness:	25 December 2018
Physical Completion Date:	31 December 2024
Grant Closing Date:	30 June 2025
Elapsed Grant Period:	3 months/72 months (4.17%)
Project Overall Progress:	6.78%
Recipient:	Ministry of Finance, Lao PDR
Executing Agency:	Ministry of Information, Culture and Tourism, Lao PDR
Implementing Agency:	Departments of Information, Culture and Tourism of Champasak, Luang Prabang, and Vientiane Province, and the Vang Vieng Urban Development Administration Authority
Date of Last Review Mission:	N/A

2. Financing Plan and Allocation of Grant Proceeds

Financing Plan:

Source	Amount (\$mill)	Share of Total (%)
ADB Special Funds Resources	47	96.3
Government of Lao PDR	1.8	3.7
Total Project Costs	48.8	100

Detailed Cost Estimates by Expenditure Category and Financier:

The PAM table showing the Detailed Cost Estimates by Expenditure Category and Financier table is reproduced overleaf (page 5) for reference.

3. Status of Grant Utilization

Contract Awards and Disbursements:

As of 31 March 2019, based on LFIS

	2019 (\$ mln)					2020 (\$ mln)				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
CA Projections	0	1.200	3.970	0.830	6.000	8.400	6.770	0.500	0.810	16.48
Cum CA Projections	0	1.200	5.170	6.00		14.400	21.170	21.670	22.480	
Actual CA	1.375									
Actual Cum CA	1.375									
Disb Projections	0	0.400	0.900	0.850	2.150	1.300	3.150	1.300	1.700	7.450
Cum Disb Projections	0	0.400	1.300	2.150		3.450	6.600	7.900	9.600	
Actual Disb	0 ^a									
Actual Cum Disb	0 ^a									

^a ADB disbursed \$1mln into the project's Advance Account on 2 April 2019. This will be reported in Q2 progress report.

CA = Contract Awards; Cum = Cumulative; Disb = Disbursement; LGFIS = Loan and Grant Financial Information Services; mln = million; Q = quarter.

Weighted Progress, Contract Awards and Disbursement against Elapsed Time:

A graph showing cumulative weighted progress, contract awards and disbursement in percentage of total against elapsed time (by quarter) is presented on Page 6.

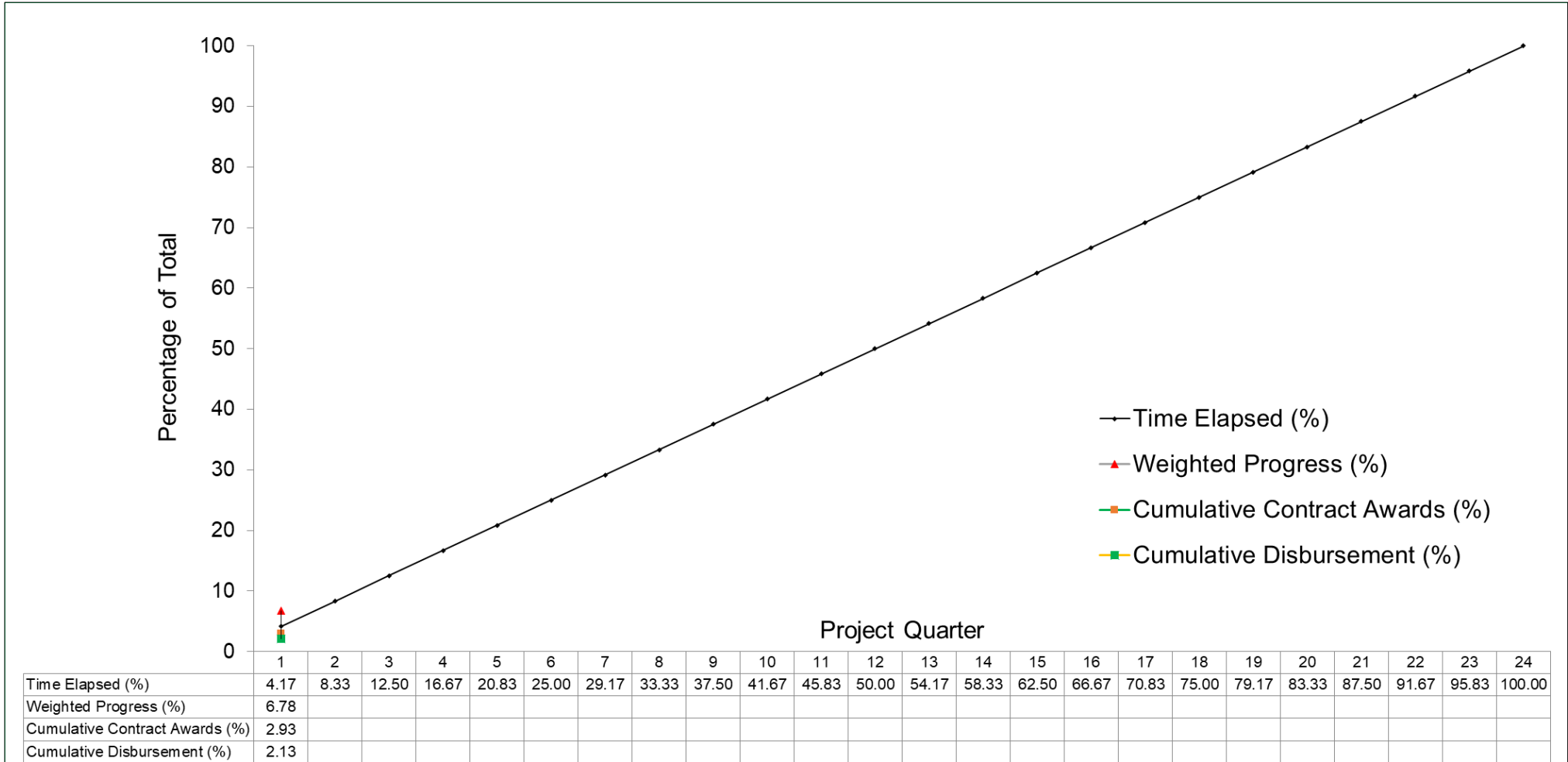
Detailed Cost Estimates by Expenditure Category and Financier

Item	ADB				Government of Lao PDR				Total Cost
	Amount	Amount (Taxes & Duties)	Total	% of Cost Category	Amount	Amount (Taxes & Duties)	Total	% of Cost Category	
A. Investment Cost									
1. Civil Works	26.98	2.70	29.68	100.0%	-	-	-	0.0%	29.68
2. Equipment and Vehicles	1.61	0.16	1.77	100.0%	-	-	-	0.0%	1.77
2. Consulting Services	4.01	0.40	4.41	100.0%	-	-	-	0.0%	4.41
4. Project Management	0.73	0.07	0.80	100.0%	-	-	-	0.0%	0.80
5. Capacity Building	3.13	0.31	3.45	100.0%	-	-	-	0.0%	3.45
6. Land Acquisition and Resettlement	-	-	-	0.0%	0.12	-	0.12	100.0%	0.12
Subtotal (A)	36.46	3.65	40.10	99.7%	0.12	-	0.12	0.3%	40.23
B. Recurrent Cost^a									
1. PCU and PIU Staff Cost	0.51	0.05	0.56	37.1%	0.87	0.09	0.96	62.9%	1.52
2. PCU and PIU Operations ^b	1.27	0.13	1.39	70.7%	0.52	0.05	0.58	29.3%	1.97
3. PCU and PIU Vehicles and Office Equipment	0.29	0.26	0.54	100.0%	-	-	-	0.0%	0.54
Subtotal (B)	2.06	0.44	2.50	62.0%	1.39	0.14	1.53	38.0%	4.03
Total Base Cost (A+B)	38.52	4.09	42.60	96.3%	1.52	0.14	1.65	3.7%	44.26
D. Contingencies									
Physical Contingency	1.89		1.89	97.0%	0.06		0.06	3.0%	1.95
Price Contingency	2.50		2.50	96.7%	0.09		0.09	3.3%	2.59
Sub-total (D)	4.40	-	4.40	96.8%	0.15	-	0.15	3.2%	4.54
Total Project Cost (A+B+C+D)	42.92	4.09	47.00	96.3%	1.66	0.14	1.80	3.7%	48.80
% of Total Project Cost			96.3%				3.7%		100.0%

^a The recurrent costs financed by ADB are in-cash and recurrent costs financed by the Government of Lao PDR are in-kind; ^b Externally hired staff, office supplies, and fuel.
Source: Project Administration Manual (PAM).

Weighted Progress, Contract Awards and Disbursement against Elapsed Time

As of 31 March 2019



Contract Awards by Category:

As of 31 March 2019

Category	Total ADB financing (\$ mln)	Contract Awards (\$ mln)	Uncommitted (\$ mln)
A. Investment Cost			
1. Civil Works	29.68	-	29.68
2. Equipment and Vehicles	1.77	-	1.77
2. Consulting Services	4.41	1.38	3.03
4. Project Management	0.80	-	0.80
5. Capacity Building	3.45	-	3.45
6. Land Acquisition and Resettlement	-	-	-
Subtotal (A)	40.10	1.38	38.72
B. Recurrent Cost^a			
1. PCU and PIU Staff Cost	0.56	-	0.56
2. PCU and PIU Operations	1.39	-	1.39
3. PCU and PIU Vehicles and Office Equipment	0.54	-	0.54
Subtotal (B)	2.50	-	2.50
Total Base Cost (A+B)	42.60	1.38	41.22

^a The recurrent costs financed by ADB are in-cash and recurrent costs financed by the Government of Lao PDR are in-kind; ^b Externally hired staff, office supplies, and fuel

ADB = Asian Development Bank; PCU is project coordination unit; PIU = project implementation unit.

Expenditure by Financier:

As of 31 March 2019

Expenditures	ADB (\$ mln)	Govt. (\$ mln)	Total (\$ mln)
Actual expenditure for Project Quarter 1 (Q1 2019)	0.00	0.00	0.00
Total expenditure up end of Project Quarter 1 (Q1 2019)	0.00	0.00	0.00

ADB = Asian Development Bank; Govt. = Government; mln = million.

Government financing:

The Government will finance: (i) government counterpart staff salaries and office space (in-kind); and (ii) land acquisition and resettlement (LAR) (in-cash). LAR costs are foreseen for two subprojects in Vientiane Province: (i) Nam Ngum Reservoir Access Improvements (\$8,678), and (ii) Western Loop Rural Access Road and Bridge Improvements (\$113,838). The PCU will request Vientiane Province to include the total LAR amount of \$122,516 in its budget request for FY 2021, which is due by 31 March 2020.

4. Implementation Arrangements

The GMS Tourism Working Group functions as the project's subregional steering committee and coordinates joint marketing and regional tourism standards adoption. A National Project Steering Committee, comprising the Vice Minister for Tourism, MICT (Chair) and senior officials representing the Ministry of Finance, Ministry of Foreign Affairs, Ministry of Planning and Investment, MICT, Ministry of Natural Resources and the Environment, Ministry of Public Works and Transport, Lao Women's Union, and Champasak, Luang Prabang and Vientiane Province Department of Information, Culture and Tourism (DICT), Department of Public Works and Transport, and Vang Vieng Urban Development Administration Authority (UDAA) has been established and will meet periodically to review progress and support interagency coordination. Members also serve, as appropriate, on the project's ad-hoc bid evaluation and consultant selection committees.

The executing agency is MICT. MICT has established a Vientiane-based Project Coordination Unit (PCU) to handle overall project coordination and management, comprising a project

director, project manager, financial controller, chief accountant, office manager, and an internal auditor, and a tourism technical team consisting of a tourism training and standards specialist, and a marketing specialist, who will lead output 2 ASEAN Tourism Standards activities and select output 3 destination management activities. MICT has opened and is managing a project Advance Account and is responsible for overall financial management of the project. With the appointment of the PCU Financial Controller (government staff), Head of Internal Audit (hired as an individual consultant) and the Chief Accountant (externally hired), the conditions for withdrawal from the Grant Account were met, and ADB has disbursed \$1mln into the Advance Account to facilitate implementation of project activities identified in the approved 2019 costed annual workplan for the project using the Statement of Expenditure (SOE) procedure.

MICT has also coordinated with the provincial- and district-level implementing agencies to establish Project Implementation Units (PIUs), embedded within the provincial DICTs of Champasak, Luang Prabang, and Vientiane Province, and the Vang Vieng UDAA to manage output 1 and select output 3 activities. Each PIU comprises a supervisor, director, manager, finance officer, accountant and secretary, and full-time technical teams. The PIUs at the Champasak and Vientiane Province DICTs and at the at Vang Vieng UDAA have both an infrastructure technical team to coordinate and support output 2 implementation and manage select output 3 activities. Since there are no infrastructure subprojects in Luang Prabang Province, the PIU there only has a tourism technical team. PIUs administer project sub-accounts to facilitate day-to-day project administration. Reporting, financial management, safeguards and knowledge management is led by the PCU in close coordination with all PIUs.

5. Implementation Progress

Project scope:

The project is designed to help transform secondary GMS central and southern corridor towns into economically inclusive, competitive international tourism destinations by improving road and water transport infrastructure, urban environmental services, and capacity to sustainably manage tourism growth. It will boost trade in services and deepen regional cooperation and integration among the GMS and Association of Southeast Asian Nations (ASEAN). About 88,000 residents are expected to directly benefit from climate-resilient infrastructure development and increased access to economic opportunities.

The project impact is sustainable, inclusive, and more balanced tourism development achieved. The outcome is tourism competitiveness of secondary towns in Cambodia and the Lao PDR increased. By 2025, Cambodia and Lao PDR's share of ASEAN's international visitor arrivals will increase from 8.0% to 8.3% and project areas will receive 700,000 more international tourists. This will increase aggregate annual visitor expenditure from \$0.55 billion to \$0.91 billion.

The project has three outputs: (i) urban-rural access infrastructure and urban environmental services improved; (ii) capacity to implement ASEAN tourism standards strengthened; and (iii) institutional arrangements for tourism destination management and infrastructure O&M strengthened. Project areas in Lao PDR include Champasak, Luang Prabang and Vientiane provinces, all located along the GMS Central Economic Corridor.

Progress to date:

Overall progress, progress towards outcome and outputs

The project baseline report, which will be prepared during Q3-4 following completion of the project performance management system (PPMS), will include updated 2018/2019 data for the outcome and output indicators.

Output 1: Urban-Rural Access Infrastructure and Urban Environmental Services Improved
Progress of Output 1 civil works by subproject implementation as of 31 March 2019 is presented in Annex 1.

Output 2: Capacity to implement ASEAN Tourism Standards strengthened
No achievements in this reporting period.

Output 3 progress: Institutional capacity for tourism destination management and infrastructure O&M strengthened

A training was conducted for MICT's Tourism Marketing Department staff (25 par, 10 women) on skills to prepare for, and participate in, tourism trade fairs conducted by Thai experts.

Progress towards realizing contributions to ADB Results Framework:

As of 31 March 2019

No.	Level 2 Results Framework Indicators (Outputs and Outcomes)	Targets (Lao PDR)	Methods / Comments	Actually planned / realized (Lao PDR)
1	Transport			
	a) Roads built or upgraded - provincial, district, and rural roads (kilometers)	62.6 km	Built or upgraded to concrete paving or double bituminous surface treatment.	No achievements to date
2	Water			
	a) Wastewater treatment capacity added or improved (cubic meters per day)	15.0 m ³	Septage treatment facility	No achievements to date
	b) Land improved through irrigation, drainage, and/or flood management (hectares)	24.5 ha		No achievements to date
	c) Households with reduced flood risk (number)	5,132		No achievements to date

ha = hectares, m³ = cubic meters, km = kilometers.

Performance monitoring:

The main tool to monitor project performance will be the Project Performance Management System (PPMS), which will establish systems and procedures for the systematic collection of baseline, progress and endline data and to report progress towards the project's outcome and output targets defined in the project Design and Monitoring Framework (DMF), gender equity results and data for economic and financial analysis and information needed to prepare photo stories and impact stories. Development of the PPMS will be led by the International and National Monitoring and Evaluation Specialists (individual consultants), who will be recruited during Q2 of 2019 and mobilized early in Q3.

The PCU is responsible for quarterly reporting on the performance of the project through quarterly progress reports to ADB against DMF targets and using the weighted project implementation table included in the PAM. The DMF contains outcome and output baseline and targets for Cambodia and Lao PDR combined. Progress towards DMF targets reported in the quarterly progress reports will reflect Lao PDR's attribution to these combined targets.

Progress as of 31 March 2019 towards DMF targets and activity implementation is presented in Annex 2. Updated implementation plan and weighted project progress are presented in Annex 3.

6. Financial Management

Disbursement Arrangement:

Upon project effectiveness (25 December 2018), the Ministry of Finance has established a pass-through account for the grant to receive and track grant disbursements before passing funds on to the project's advance account and MICT has established an advance account in US Dollars for the grant at the Banque Pour Le Commerce Extérieur Lao Public (BCEL), which is exclusively used for ADB's share of eligible expenditures.

The four PIUs have set up project subaccounts for the ADB grant at local branches of the BCEL. Liquidation of the sub-accounts will be subject to submission of full documentation to the PCU.

Advance Fund Procedure and Statement of Expenditure Procedure:

Following the establishment of the project's financial management team comprising financial controller, head of internal audit and chief accountant, which is a condition for withdrawal from the grant account, MICT has submitted its first Withdrawal Application together with the Estimate of Expenditure Sheet equivalent to projected ADB's share of expenditures to be paid through the advance account for the forthcoming 6 months. Upon approval, ADB has disbursed \$1.0 million into the advance account on 2 April 2019. The PCU is using the Statement of Expenditure (SOE) procedure for the reimbursement of eligible expenditures or liquidation of advances to the advance account for individual payment equivalent to \$100,000.

Counterpart Fund:

The Government provides counterpart funds to finance (i) government counterpart staff salaries and office space (in-kind); and (ii) land acquisition and resettlement (in-cash). The PCU will be responsible for: (i) preparing disbursement projections; and (ii) requesting budgetary allocations for counterpart funds. The counterpart contribution will be recorded by the proposed accounting software.

Accounting:

The Project maintains separate books and records by funding source for all expenditures incurred on the project following international public-sector accounting standard for cash-based accounting and will prepare consolidated project financial statements in accordance with the government's accounting laws and regulations which are consistent with international accounting principles and practices.

The International Financial Management and Procurement Specialist delivered an orientation on financial management of ADB financed projects for the financial management team on 28 March 2019. In addition, the International and National Financial Management and Procurement Specialists (individual consultants engaged by MICT) are supporting procurement activities and are assisting the PCU with the establishment of the financial management system, including the preparation of the Financial Management Manual for the project, updating the accounting software that is being used for L3156-LAO (TIIGP1) to make it specific for G0599-LAO and to improve on its functionality to be better suited to meet the requirements of the project, particularly regarding budget and contract management, and reporting. The PCU financial management team is also receiving on-the-job training from the financial management team from L3156-LAO.

Auditing and Public Disclosure:

The first annual external audit of the consolidated project financial statements will be undertaken, and the audited project financial statements together with the auditor's opinion, is due for submission to ADB within 6 months from the end of project Year 1 (2019), 30 June 2020. The audited project financial statements and auditor's opinion will be subject for

disclosure in the ADB website. The recruitment of the external auditor will be initiated in Q2 of 2019.

Progress on implementation of the Project Financial Management Action Plan as of 31 March 2019 is presented in Annex 4.

7. Procurement

Procurement Plan:

The project's original 18-month Procurement Plan prepared during project preparation and included in the PAM (dated 22 May 2018) was updated on 22 March 2019, submitted on 9 April 2019 and approved by ADB on 10 April 2019. Key changes include the addition of four individual consultant positions to support implementation of, and be financed from budgets allocated for, output 3 activities. Three positions are to support the PCU and PIUs with the preparation of tourism masterplans and one to support the preparation, and capacity building for the implementation of, destination management plans at national level and in the project target areas. Other changes include updated advertising dates, updating values of consulting service packages to be inclusive of income tax on fees and VAT on reimbursable expenses and provisional sums, and moving the individual consultant positions for which contracts have been signed during Q1 to section C.

Procurement of Goods and Works:

During this reporting period, procurement for the following goods packages was initiated and is ongoing on 31 March 2019:

Package Number	General Description	Estimated Value	Procurement Method	Advertisement Date	Estimated Contract Signing Date	Comments
TIIGP2-LAO-G01-01	PCU and PIU Vehicles (contract 01: 2 vehicles)	\$155,000	NCB	13 February 2019	April 2019	Contract 01 is for 1 SUV for PCU and 2 pickup trucks for PIUs Vientiane Province and Vang Vieng. Procurement for the remaining two vehicles will be initiated in Q4 2019.
TIIGP2-LAO-G02	PCU office furniture and equipment	\$20,000	Shopping	TBD	Q2 2019	

NCB = national competitive bidding; PCU = project coordination unit; PIU = project implementation unit; TBD = to be determined.

Procurement for Works will be initiated after mobilization of the PMCES Consultant.

A goods and works procurement monitoring table is presented in Annex 5.

Recruitment and Utilization of Consulting Services:

During this reporting period, the following consultants were recruited and contracts signed:

Package Number	General Description	Estimated Value ^a	Contract Value ^a	Recruitment Method	Advertisement Date	Date of ADB Approval of Contract Award	Comments
TIIGP2-LAO-C02	International Tourism Specialist/Co-Team Leader	\$862,233	\$930,000	ICS	15 November 2018	5 March 2019	Consultant: Henricus Braunius Ponne; 54 p-m; Signed: 19 Feb 2019 PCSS: G20083
TIIGP2-LAO-C04	National Tourism Specialist / Deputy Team Leader	\$239,663	\$242,000	ICS	15 November 2018	5 March 2019	Consultant: Phongisth Davading; 54 p-m; Signed: 19 Feb 2019 PCSS: G20084
TIIGP2-LAO-C07	International Financial Management & Procurement Specialist	\$71,369	\$75,000	ICS	15 November 2018	5 March 2019	Consultant: Nida Azada Calma; 5 p-m; Signed: 20 Feb 2019 PCSS: G20085
TIIGP2-LAO-C08	National Financial Management & Procurement Specialist	\$23,510	\$25,000	ICS	15 November 2018	5 March 2019	Consultant: Kim Xaixana; 6 p-m; Signed: 19 Feb 2019 PCSS: G20086
TIIGP2-LAO-C11	National Internal Auditor	\$103,394	\$102,905	ICS	15 November 2018	5 March 2019	Consultant: Somphet Phongsvanh; 30 p-m; Signed: 18 Feb 2019 PCSS: G20087

^a Inclusive of income tax on fees and VAT on reimbursable expenses and provisional sums.

Recruitment of the following consulting services were ongoing on 31 March 2019:

Package Number	General Description	Estimated Value	Recruitment	Advertisement Date	Estimated Contract Signing Date	Comments
TIIGP2-LAO-C01	Project Management and Civil Engineering Support	\$3,109,134	QCBS	28 August 2018	May 2019	International and National. Total 232 p-m 90:10 Quality-Cost Ratio
TIIGP2-LAO-C14	National Destination Management Specialist	\$57,829	ICS	Estimated: 4 April 2019	April 2019	National, lump-sum contract; Position financed from Output 3 capacity building activity 3.2.1 in the PAM.

Recruitment of the following consulting services will be initiated during quarter 2 of 2019:

Package Number	General Description	Estimated Value	Recruitment	Advertisement Date	Estimated Contract Signing Date	Comments
TIIGP2-LAO-C05	International Gender Specialist	\$34,500	ICS	Q2/2019	Q3/2019	International 2 p-m
TIIGP2-LAO-C06	National Gender Specialist	\$49,500	ICS	Q2/2019	Q4/2019	National 12 p-m

Package Number	General Description	Estimated Value	Recruitment	Advertisement Date	Estimated Contract Signing Date	Comments
TIIGP2-LAO-C09	International Monitoring and Evaluation Specialist	\$45,500	ICS	Q2/2019	Q3/2019	International 3 p-m
TIIGP2-LAO-C10	National Monitoring and Evaluation Specialist	\$53,500	ICS	Q2/2019	Q3/2019	National 12 p-m
TIIGP2-LAO-C12	Tourism experts - various resource persons	\$40,000 (4 contracts)	SSS	Q2/2019	Q2/2019	International and national; estimated 4 contracts during Q2 2019.
TIIGP2-LAO-C13	International Urban Planning and Design Specialist	\$93,290	ICS	Q2/2019	Q3/2019	International, lump sum contract; Position financed from Output 3 capacity building activity 3.3.3 in the PAM.
TIIGP2-LAO-C15	International Tourism Management and Development Specialist	\$73,880	ICS	Q2/2019	Q3/2019	International, lump sum contract; Position financed from Output 3 capacity building activity 3.3.3 in the PAM.
TIIGP2-LAO-C16	International Natural and Cultural Heritage Specialist	\$22,311	ICS	Q2/2019	Q3/2019	International, lump sum contract; Position financed from Output 3 capacity building activity 3.3.3 in the PAM.

A consultant recruitment monitoring table is presented in Annex 6.

An overview of status of consulting services planned inputs and utilization to date is presented in Annex 7.

8. Gender Action Plan Implementation Status

Recruitment of the International and National Gender and Social Development Specialists will be initiated in Q2 2019. It is MICT's aim to mobilize these individual consultants around the same time as the mobilization of the PMCES firm (estimated July/August 2019), which include the Monitoring and Evaluation Consultants which will take the lead in preparing the PPMS. Gender Action Plan (GAP) implementation monitoring and reporting will be integrated into the PPMS.

A GAP implementation monitoring table showing progress to date is presented in Annex 8.

9. Compliance with Grant Covenants

A table showing status of compliance with Grant Covenants presented in Annex 9.

10. Submission of Semi-Annual Safeguards Monitoring Reports

The following schedule is proposed for the submission of Semi-annual Safeguards (Environmental and Social) Monitoring Reports. Since the safeguards consultants will be mobilized only in June/July 2019, and no work will be undertaken on implementation of Output 1 infrastructure subprojects during Q1-2 of 2019, it is proposed that the first report will be submitted by 31 January 2020, covering the period July -December 2019.

Semi-annual Safeguards (Environmental and Social) Monitoring Report	Deadline	Status <i>(Under preparation; Submitted on [date]; Comments from ADB being addressed; Approved)</i>
Report 1: Jul-Dec 2019	31 January 2020	
Report 2: Jan-Jun 2020	31 July 2020	
Report 3: Jul-Dec 2020	31 January 2021	
Report 4: Jan-Jun 2021	31 July 2021	
Report 5: Jul-Dec 2021	31 January 2022	
Report 6: Jan-Jun 2022	31 July 2022	
Report 7: Jul-Dec 2022	31 January 2023	
Report 8: Jan-Jun 2023	31 July 2023	
Report 9: Jul-Dec 2023	31 January 2024	
Report 10: Jan-Jun 2024	31 July 2024	
Report 11: Jul-Dec 2024	31 January 2025	

11. Summary of Workplan for Next Quarter

Procurement packages/consulting services to be awarded next quarter:

Contract	Amount
TIIGP2-LAO-C01: Project Management and Civil Engineering Support	\$3,109,134
TIIGP2-LAO-C14: National Destination Management Specialist	\$57,829
TIIGP2-LAO-C12: Tourism experts - various resource persons (approx. 4 contracts)	\$40,000
TIIGP2-LAO-G01: PCU and PIU Vehicles (contract 01)	\$155,000
TIIGP2-LAO-G02: PCU office furniture and equipment (2 contracts)	\$20,000
TIIGP2-LAO-G03: PIU office furniture and equipment (4 PIUs) (8 contracts)	\$80,000
TIIGP2-LAO-G07: Equipment for DMO secretariats (approx.4 contacts)	\$20,000
Total	\$3,674,963

Main activities planned for Q2 2019:

Output 1: Urban-Rural Access Infrastructure and Urban Environmental Services Improved

No activities planned for Q2 2019. Implementation of Output 1 activities will commence in Q3 after mobilization of the Project Management and Civil Engineering Support (PMCES) Consultant.

Output 2: Capacity to implement ASEAN Tourism Standards strengthened

Focus during Q2 of 2019 will be on (i) the translation and adaptation of ASEAN Tourism Standards to the Lao context, including consultations with the industry and public stakeholders; (ii) publication of the standards in Lao language; and (iii) first steps for the establishment of standard certification bodies. Completion of this process for all seven ASEAN Tourism Standards is foreseen during Q3-4, including training of trainers and assessors.

Output 3 progress: Institutional capacity for tourism destination management and infrastructure O&M strengthened

During Q2, (i) upgrading of English language skills of DMN members and support for post graduate courses for tourism sector staff will commence; (ii) DMN Board and Taskforce structures will be reviewed/updated/established for the project target destinations, and capacity building will commence; (iii) updating/preparation of Destination Management Plans (DMPs) will be initiated; (iv) a project website will be established; (v) content development for and training on the use of social media for tourism marketing will be undertaken; (vi) first phase of the establishment of a marketing and promotion database containing standard text, images, design templates etc. will be implemented; (vii) production of a video promoting Lao PDR will commence; (viii) a manual will be produced to identify and manage/mitigate negative impacts from tourism; (ix) a training will be conducted on the preparation for, and participation in, international and regional tourism trade fairs; (x) a training manual on standard operating procedures (SOP) for accommodation services will be prepared; (xi)

Project Management Activities

During Q2, (i) an Accounting Manual will be prepared; (ii) accounting software will be developed and installed; (iii) financial management and procurement training will be provided to the PCU financial management team and PIU accounting staff; and (iv) recruitment of the PMCES consultant will be completed and individual consultants will continue.

Planned disbursements:

For Q2, the following withdrawal applications (WA) are foreseen:

- WA for direct payment of contract TIIGP2-LAO-G01-01: PCU and PIU Vehicles: LAK1,136,220,000 (approx. \$135,000)
- WA for replenishment of Advance Account: \$200,000

12. Issues and Recommendations

Recruitment of the PMCES Consultant (firm) has been delayed as a result of a delay in ADB approval of Submission 2. ADB has now indicated that approval is imminent. However, the delay will affect the expected mobilization date, which is now estimated June/July 2019 as opposed to the original expected mobilization in May 2019.

At this point, there are no other issues affecting project implementation progress to report.

Prepared by:

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Annex 1: Progress of civil works by subproject as of 31 March 2019

Subproject	Location and Description	Implementation Progress
Works Package: TIIGP2-LAO-W01: Nakasang and Don Det-Don Khone Access Improvements		
C1: Nakasang Access Road and Port Rehabilitation	Khong District. The subproject will: (i) reconstruct 3.3 km road from Route 13S to the Nakasang Mekong River port and create a turning area for buses; (ii) reinforce 45 m of riverbank protection and reconstruct 60m of riverside path in the port area; (iii) improve footpaths and ramps to floating river pontoons to provide safer passenger access; and (iv) divert the main storm water drainage outlet 15 m downriver from the port.	TIIGP2-LAO-W01: Nakasang and Don Det-Don Khone Access Improvements: DED, bill of quantities, technical specification, bidding documents, updated safeguards documents, O&M plan, and recommendations for equipment for O&M prepared have been prepared as part of project preparation. They will be reviewed, and updated as needed, by the PMCES Consultant after mobilization.
C2: Don Det-Don Khone Access Improvements	Khong District. This subproject will (i) pave the main 11 km road network on Don Det and Don Khone islands; (ii) pave the 780 m ² Don Det ferry port vehicle parking area; (iii) cycle track/footpaths over the two islands; and (iv) install public lighting and safety rails on the old railway bridge linking the islands.	
Works Package: TIIGP2-LAO-W02: Nam Ngum Reservoir Access Improvements		
V1: Nam Ngum Reservoir Access Improvements	Keo Oudom District. This subproject will (i) improve the existing public marina at the Nam Ngum Reservoir recreational area to safely accommodate 50-60 local tour boats and launch small recreational vessels; (ii) construct a 5.9km loop road extending along the reservoir shore linking to Route 10, and 1,200 m ² parking area; (iii) construct a new 3,860 m ² public market and shophouses to replace existing informal lakeside stalls; (iv) install septic tanks in all public buildings and a wastewater pump-out station/holding tank at the marina; (v) replace abandoned, unsafe public buildings and piers with new public green space; and (vi) renovate the tourist information center.	TIIGP2-LAO-W02: Nam Ngum Reservoir Access Improvements: Feasibility studies, preliminary designs, preliminary cost estimates and safeguards documents prepared during project preparation. DED, bill of quantities, technical specification, bidding documents, updated safeguards documents, O&M plan, and recommendations for equipment for O&M will be prepared by the PMCES Consultant after mobilization.
Works Package: TIIGP2-LAO-W03: Vang Vieng Urban-Rural Access Improvements		
V2: Kaeng Yui Waterfall Access Improvements	Vang Vieng District. The subproject will (i) upgrade the 6km access road from Vang Vieng Town to Kaeng Yui waterfall; (ii) level and pave the 875 m ² waterfall parking area; (iii) improve surfaces and drainage in the waterfall market area; and (v) improve 300m footpaths, including rehabilitation of steps, small suspension bridges, and signage.	TIIGP2-LAO-W03: Vang Vieng Urban-Rural Access Improvements: Feasibility studies, preliminary designs, preliminary cost estimates and safeguards documents prepared during project preparation. DED, bill of quantities, technical specification, bidding documents, updated safeguards documents, O&M plan, and recommendations for equipment for O&M will be prepared by the PMCES Consultant after mobilization.

Subproject	Location and Description	Implementation Progress
V3: Western Loop Rural Access Road and Bridge Improvements	Vang Vieng District. The subproject will (i) upgrade the 26 km “Western Loop Road” and three village feeder roads; (ii) construct a new road bridge across the Song River, with 2.0km feeder road linking the bridge, Western Loop Road and south end of town; and (iii) provide bio-engineered river bank protection and improve the footpath/cycle track between the new bridge and Huay Yae village.	
V4: Vang Vieng Urban Renewal	Vang Vieng District. The subproject will (i) rehabilitate 4.0 km of footpaths with suitable surfaces, street lighting, seating and soft landscaping; (ii) install traffic calming measures in streets with high concentrations of tourists; (iii) improve traffic management, including one-way traffic flows (1.5 km); and (iv) resurface roads and improve drains in residential areas (1.0 km).	
Works Package: TIIGP2-LAO-W04: Vang Vieng Landfill Improvements		
V5: Vang Vieng Solid Waste Management Improvements	Vang Vieng District. The subproject will transform the existing district solid waste dump site into a managed landfill and includes (i) installation of a perimeter runoff interceptor drainage system; (ii) cell construction with impermeable liners, leachate collection/treatment system, and a landfill gas recovery system; (iii) construction of a small materials recovery facility for waste separation and recycling and a medical waste treatment area; (v) construction of a septage treatment facility (0.5ha); (vi) construction of site office, toilets, and fencing; (vii) pave the 0.8km access road and provide three new collection trucks, a bulldozer, and two vacuum trucks to support septage collection.	TIIGP2-LAO-W04: Vang Vieng Landfill Improvements: DED, bill of quantities, technical specification, bidding documents, updated safeguards documents, O&M plan, and recommendations for equipment for O&M prepared have been prepared as part of project preparation. They will be reviewed, and updated as needed, by the PMCES Consultant after mobilization.

Annex 2: Progress towards DMF targets and activity implementation as of 31 March 2019

Impacts the Project is Aligned with: Sustainable, inclusive, and more balanced tourism development achieved. (ASEAN Secretariat. ASEAN Tourism Strategic Plan 2015–2025. Jakarta.)

Result Chain	Performance Indicators	Baseline	Targets	Data Source	Progress in Lao PDR as of 31 March 2019		
Outcome: Tourism competitiveness of secondary towns in Cambodia and the Lao PDR increased	By 2025						
	a. Cambodia and the Lao PDR's share of ASEAN international visitor arrivals increased (2016 baseline)	8.0%	8.3%	a-c. Government tourism statistics reports and project completion report	Updates will be provided (i) upon completion of project baseline report; (ii) at mid-term; and (iii) at project completion		
	Cambodia	4.3%	4.5%				
	Lao PDR	3.7%	3.8%				
	b. Annual international visitor arrivals in project areas increased (2016 baseline)	1.28 mln	1.99 mln				
	Cambodia	458,600	731,000				
	Lao PDR	820,100	1,263,100				
	c. Aggregate annual visitor expenditure in project areas increased (2016 baseline)	\$0.55 bln	\$0.91 bln				
	Cambodia	\$186.3 mln	\$318.1 mln				
	Lao PDR	\$363.9 mln	\$589.0 mln				
	d. Women comprise at least 55% of tourism workers in project areas (2016 baseline)		55%				
	Cambodia	54%	55%				
	Lao PDR	50%	55%				
	Outputs	By 2024:					

Result Chain	Performance Indicators	Baseline	Targets	Data Source	Progress in Lao PDR as of 31 March 2019
1. Urban-rural access infrastructure and urban environmental services improved	1a. 73 km of access roads to tourist sites improved (2017 baseline)	0	73.0 km	1a-f. Project progress reports and project completion report	Detailed design and bidding documents prepared and safeguards documents updated for subprojects C1: Nakasang Access Road and Port Rehabilitation and C2: Don Det-Don Khone Access Improvements.
	Cambodia	0	10.4 km		
	Lao PDR	0	62.6 km		
	1b. 4 ferry ports constructed (2016 baseline)	0	4		No achievements to date
	Cambodia	0	2		
	Lao PDR	0	2		
	1c. 30 m3/day wastewater treatment capacity constructed (2017 baseline)	0 m3/day	30 m3/day		Detailed design and bidding documents prepared and safeguards documents updated for subproject V5: Vang Vieng Solid Waste Management Improvements (which includes a septage treatment facility)
	Cambodia	0 m3/day	15 m3/day		
	Lao PDR	0 m3/day	15 m3/day		
	1d. Flood protection and drainage constructed for 25-hectare catchment (2017 baseline)	0 ha	25.0 ha		No achievements to date
	Cambodia	0 ha	0.5 ha		
	Lao PDR	0 ha	24.5 ha		
	1e. Solid waste management services improved for 5,700 households and businesses (2017 baseline)	2,596	5,700		Detailed design and bidding documents prepared and safeguards documents updated for subproject V5: Vang Vieng Solid Waste Management Improvements
	Cambodia	968	1,600		
Lao PDR	1,628	4,100			

Result Chain	Performance Indicators	Baseline	Targets	Data Source	Progress in Lao PDR as of 31 March 2019
	1f. At least 50% of people consulted to optimize project infrastructure design inclusiveness and gender responsiveness are women (2017 baseline)	0%	50%		
	Cambodia	0%	50%		
	Lao PDR	0%	50%		35% women participants in consultations for detailed design and updating of safeguards documents during project preparation for subprojects C1, C2 and V5.
2. Capacity to implement ASEAN tourism standards strengthened	2a. 2 national ASEAN tourism standards assessment frameworks and certification boards established with at least 30% women board members (2017 baseline)	0	2 (30% women board members)	2a-d. Project progress reports and project completion report	
	Cambodia	0	1 (30% women board members)		
	Lao PDR	0	1 (30% women board members)		No achievements to date
	2b. 107 hotels in target provinces ASEAN Green Hotel Standard certified (2017 baseline)	45	109		
	Cambodia	16	43		
	Lao PDR	29	64		First update will be reported upon completion of the project baseline report.
	2c. 148 homestays ASEAN Homestay Standard certified (2017 baseline)	38	148		
	Cambodia	15	35		
	Lao PDR	23	113		First update will be reported upon completion of the project baseline report.
	2d. At least 6 towns ASEAN Clean City Standard certified (2017 baseline)	2	6		
	Cambodia	1	3		

Result Chain	Performance Indicators	Baseline	Targets	Data Source	Progress in Lao PDR as of 31 March 2019
	Lao PDR	1	3		First update will be reported upon completion of the project baseline report.
3. Institutional capacity for tourism destination management and infrastructure O&M strengthened	3a. 150 public works and tourism site managers (at least 30% women) reporting increased knowledge on developing and implementing tourism management and infrastructure O&M plans (2017 baseline)	0	150	3a-e. Project progress reports and project completion report	
	Cambodia	0	60		
	Lao PDR	0	90		No achievements to date
	3b. 8 destination management plans and 8 infrastructure O&M plans implemented (2017 baseline)	4	8		
	Cambodia	1	4		
	Lao PDR	3	4		No achievements to date
	3c. At least 5,000 residents and tourism workers (50% women) participated in destination management training and awareness-raising activities (2017 baseline)	0	5,000		
	Cambodia	0	2,000		
	Lao PDR	0	3,000		No achievements to date
	3d. At least 500 entrepreneurs (60% women) received SME support services (2017 baseline)	0	500 (60% women)		
	Cambodia	0	200 (60% women)		
	Lao PDR	0	300 (60% women)		No achievements to date
	3e. 2 internet-based tourism knowledge repositories developed (2017 baseline)	0	2		

Result Chain	Performance Indicators	Baseline	Targets	Data Source	Progress in Lao PDR as of 31 March 2019
	Cambodia	0	1		
	Lao PDR	0	1		No achievements to date
Key Activities with Milestones				Progress in Lao PDR as of 31 March 2019	
1. Urban-rural access infrastructure and environmental services improved					
1.1	Prepare civil works design and bidding documents: Q2 2018–Q4 2019			Detailed design and bidding documents prepared for subprojects C1: Nakasang Access Road and Port Rehabilitation; C2: Don Det-Don Khone Access Improvements; and V5: Vang Vieng Solid Waste Management Improvements.	
1.2	Safeguards document approval: Q4 2018–Q4 2019			Safeguards documents updated for subprojects C1, C2 and V5.	
1.3	Complete land acquisition and resettlement: Q1 2020			Vientiane Province has been requested to allocate resettlement budgets for subprojects V1 and V3 in the provincial budget for FY 2020.	
1.4	Civil works procurement: Q4 2018–Q4 2020			No achievements to date	
1.5	Civil works construction, supervision, and supply equipment: Q1 2019–Q1 2023			No achievements to date	
2. Capacity to implement ASEAN tourism standards strengthened					
2.1	Establish ASEAN tourism standards assessment frameworks and certification boards: Q1 2019–Q1 2020			No achievements to date	
2.2	Prepare national certification boards and assessor operations manuals: Q2 2019–Q4 2021			No achievements to date	
2.3	Train standards assessors (e.g. Green Hotel, Homestay, Clean City, etc.): Q3 2019–Q2 2022			No achievements to date	
2.4	Promote ASEAN tourism standards adoption by service enterprises and cities: Q3 2019–Q4 2023			No achievements to date	
2.5	Standards inspection and certification: Q4 2019–Q4 2023			No achievements to date	
3. Institutional capacity for tourism destination management and infrastructure O&M strengthened					
3.1	Prepare and approve tourism destination management plans: Q1 2020–Q1 2021			No achievements to date	
3.2	Prepare and approve infrastructure O&M plans with sustainable finance mechanisms: Q3 2020–Q4 2021			No achievements to date	
3.3	Design and implement training programs for infrastructure O&M: Q3 2021–Q4 2023			No achievements to date	
3.4	Design and implement SME training and public awareness programs Q2 2021–Q2 2023			No achievements to date	
3.5	Establish and maintain Internet-based tourism knowledge repositories: Q1 2019–Q4 2023			No achievements to date	
Project Management Activities					
Establish project steering committees, PCUs, and PIUs: Q2 2018				Completed	

Key Activities with Milestones	Progress in Lao PDR as of 31 March 2019
Advance actions for consultant recruitment and procurement: Q2 2018–Q1 2019	Advance actions were undertaken during Q3-4 of 2018 for the recruitment of the Project Management and Engineering Support Consultant (PMCES), and four individual consultants: International Tourism Specialist – Co-Team Leader, National Tourism Specialist – Deputy Team Leader, and the International and National Financial Management and Procurement Specialists, and for the procurement of PCU and PIU vehicles.
Financial management training for PCU and PIU staff: Q1 2019–Q3 2019	PCU staff is receiving on-the-job training and mentoring from the PCU of L3516-LAO: GMS Tourism Infrastructure for Inclusive Growth Project.
Implement sex-disaggregated PPMS, safeguards, and gender action plans: Q1 2019–Q4 2023	No achievements to date

Annex 3: Weighted implementation table with progress as of 31 March 2019

	Year 2018				Year 2019				Year 2020				Year 2021				Year 2022				Year 2023				Year 2024				(a) Actual Progress (%)	(b) Assigned weight (%)	(a) x (b) Weighted Progress (%)
	Quarter				Quarter				Quarter				Quarter				Quarter				Quarter										
	Project year				Project year				Project year				Project year				Project year				Project year										
	Project quarter				Project quarter				Project quarter				Project quarter				Project quarter				Project quarter										
A. DMF																															
Output 1: Urban-Rural Access Infrastructure and Urban Environmental Services Improved																															
<u>TIIGP2-LAO-W01: Nakasang and Don Det-Don Khone Access Improvements</u>																															
1.1 Prepare civil works design and bidding documents																													90.00%	2.50%	2.25%
1.2 Safeguards document approval																													80.00%	0.50%	0.40%
1.3 Complete land acquisition and resettlement																													0.00%	0.00%	0.00%
1.4 Civil works procurement																													0.00%	1.25%	0.00%
1.5 Implement civil works construction, supervision, and supply equipment																													0.00%	10.75%	0.00%
<u>TIIGP2-LAO-W02: Nam Ngum Reservoir Access Improvements</u>																															
1.1 Prepare civil works design and bidding documents																													0.00%	2.50%	0.00%
1.2 Safeguards document approval																													0.00%	0.50%	0.00%
1.3 Complete land acquisition and resettlement																													0.00%	1.00%	0.00%
1.4 Civil works procurement																													0.00%	1.25%	0.00%
1.5 Implement civil works construction, supervision, and supply equipment																													0.00%	10.75%	0.00%
<u>TIIGP2-LAO-W03: Vang Vieng Urban-Rural Access Improvements</u>																															
1.1 Prepare civil works design and bidding documents																													0.00%	2.50%	0.00%
1.2 Safeguards document approval																													0.00%	0.50%	0.00%
1.3 Complete land acquisition and resettlement																													0.00%	1.00%	0.00%
1.4 Civil works procurement																													0.00%	1.25%	0.00%
1.5 Implement civil works construction, supervision, and supply equipment																													0.00%	10.75%	0.00%
<u>TIIGP2-LAO-W04: Vang Vieng Landfill Improvements</u>																															
1.1 Prepare civil works design and bidding documents																													90.00%	2.50%	2.25%
1.2 Safeguards document approval																													80.00%	0.50%	0.40%
1.3 Complete land acquisition and resettlement																													0.00%	0.00%	0.00%
1.4 Civil works procurement																													0.00%	1.25%	0.00%
1.5 Implement civil works construction, supervision, and supply equipment																													0.00%	10.75%	0.00%
Output 2: Capacity to Implement ASEAN Tourism Standards Strengthened																															
2.1 National ASEAN Tourism Standards adaptation																													0.00%	2.00%	0.00%
2.2 Establishment of certification bodies and processes																													0.00%	2.00%	0.00%
2.3 Assessor training																													0.00%	2.00%	0.00%
2.4 ASEAN Tourism Standards promotion																													0.00%	1.00%	0.00%
2.5 Implement ASEAN Tourism Standards and the ASEAN Sustainable Tourism Awards																													0.00%	6.00%	0.00%

	Year 2018				Year 2019				Year 2020				Year 2021				Year 2022				Year 2023				Year 2024				(a) Actual Progress (%)	(b) Assigned weight (%)	(a) x (b) Weighted Progress (%)
	Quarter				Quarter				Quarter				Quarter				Quarter				Quarter										
	Project year				Project year				Project year				Project year				Project year				Project year										
	Project quarter				Project quarter				Project quarter				Project quarter				Project quarter				Project quarter										
Output 3: Institutional Arrangements for Tourism Destination Management and Infrastructure O&M Strengthened																															
3.1 Destination management network institutional strengthening																													0.00%	1.00%	0.00%
3.2 Destination management plan preparation																													0.00%	1.00%	0.00%
3.3 Policy, Regulation and Master Planning Support																													0.00%	3.00%	0.00%
3.4 Destination Marketing and Promotion Support																													0.00%	2.00%	0.00%
3.5 Heritage Interpretation Support																													0.00%	2.00%	0.00%
3.6 Tourism-related SME development																													0.00%	2.00%	0.00%
3.7 Establish and maintain internet-based tourism knowledge repositories																													0.00%	1.00%	0.00%
3.8 Develop infrastructure O&M plans with sustainable finance mechanisms																													0.00%	2.00%	0.00%
3.9 Facilitate Public-Private Partnerships for operations and maintenance																													0.00%	1.00%	0.00%
3.10 Infrastructure O&M training																													0.00%	2.00%	0.00%
B. Management Activities																													0.00%		0.00%
Establish project supervision and management structure																													90.00%	1.00%	0.90%
Mobilize consultants and procure equipment																													50.00%	1.00%	0.50%
Establish financial management arrangements																													0.00%	1.00%	0.00%
Financial management and procurement training																													0.00%	1.00%	0.00%
Finalize monitoring arrangements and establish the project website																													0.00%	1.00%	0.00%
Conduct project planning, monitoring, evaluation and reporting																													8.00%	1.00%	0.08%
Implementation of environmental, social safeguards and the gender action plan																													0.00%	2.00%	0.00%
																														100.00%	6.78%

Annex 4: Project Financial Management Action Plan progress as of 31 March 2019

Planned Action	Output	Responsible Party	Due Date	Progress
PCU and PIU financial management teams established.	<ul style="list-style-type: none"> Appointment or recruitment of qualified and experienced: PCU national director and PIU project managers; PCU financial controller; PCU and PIU accounting staff, as specified in the PAM. 	EA and IAs	Prior to ADB Board approval of project	Completed - PCU project director, manager, financial controller and PIU director, manager, and accounting staff have been appointed. In addition, MICT has signed a contract with a national internal auditor on 18 February 2019, completing the financial management team, and meeting condition for withdrawal from the grant account, which ADB acknowledged on 20 February 2019.
National Steering Committee established.	<ul style="list-style-type: none"> Project oversight comprised of representatives from national level and participating provinces (Champasak, Luang Prabang and Vientiane), as specified in the PAM. 	EA and IAs	Coincide with ADB Board approval of project	Completed - A National Project Steering Committee, comprising the Vice Minister for Tourism, MICT (Chari) and senior officials representing the Ministry of Finance (MOF), MICT, Ministry of Natural Resources and the Environment, Ministry of Public Works and Transport (MPWT), Lao Women's Union, and Champasak, Luang Prabang and Vientiane Province DICT, Department of Public Works and Transport (DPWT), and Vang Vieng UDAA has been established
Project funds flow arrangements adopted & operational.	<ul style="list-style-type: none"> As outlined in the PAM MOF, EA, PCU, and PIU staff briefed on funds flow arrangements, advance account opened, and project sub-accounts established. 	MOF, EA, PCU, and PIUs assisted by financial management and procurement consultants	Prior to initial disbursement.	Completed – MICT has adopted the fund flow arrangement outlined in the PAM without modifications in coordination with MOF and MICT. PCU and PIUs have been briefed on the funds flow arrangements by the financial management consultants. PCU has opened an advance account and PIUs have opened sub-accounts.
PCU and PIU financial management capacity established and financial systems operational.	<ul style="list-style-type: none"> Financial management and procurement support consultants mobilized; project accounting and financial reporting systems established, including dedicated accounting software meeting government FM-EMP and ADB requirements, and a progress report template linking financial with physical progress. PCU and PIUs attend training on project accounting, including the use of accounting software and 	EA, assisted by project consultants PCU and PIU, assisted by project consultants PCU, PIU and ADB EA and MEF ADB	Within six months of project effectiveness	Ongoing – <ul style="list-style-type: none"> International and National Financial Management and Procurement Specialists and National Internal Auditor recruited and mobilized. They are currently supporting the PCU with the establishment of the project accounting and financial management systems, including dedicated accounting software. A progress report template was agreed that links financial with physical progress. PCU has attended an orientation on financial management of ADB-financed projects delivered by the International Financial Management and Procurement Specialist. Training on the use of the accounting software will be conducted upon completion of the software.

	<p>compliance with government FM-EMP.</p> <ul style="list-style-type: none"> • Project disbursement arrangements and procedures established in accordance with government FM-EMP regulations and procedures; staff trained in their operation. • Internal audit function established. • Independent external auditor appointed. • ADB Inception mission Aide-Mémoire confirms suitable Financial management system. 			<ul style="list-style-type: none"> • The project's disbursement arrangements have been established (following the example of L3156-LAO, with appropriate modifications). • MICT has recruited and mobilized a National Internal Auditor, who will be responsible for supporting and advising the PCU and PIUs on adherence to the financial management requirements. • The recruitment of an external auditor will be initiated in Q2 2019, to be ready for the first external audit scheduled for Q1 2020. • The ADB Inception Mission is scheduled to coincide with the mobilization of the PMCES Consultant, expected in June/July 2019.
PCU and PIU staff attend disbursement seminar as part of capacity building.	<ul style="list-style-type: none"> • At least 1 staff member from the PCU and each PIU attend ADB's in-country disbursement seminar. 	PCU, PIU and ADB	Within one year of project effectiveness	Planned – PCU and PIU representatives will attend ADB's in-country disbursement seminar scheduled for June 2019
Publicizing grievance redress mechanism.	<ul style="list-style-type: none"> • Grievance redress mechanism to report suspected procurement related cases of corruption and collusion established and publicized on project website. • Contact details of MOF and ADB's office on Anti-corruption periodically advertised in newspapers and on project website. 	EA	Within six months of project effectiveness	<p>Planned –</p> <ul style="list-style-type: none"> • Grievance redress mechanism to report suspected procurement related cases of corruption and collusion will be established during Q2 of 2019, and publicized on the project website (under development) • Contact details of MOF and ADB's office on Anti-corruption will be published on the project website (under development).

ADB = Asian Development Bank; DICT = Department of Information, Culture and Tourism; EA = executing agency; MOF = Ministry of Finance; PCU = project coordination unit; PIU = project implementation unit.

Annex 5: Goods and works procurement monitoring table as of 31 March 2019

Grant 0599-LAO: Second GMS Tourism Infrastructure for Inclusive Growth Project (49387-002)																
Procurement Monitoring Sheet - Civil Works																
Procurement Plan Approved on: 10 April 2019																
Package No.	Description	Mode	Resp	CA	Adv	Estimate	Draft Bid Docs		Bids	Bid	Bid Evaluation		Contract			
			Proj Mgt Unit	Target Date	Date	(\$)	Received	Approved	Issuance	Closing	Approved	Amount	Signed	Received	PCSS No.	Amount (\$)
TIIGP2-LAO-W01	Nakasang and Don Det-Don Khone Access Improvements	ICB				7,227,529										
TIIGP2-LAO-W02	Nam Ngum Reservoir Access Improvements	ICB				6,142,686										
TIIGP2-LAO-W03	Vang Vieng Urban-Rural Access Improvements	ICB				10,673,878										
TIIGP2-LAO-W04	vang vieng Lanom Improvements	ICB			Q1/2020	5,632,000										
TOTAL						29,676,093.000										

Grant 0599-LAO: Second GMS Tourism Infrastructure for Inclusive Growth Project (49387-002)																		
Status of Procurement - Goods																		
Procurement Plan Approved on: 10 April 2019																		
Package No.	Description	Mode	Resp	CA	Adv	Estimate	Number of	Draft Bid Docs		Bids	Bid	Bid Evaluation		Contract				
			Proj Mgt Unit	Target Date	Date	(\$)	Contracts	Received	Approved	Issuance	Closing	Approved	Amount	Signed	Received	PCSS No.	Amount	\$ Equiv
TIIGP2-LAO-G01	PCU and PIU vehicles (5 units)	NCB																
TIIGP2-LAO-G01-01	PCI & PIU vehicles (contract 01 - 3 vehicles)	NCB			13-Feb-19	155,000.00	1	18-Feb-19	26-Feb-19	27-Feb-19	22-Mar-19	11-Apr-19	LAK	1,136,220,000				LAK
TIIGP2-LAO-G01-02	PCU & PIU vehicles (contract 02 - 2 vehicles)	NCB				100,000.00	1											
TIIGP2-LAO-G02	PCU office furniture and equipment	Shopping			Q4/2018	20,000.00	2											
TIIGP2-LAO-G03	PIU office furniture and equipment (4 PIUs)	Shopping			Q1/2019	80,000.00	8											
TIIGP2-LAO-G04	Vang Vieng landfill management equipment	NCB				715,000.00	1											
TIIGP2-LAO-G05	Equipment for ASEAN Standards certification bodies	Shopping			Q2/2019	30,000.00	5											
TIIGP2-LAO-G06	Equipment for ASEAN Tourism Standards Implementation (public sector)	Shopping				500,000.00	8											
TIIGP2-LAO-G07	Equipment for DMO secretariats	Shopping			Q2/2019	20,000.00	4											
TIIGP2-LAO-G08	Equipment for Heritage Interpretation	Shopping				180,000.00	10											
TIIGP2-LAO-G09	Equipment for SMEs to Implement Private Sector-Led Actions in the DMPs	Shopping				325,000.00	12											
Total						2,125,000.00												

Annex 6: Consultant recruitment monitoring table as of 31 March 2019

Grant 0599-LAO: Second GMS Tourism Infrastructure for Inclusive Growth Project (49387-002) Procurement Monitoring - Consulting Services

Procurement Plan Approved on: 10 April 2019

Package No.	Description	Mode	Resp Obj Mgt U	CA Target Date	Adv Date	No. of Contracts	Estimate (\$)	Submission 1		RFP	RFP	Submission 2		Submission 2-3		Submission 3		Submission 4		Submission 5		
								Received	Approved	Issuance	Closing Date	Received	Approved	Received	Approved	Received	Approved	Received	Approved	Signed	Received	PCSS No.
TIIGP2-LAO-C01	Project Management and Civil Engineering Support	QCBS			28-08-18	1	3,109,134.00	23-Oct-18	07-Nov-18	08-Nov-18	17-Jan-19	12-Feb-19	03-Apr-19				23-Apr-19					
TIIGP2-LAO-C02	International Tourism Specialist/Co-Team Leader	ICS			15-11-18	1	862,223.00	31-Jan-19	14-Feb-19			21-Feb-19	05-Mar-19								G20083	930,000
TIIGP2-LAO-C03	International Tourism Standards Specialist	ICS			Q2/2019	1	100,876.00															
TIIGP2-LAO-C04	National Tourism Specialist/Deputy Team Leader	ICS			15-11-18	1	239,663.00	31-Jan-19	14-Feb-19			21-Feb-19	05-Mar-19								G20084	242,000
TIIGP2-LAO-C05	International Gender Specialist	ICS			Q2/2019	1	34,500.00															
TIIGP2-LAO-C06	National Gender Specialist	ICS			Q1/2019	1	49,500.00															
TIIGP2-LAO-C07	International Financial Management & Procurement Specialist	ICS			15-11-18	1	71,369.00	31-Jan-19	14-Feb-19			21-Feb-19	05-Mar-19								G20085	75,000
TIIGP2-LAO-C08	National Financial Management & Procurement Specialist	ICS			15-11-18	1	23,510.00	31-Jan-19	14-Feb-19			21-Feb-19	05-Mar-19								G20086	25,000
TIIGP2-LAO-C09	International Monitoring and Evaluation Specialist	ICS			Q2/2019	1	45,500.00															
TIIGP2-LAO-C10	National Monitoring and Evaluation Specialist	ICS			Q2/2019	1	53,500.00															
TIIGP2-LAO-C11	National Internal Auditor	ICS			15-Nov-18	1	103,394.00	31-Jan-19	14-Feb-19			21-Feb-19	05-Mar-19								G20087	102,904
TIIGP2-LAO-C13	International Urban Planning and Design Specialist	ICS				1	93,920.00															
TIIGP2-LAO-C14	National Destination Management Specialist	ICS			04-Apr-19	1	57,829.00	12-Apr-19	24-Apr-19													
TIIGP2-LAO-C15	International Tourism Management and Development Specialist	ICS				1	73,880.00															
TIIGP2-LAO-C16	International Natural and Cultural Heritage Specialist	ICS				1	22,311.00															
TIIGP-LAO-C12	Tourism Experts-Variou Resource Persons	SSS			Q2/2019	40	200,000.00															
Total							5,141,109.00															1,374,904.00

Submission 1: Shortlisting of Firms and Request for Proposals (QCBS/QBS/FBS/LCS)

Submission 1: Evaluation of EOIs and RFP (CQS)

Submission 2: Evaluation of Technical Proposals (QCBS/QBS/FBS/LCS)

Submission 2-3: Technical and Financial Proposals (CQS/SSS)

Submission 3: Financial Proposals Evaluation and Overall ranking of Proposals (QCBS/FBS/LCS)

Submission 4: Draft Negotiated Contract

Submission 5: Signed Contract

Annex 7: Utilization of consulting services as of 31 March 2019

Package/Positions	Expert name	Person-Months (pm) as per PAM	Contract signing date	Original contract (total pm)	Current contract incl. variations (total pm)	Current contract closing date	Cumulative person-months utilized as of 31-Mar-19	Balance (pm)	Notes
TIIGP2-LAO-C01: Project Management and Civil Engineering Support (Firm)									
International									
1	International Civil Engineer / Co-Team Leader	54						0.00	
2	International Environmental Specialist	6						0.00	
3	International Social Safeguards Specialist (Resettlement & Indigenous People)	6						0.00	
4	International Institutional Development Specialist	4						0.00	
	Subtotal	70		0	0		0.00	0.00	
National									
1	National Lead Civil Engineer	54						0.00	
2	National Civil Engineer 1	36						0.00	
3	National Civil Engineer 2	36						0.00	
4	National Environmental Specialist	12						0.00	
5	National Social Safeguards Specialist (Resettlement & Indigenous People)	12						0.00	
6	National Institutional Development Specialist	12						0.00	
	Subtotal	162		0	0		0.00	0.00	
Capacity Building Support (Individuals)									
International									
1	TIIGP2-LAO-C02: International Tourism Specialist / Co-Team Leader	Mr Henricus Braunius PONNE	54	19-Feb-19	54	54	31-Dec-24	1.00	53.00
2	TIIG2P-LAO-C03: International Tourism Standards Specialist		8						0.00
3	TIIGP2-LAO-C05: International Gender Specialist		2						0.00
4	TIIGP2-LAO-C07: International Financial Management & Procurement Specialist	Ms Nida Azada CALMA	5	19-Feb-19	5	5	31-Dec-24	1.00	4.00
5	TIIGP2-LAO-C09: International Monitoring and Evaluation Specialist		3						0.00
	Subtotal		72		59	59		2.00	57.00
National									
1	TIIGP2-LAO-C04: National Tourism Specialist / Deputy Team Leader	Ms Phongisth DAVADING	54	19-Feb-19	54	54	31-Dec-24	1.00	53.00
2	TIIGP2-LAO-C06: National Gender Specialist		12						0.00

Package/Positions	Expert name	Person-Months (pm) as per PAM	Contract signing date	Original contract (total pm)	Current contract incl. variations (total pm)	Current contract closing date	Cumulative person-months utilized as of 31-Mar-19	Balance (pm)	Notes
3 TIIGP2-LAO-C08: National Financial Management & Procurement Specialist	Mr Kim XAISANA	6	19-Feb-19	6	6	31-Dec-20	0.00	6.00	
4 TIIGP2-LAO-C10: National Monitoring and Evaluation Specialist		12						0.00	
5 TIIGP2-LAO-C11: National Internal Auditor	Mr Somphet PHONGSVANH	0	18-Feb-19	30	30	31-Dec-24	0.00	30.00	Position included in updated procurement plan dated 9 April 2019
6 TIIGP2-LAO-C12: Tourism experts - various resource persons		0						0.00	Position included in updated procurement plan dated 9 April 2019
7 TIIGP2-LAO-C13: International Urban Planning and Design Specialist		0						0.00	Position included in updated procurement plan dated 9 April 2019
8 TIIGP2-LAO-C14: National Destination Management Specialist		0						0.00	Position included in updated procurement plan dated 9 April 2019
9 TIIGP2-LAO-C15: International Tourism Management and Development Specialist		0						0.00	Position included in updated procurement plan dated 9 April 2019
Subtotal		84		90	90		1.00	89.00	
External Auditor (Firm)									
1 External Auditor		lump sum						lump-sum	
Summary									
Total International		142		59	59		2.00	140.00	Compared to p-m in PAM
Total National		246		90	90		1.00	245.00	Compared to p-m in PAM
Grand Total		388		149	149		3.00	146.00	Compared to p-m in PAM

Annex 8: GAP implementation progress as of 31 March 2019

Project Title:	Grant 0599-LAO: Second Greater Mekong Subregion Tourism Infrastructure for Inclusive Growth Project
Country:	Lao PDR
Project No.:	49387-002
Type of Project (Loan/Grant/TA):	Grant
Approval date:	31 August 2018
Project Implementation Duration:	25 December 2018 - 31 December 2024
Gender Category:	Effective Gender Mainstreaming
Mission Leader:	Ms Phoxay Xayyavong
Project Impact:	Sustainable, inclusive, and more balanced tourism development achieved
Project Outcome:	Tourism competitiveness of secondary towns increased
Status of GAP implementation:	

	Achieved	Planned/On-going	Not achieved
9 Activities	0 (0.0 %)	9 (100.0 %)	0 (0.0 %)
23 Targets	2 (8.7 %)	20 (87.0 %)	1 (4.3 %)

<p align="center">Gender Action Plan (GAP) (GAP Activities, Indicators and Targets, Timeframe and Responsibility)</p>	<p align="center">Progress to date (as of 31 March 2019) (This should include information on period of actual implementation, sex-disaggregated quantitative updates (e.g. number of participating women, women beneficiaries of services, etc.), and qualitative information. However, some would be on-going - so explain what has happened so far towards meeting the target.</p>	<p align="center">Issues and Challenges (Please include reasons why an activity was not fully implemented, or if targets fall short, or reasons for delay, etc., and provide recommendations on ways to address issues and challenges)</p>
<p>Output 1: Urban-Rural Access Infrastructure and Urban Environmental Services Improved.</p>		
<p>1. Strengthen women's voice in project design. Target 1: Two consultations held during detailed design of each infrastructure subproject to optimize inclusiveness, gender responsiveness, and employment opportunities during and after construction.</p>	<p><u>Pre-construction consultations conducted during project preparation for C1, C2 and V5:</u> C1: Nakasang Access Road and Port Rehabilitation and C2: Don Det-Don Khone Access Improvements:</p> <ul style="list-style-type: none"> • First consultations were held in Pakse and on site in Nakasang, Don 	

	<p>Det and Don Khone on 20-21 June 2018 with participation by ADB, PCU and PIU representatives and provincial and district officials (12 par, 5 (42%) women). During site-visits ad-hoc consultations were held with locals including village headman of Ban Hangkhone, on design considerations.</p> <ul style="list-style-type: none"> • A second round of consultations focusing on design and future operation of the land fill and environmental considerations for detailed design and operation were held 17-18 October 2018 (37 par, 7 (19%) women). <p>V5: Vang Vieng Solid Waste Management Improvements:</p> <ul style="list-style-type: none"> • First consultations were held in Vang Vieng and on site at the land fill location on 19 June 2018 with participation by ADB, PCU and PIU representatives and provincial and district officials (12 par, 4 (33%) women). • A second round of consultations focusing on design and future operation of the land fill and environmental considerations for detailed design and operation were held on 13 October 2018 in Vang Vieng Town with project and government representatives (15 par, 3 (20%) women) and on site in Ban Phonvieng (38 par, 21 (55%) women). Employment opportunities for local people at the improved landfill were discussed. 	
<p>Target 2: At least 50% of people consulted are women.</p>	<p><u>Pre-construction consultations conducted during project preparation for C1, C2 and V5: 114 participants, 40 (35%) women</u></p>	

<p>2. Promote women’s economic employment and safety.</p>		
<p>Target 3: At least 500 entrepreneurs (60% women) receive SME support services (2017 baseline:0)</p>	<p>Related project activities have not yet commenced.</p>	
<p>Target 4: At least 10% of unskilled workers hired for works construction are local women (2017 baseline: ~10%).</p>	<p>Related project activities have not yet commenced.</p>	
<p>Activity 1: Contractors ensure separate access to water and sanitation facilities for women and men in construction sites and separate quarters, as well as suitable worker safety training, equipment, and clothing.</p>	<p>Related project activities have not yet commenced.</p>	
<p>Activity 2: Contractors provide gender-responsive HIV/AIDS, STI, human trafficking, and child labor exploitation prevention information to all workers.</p>	<p>Related project activities have not yet commenced.</p>	
<p>3. Improve gender design features of tourism facilities to support economic empowerment.</p>		
<p>Target 5: All women vendors return to improved market space after construction (2017 baseline: ~80% (120 women)).</p>	<p>Related project activities have not yet commenced.</p>	
<p>Target 6: At least 80% (80 women) of newly constructed shop owners/operators are women.</p>	<p>Related project activities have not yet commenced.</p>	
<p>Activity 3: Infrastructure subproject gender design features include suitable road shoulders, access for people with disabilities, public lighting, separate male and female toilets, lockable kiosks, road safety instruction, and others identified during consultations.</p>	<p><u>For detailed designs for C1, C2 and V5 prepared during project preparation:</u></p> <ul style="list-style-type: none"> • Roads are designed according to established and recent national standards and guidelines in each country • Roads and foot paths are also designed to maximize available area in the available alignments • Public lighting is included at the Vang Vieng Landfill (V5), in the Nakasang town/port improvement (C1), and on the bridge between Don Det and Don Khone (C2) • Separate areas with showers, toilets, lockers etc. for male and female 	

	<p>workers are planned for the Vang Vieng landfill subproject (V5)</p> <ul style="list-style-type: none"> • Site buildings at the Vang Vieng landfill site will be accessible for disabled, included HCWC • Road safety instructions will be a part of subsequent project phases, however the design criteria used have road safety as a key basis. • No specific issues related to gender design features were raised during the consultations with the IAs and other stakeholders. <p>For subprojects V1, V2, V3 and V4, this activity will be undertaken during detailed design.</p>	
Activity 4: Infrastructure user charges (e.g. market stall rent and waste collection fees) are affordable to male and female users.	Related project activities have not yet commenced.	
4. Ensure women’s equal participation in gender-sensitive IEC programs to mitigate tourism’s social risks.		
Target 7: 50% of IEC facilitators trained by the project are women.	Related project activities have not yet commenced.	
Target 8: At least 50% of people reached by gender-sensitive IEC campaigns are women (2017 baseline: 38% women).	Related project activities have not yet commenced.	
Activity 5: IEC materials are gender-sensitive (i.e. without gender bias/stereotypes) and published for each topic covered, e.g. (i) traffic and boating safety, (ii) HIV/AIDS prevention, (iii) human trafficking prevention and (iv) solid waste management.	Related project activities have not yet commenced.	
Output 2: Capacity to implement ASEAN Tourism Standards strengthened		
5. Promote women’s leadership.		
Target 9: At least 30% of ASEAN tourism standards certification board members and assessors are women (2017 baseline: 0).	Related project activities have not yet commenced.	
Target 10: At least 35% of ASEAN tourism standards trainers are women (2017 baseline: 0)	Related project activities have not yet commenced.	

Target 11: At least 45% of ASEAN tourism awards selection panel members are women (2017 baseline: 0).	Related project activities have not yet commenced.	
6. Promote equal access to ASEAN tourism standards training and information		
Activity 6: ASEAN tourism standards manuals translated to Lao language.	Related project activities have not yet commenced.	
Target 12: At least 40% of participants in ASEAN tourism standards training for businesses are women.	Related project activities have not yet commenced.	
Output 3: Institutional arrangements for tourism destination management and infrastructure O&M strengthened		
7. Promote gender balanced project management.		
Target 13: Women comprise at least 30% of project steering committee members (2017 baseline: ~25% (4 women))	Not achieved. The National Project Steering Committee consists of 7 members, out of which 2 (29%) are women	
Target 14: Women hold 30% of project director and deputy director positions (2017 baseline: 20%).	Achieved. Among the PCU and four PIU Directors and Managers (10 persons in total), 2 directors and 1 manager are women (30%).	
Target 15: At least 40% of overall PCU and PIU staff positions are held by women (2017 baseline: 34%).	Achieved. Among the 29 PCU and PIU staff, 13 (45%) are women	
Target 16: At least 30% of PCU and PIU staff that attend technical and project management training are women.	Related project activities have not yet commenced.	
8. Promote women's representation in destination management and infrastructure O&M entities.		
Target 17: DMO managers comprise at least 30% women (2017 baseline: ~30%).	Existing DMOs will be restructured and new DMOs established during Q2-3 2019	
Target 18: Women comprise at least 40% of total DMO membership (2017 baseline: ~30%).	Existing DMOs will be restructured and new DMOs established during Q2-3 2019	
Target 19: At least 30% of 150 public works and tourism site managers (60 Cambodian and 90 Lao) are women, with skills, equipment, and budget needed to effectively develop and implement tourism management plans and infrastructure O&M (2017 baseline: 0) Note: target for Laos is 30% of 90 public works and tourism site managers.	Related project activities have not yet commenced.	
Target 20: Community tourism groups involving women and youth (at least 40% women and girls membership) are established or strengthened in all sites with community-managed tourist attractions.	Community tourism groups have not yet been established.	

<p>Target 21: At least 50% of participants in tourism-related service training are women (2017 baseline: ~70%).</p>	<p>Related project activities have not yet commenced.</p>	
<p>9. Improve gender mainstreaming capacity to implement and monitor the GAP and report gender impacts.</p>		
<p>Target 22: 50% of 18 gender focal persons appointed to PCUs, PMUs, and PIUs are men.</p> <p>Note: for Lao PDR, 10 gender focal persons will be appointed. Two for each of PCU and 4 PIUs (one male and one female).</p>	<p>Gender focal points will be appointed during Q2/3 2019.</p>	
<p>Activity 7: Gender specialists and social development consultants provide gender equality training and GAP implementation training to all project supervision, management, and coordination entities.</p>	<p>Consultants not yet recruited/mobilized. Planned for Q2/3 2019.</p>	
<p>Activity 8: GAP targets and actions are reflected in annual project work plans and reported in quarterly progress reports.</p>	<p>The first annual project workplan (2019) includes an activity to review the project's overall Gender Action Plan and prepare province-specific gender action plans, which will be undertaken with the assistance of the international and national gender specialists and PCU and PIU gender focal points, which will be appointed prior to implementing this activity, ensuring 50% of the focal points are men (target 22). Specific GAP targets and actions will be incorporated in subsequent project workplans.</p>	
<p>Activity 9: PPMS includes sex-disaggregated indicators and templates to track GAP progress, implementation, and project benefits.</p>	<p>PPMS preparation will commence in Q3 2019.</p>	
<p>Target 23: At least 3 human impact stories on GAP implementation, including women's understanding of, and satisfaction with project design, and improved economic opportunities are documented for publication.</p>	<p>Too premature to develop human impact stories.</p>	

Annex 9: Status of compliance with Grant Covenants as of 31 March 2019

Item	Covenants	Status of Compliance
	Grant Agreement Article IV: Particular Covenants	
1	Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Recipient shall perform, or cause to be performed, all obligations set forth in Schedule 4 to this Grant Agreement.	Being complied with.
2	Section 4.02. (a) The Recipient shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with financial reporting standards acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report, which includes the auditors' opinion(s) on the financial statements and the use of the Grant proceeds, and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.	Being complied with. <ul style="list-style-type: none"> • PCU and PIUs maintain separate accounts and records for the Project • PCU prepares annual financial statements for the Project • MICT will recruit a qualified external auditor. The first annual external audit of the consolidated project financial statements will be undertaken, and the audited project financial statements together with the auditor's opinion, is due for submission to ADB within 6 months from the end of project Year 1 (2019), 30 June 2020.
3	Section 4.02. (b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.	To be complied with. The first annual audited financial statements for the Project are due for submission to ADB by 30 June 2020.
4	Section 4.02. (c) The Recipient shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Recipient's financial affairs where they relate to the Project with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Recipient, unless the Recipient shall otherwise agree.	To be complied with.
5	Section 4.03. The Recipient shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.	To be complied with.
	Grant Agreement Schedule 4	
6	<u>Implementation Arrangements</u> The Recipient shall ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Recipient and ADB. In the event of any discrepancy between the PAM and this Grant Agreement, the provisions of this Grant Agreement shall prevail.	Being complied with.
7	<u>Environment</u> The Recipient shall ensure that the preparation, design, construction, implementation, operation and decommissioning of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Recipient relating to environment, health and safety; (b) the Environmental Safeguards; and (c) all measures and requirements set forth in the IEE, the EMPs, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.	Being complied with.

Item	Covenants	Status of Compliance
8	<p><u>Land Acquisition and Involuntary Resettlement</u> The Recipient shall ensure that all land and all rights- of-way required for the Project are made available to the Works contractor in accordance with the schedule agreed under the related Works contract and all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of the Recipient relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; and (c) all measures and requirements set forth in the RP, and any corrective or preventative actions set forth in the Safeguards Monitoring Report. Without limiting the application of the Involuntary Resettlement Safeguards or the RP, the Recipient shall ensure that no physical or economic displacement takes place in connection with the Project until: (a) compensation and other entitlements have been provided to affected people in accordance with the RP; and (b) a comprehensive income and livelihood restoration program has been established in accordance with the RP.</p>	To be complied with.
9	<p><u>Indigenous Peoples</u> The Recipient shall ensure that the preparation, design, construction, implementation and operation of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Recipient relating to indigenous peoples; (b) the Indigenous Peoples Safeguards; and (c) all measures and requirements set forth in the IPP, and any corrective or preventative actions (i) set forth in a Safeguards Monitoring Report, or (ii) subsequently agreed between ADB and the Recipient.</p>	To be complied with.
10	<p><u>Human and Financial Resources to Implement Safeguards Requirements</u> The Recipient shall make available necessary budgetary and human resources to fully implement the EMPs, the RP and the IPP.</p>	To be complied with.
11	<p><u>Safeguards - Related Provisions in Bidding Documents and Works Contracts</u> The Recipient shall ensure that all bidding documents and contracts for Works contain provisions that require contractors to: (a) comply with the measures relevant to the contractor set forth in the IEE, the EMPs, the RP and the IPP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set forth in a Safeguards Monitoring Report; (b) make available a budget for all such environmental and social measures; (c) provide the Recipient with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during' construction, implementation or operation of the Project that were not considered in the IEE, the EMPs, the RP and the IPP; (d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and (e) reinstate pathways, other local infrastructure, and agricultural land to at least their pre- project condition upon the completion of construction.</p>	Being complied with.

Item	Covenants	Status of Compliance
12	<p><u>Safeguards Monitoring and Reporting</u> The Recipient shall do the following: (a) submit semi- annual Safeguards Monitoring Reports to ADB and disclose relevant information from such reports to affected persons promptly upon submission; (b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMPs, the RP and the IPP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and (c) report any actual or potential breach of compliance with the measures and requirements set forth in the EMPs, the RP or the IPP promptly after becoming aware of the breach.</p>	<p>To be complied with.</p> <p>First semi-annual Safeguards Monitoring Report due for submission to ADB by 31 January 2020 (covering project quarters 3 and 4).</p>
13	<p><u>Prohibited List of Investments</u> The Recipient shall ensure that no proceeds of the Grant are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.</p>	<p>Being complied with.</p>
14	<p><u>Labor Standards, Health and Safety</u> The Recipient shall ensure that the core labor standards and the Recipient's applicable laws and regulations are complied with during Project implementation. The Recipient shall include specific provisions in the bidding documents and contracts financed by ADB under the Project requiring that the contractors, among other things: (a) comply with the Recipient's applicable labor law and regulations and incorporate applicable workplace occupational safety norms; (b) do not use child labor; (c) do not discriminate workers in respect of employment, sex and occupation; (d) do not use forced labor; (e) allow freedom of association and effectively recognize the right to collective bargaining; and (f) disseminate, or engage appropriate service providers to disseminate, information on the risks of sexually transmitted diseases, including HIV/AIDS, to the employees of contractors engaged under the Project and to members of the local communities surrounding the Project area, particularly women. The Recipient shall strictly monitor compliance with the requirements set forth in paragraph 10 above and provide ADB with regular reports.</p>	<p>Being complied with.</p>
15	<p><u>Gender and Development</u> The Recipient shall ensure that (a) the GAP is implemented in accordance with its terms; (b) the bidding documents and contracts include relevant provisions for contractors to comply with the measures set forth in the GAP; (c) adequate resources are allocated for implementation of the GAP; (d) progress on implementation of the GAP, including progress toward achieving key gender outcome and output targets, are regularly monitored and reported on quarterly basis to ADB; and (e) key gender outcome and output targets include: (i) 30% of the overall staff positions and 40% of the management positions in the PCU and PIUs to be filled by women; (ii) appointment of gender focal points in the PCU and each PIU; (iii) at least 40% of training participants under the Project are women; and (iv) disaggregation of all monitoring and evaluation (M&E) data by sex and ethnicity.</p>	<p>To be complied with.</p> <ul style="list-style-type: none"> • International and National Gender Specialists (individual consultants) will be recruited in Q2 and mobilized in Q3. • GAP monitoring and reporting will be integrated into the PPMS • Updated GAP monitoring table will be attached to quarterly reports.

Item	Covenants	Status of Compliance
16	<p><u>Counterpart Support</u> The Recipient shall: (a) through the Project Executing Agency, ensure that counterpart funds for Project implementation are available on time; and (b) ensure that the Project Executing Agency has sufficient funds to satisfy its liabilities arising from any Works, Goods and Consulting Services contract.</p> <p>The Recipient shall (a) through the Project Executing Agency cause each Participating Provinces, prior to their physical completion, prepare and adopt a plan for achieving full cost recovery of the operation and maintenance expenditures of each Project facility within their province; and (b) finance through budget allocation any shortfall in the operation and maintenance of the Project facilities within each Participating Province.</p>	Being complied with.
17	<p><u>Consultation with Stakeholders</u> The Recipient shall ensure that consultation with the Project stakeholders takes place during Project implementation, in accordance with the stakeholder communication strategy set out in the PAM.</p>	Being complied with.
18	<p><u>Governance and Anticorruption</u> The Recipient shall (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.</p> <p>The Recipient shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.</p>	Being complied with.