

Project Administration Manual

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Lao People's Democratic Republic: Second Greater
Mekong Subregion Tourism Infrastructure for
Inclusive Growth Project

ABBREVIATIONS

ADB	–	Asian Development Bank
ASEAN	–	Association of Southeast Asian Nations
CBO	–	community based organization
CBS	–	capacity building support
CLV	–	Cambodia, Lao PDR and Viet Nam
CPP	–	consultation and participation plan
CTG	–	Community tourism group
DICT	–	Department of Information, Culture and Tourism
DMF	–	design and monitoring framework
DMN	–	destination management network
DMP	–	destination management plan
DMS	–	detailed measurement survey
DPWT	–	Department of Public Works and Transport
EA	–	executing agency
EM	–	ethnic minority
EMP	–	environmental management plan
EU	–	European Union
FMA	–	financial management assessment
GAP	–	gender action plan
GIZ	–	Deutsche Gesellschaft für Internationale Zusammenarbeit
GMS	–	Greater Mekong Subregion
HIV	–	Human Immunodeficiency Virus
IA	–	implementing agency
ICB	–	international competitive bidding
IEE	–	initial environmental examination
IPP	–	indigenous peoples plan
Lao PDR	–	Lao People's Democratic Republic
LFP	–	local focal points
MICE	–	meetings, incentives, conferences and exhibitions
MICT	–	Ministry of Information, Culture and Tourism
MOF	–	Ministry of Finance
MPWT	–	Ministry of Public Works and Transport
MSME	–	micro, small, and medium-sized enterprise
MTCO	–	Mekong Tourism Coordinating Office
NCB	–	national competitive bidding
NPSC	–	national project steering committee
NTO	–	national tourism organization
O&M	–	operations and maintenance
PAM	–	project administration manual
PPP	–	public-private partnership
PMCES	–	project management and civil engineering support
PPMS	–	project performance management system
QCBS	–	quality- and cost-based selection
RP	–	resettlement plan
RRP	–	report and recommendation of the President
SME	–	small and medium-sized enterprises
SOE	–	statement of expenditure
SPS	–	Safeguard Policy Statement
TOR	–	terms of reference
TWG	–	Tourism Working Group
UDAA	–	Urban Development Administration Authority
UNESCO	–	United Nations Educational, Scientific and Cultural Organization
WA	–	withdrawal application

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Project Administration Manual Purpose and Process

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

The Ministry of Information, Culture and Tourism (MICT) and the Departments of Information, Culture and Tourism (DICT) of Champasak, Luang Prabang and Vientiane Provinces are wholly responsible for the implementation of ADB-financed projects, as agreed jointly between the borrower and ADB, and in accordance with the policies and procedures of the government and ADB. ADB staff is responsible for supporting implementation including compliance by MICT and DICTs of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

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

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

I. PROJECT DESCRIPTION

A. Rationale

1. The project will 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.

B. Impact and Outcome

2. 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.

C. Outputs

3. 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.

4. Output 1 infrastructure subprojects selection followed these criteria: (i) compatibility with national and regional tourism policy and strategy; (ii) potential for significant increases in tourism arrivals and receipts; (iii) opportunity to overcome existing tourism access infrastructure constraints; (iv) opportunity for upgrading environmental services in subproject area; (v) opportunity for poverty alleviation; (vi) opportunities for community investment; (vii) opportunities for private sector investment; (viii) minimal resettlement and/or land acquisition (i.e. category B or lower); (ix) low environmental impacts (i.e. category B or lower); and (x) indicative cost estimate is at least \$3.0 million.

5. **Output 1: Urban-Rural Access Infrastructure and Urban Environmental Services Improved.** This output will upgrade transport infrastructure and improve environmental conditions at tourist destinations to boost tourist arrivals and receipts and catalyze additional private investment in accommodations and other tourism-related enterprises. It includes the following components:

a. Champasak Province

6. Nakasang Access Road and Port Rehabilitation. Nakasang port is about 5 km north of the Lao PDR–Cambodia border and a key entry point to the “4,000 islands” tourism area. In 2016 there were 5,760 boat trips with 138,833 passengers. Forecast suggest ferry trips could reach 9,144 in 2026 with 220,401 passengers. The port and access road are linked to National Road 13, but in poor condition and susceptible to flooding. Drainage and sanitation arrangements are also unsustainable. The subproject will address these problems by (i) reconstructing the 3.3 km access road with concrete paving (6 m carriageway) and side drains, including a turning area for buses; (ii) reinforcing 45 m of riverbank protection with concrete;

(iii) improving footpaths and ramps to floating river pontoons to provide safer passenger access; (iv) diverting the main drainage outlet (1,000 mm diameter) 15 m downriver; and (v) reconstruct the 60m riverside path (3m wide). The subproject will directly benefit 1,641 Nakasang residents, 228 boat operators, and about 100 vendors in Nakasang market.

7. Don Det-Don Khone Access Improvements. Don Det and Don Khone Islands are part of the 4,000 islands, located 145 km south of Pakse. In 2016 there were 203,055 visitors and this could increase to 322,355 in 2026. The island's narrow gravel/dirt roads are dusty during the dry season and become muddy, unsanitary tracks in the rainy season. The subproject will improve the situation by (i) paving the main 11 km network of 3 m wide access roads and passing bays with concrete; (ii) pave the 780 m² vehicle parking area that serves the island ferry ports; (iii) improve cycle track/footpaths with gravel; and (iv) install public lighting and safety rails on the old railway bridge linking Don Det and Don Khone islands. The subproject will directly benefit 1,240 Don Det and 1,345 Don Khone residents, including more than 82 locally owned hotels and guesthouses.

b. Vientiane Province

8. Nam Ngum Reservoir Access Improvements. Nam Ngum Reservoir recreation area (7.5ha) is in Keo Udom District, Vientiane Province, 90 km north of Vientiane Capital. An existing road connects the site to national road 10. Visitor arrivals reached 51,701 in 2016, but this is far below capacity. The site is significantly underused and lacking safe, attractive public facilities, quality tourism services, parking, and proper waste management and sanitation. The subproject will address this situation by (i) improving the existing public marina to safely accommodate 50-60 local tour boats and launch small recreational vessels, e.g. kayaks and sailboats; (ii) construct a 5.9 km, 6m wide loop road linked to National Road 10 to DBST paving, and 1,200 m² parking area; (iii) redevelop unsanitary and poorly constructed market stalls and small shops/restaurants into new 3,860 m² public market and shophouses that incorporate traditional Lao architectural design; (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. The subproject will supply 2-3 electric passenger vehicles for transfers from the parking area to the marina, to be operated under a private management contract. The subproject will benefit 1,600 people living in nearby Ban Sengsavang and is expected to catalyze significant tourism related investment at the site.

9. Kaeng Yui Waterfall Access Improvements. The Kaeng Yui Waterfall is 6 km east of Vang Vieng, one of Lao PDR's major tourist attractions that received about 183,000 visitors in 2016. It is accessed via a dirt road linked to National Highway 13 and managed by Ban Naduang, which also operates homestay facilities. Visitor numbers rose from 23,940 in 2015 to 32,050 in 2016 and could reach 53,994 in 2026. Key risks to growth are poor access and the lack of facilities at the waterfall. To overcome these constraints the subproject will (i) upgrade the 6-km waterfall access road to concrete pavement, with a 6m carriageway and drainage; (ii) level and pave the 875 m² parking area with gravel; (iii) improve surfacing and drainage in the waterfall market area; and (v) improve 300m footpaths, including rehabilitation of steps, small suspension bridges, and signage. The subproject will directly benefit 873 persons in Ban Naduang and additional 2,580 persons living along the improved access road.

10. Western Loop Rural Access Road and Bridge Improvements. The subproject area is west of Vang Vieng Town and includes a 26-km scenic loop road with karst mountains, caves, rivers and natural springs, many of which are community managed. Tourist arrivals are rising, but only at two sites closest to town. In 2016 arrivals totaled about 80,000 and this could reach 130,000 in 2026 if road and bridge access is improved. The subproject will therefore (i) upgrade the 26 km "Western Loop Road" to DBST paving, with 6m carriageway and drainage in village areas; (ii) construct a new 2-lane 80m road bridge across the Xong River south of

town, with 2 km concrete feeder road connecting it to the Western Loop Road and the town center; and (iii) provide bio-engineered river bank protection and improve the footpath/cycle track along the west bank of the Xong River. The subproject will benefit about 9,500 people living in 11 villages alongside the road and relieve urban congestion for 59,661 Vang Vieng residents.

11. Vang Vieng Urban Renewal. The subproject area includes most streets and lanes in Vang Vieng' central and southern precincts. The area has the largest concentration of commercial space and tourists, which are expected to rise from 183,000 in 2016 to 312,565 in 2026. Currently, the area is congested, not pedestrian friendly, and lacks parking and adequate drainage. The subproject will address this situation by (i) rehabilitating 4.0 km of footpaths with suitable surfaces, street lighting, seating and soft landscaping; (ii) installing traffic calming measures in streets with high concentrations of tourists; (iii) improving traffic management, including one-way traffic flows and shared surface concepts (1.5 km); and (iv) resurfacing roads and improving drains in residential areas (1.0 km). The subproject will benefit 4,051 residents (Ban Savang, Ban Vieng Keo and Ban Mueang Xong), tourists, and 143 hotels/guest houses and 126 shops/restaurants.

12. Vang Vieng Solid Waste Management Improvements. Vang Vieng's urban and peri-urban population is increasing by 4.5% per year and could reach 31,000 by 2020. Forecasts suggest that Vang Vieng's visitor arrivals could increase to more than 230,000 the same year. The existing arrangements for solid waste management are unable to meet rising demand created by rapid urban growth and tourism. Consequently, only about 28% of Vang Vieng's 4,800 urban and peri-urban households have access to reliable waste collection services. This leads to public health hazards for residents and visitors. The subproject will address these problems by developing a managed landfill site 10 km south of the town on public land already being used as an open dumpsite and expanding coverage of waste collection services to 80% (3,840 households). Subproject components include: (i) preparatory earthworks and installation of a perimeter runoff interceptor drainage system; (ii) construction of an cells up to 725,000 cubic meters with impermeable liner, leachate collection/treatment system, and a landfill gas recovery system; (iii) construction of a small materials recovery facility for waste separation and recycling; (iv) construction of a medical waste treatment area; (v) construction of a septage treatment facility (0.5ha); and (vi) construction of site office, toilets, and fencing. The landfill access road (0.8 km) will be paved with concrete (6m carriageway and verges) to accommodate collection trucks and other vehicles. On-site equipment will include 3 new 10 cubic meter collection trucks, bulldozer, and two vacuum trucks to support septage collection. Sanitation and waste management awareness programs will be supported under output 3 capacity building programs. The subproject will benefit 59,661 residents in Vang Vieng District and 143 hotels and guesthouses.

13. **Output 2: Capacity to implement ASEAN Tourism Standards strengthened.** Output 2 will: (i) support the ASEAN Tourism Standards national implementation by establishing and strengthening certification bodies and assessment frameworks, promoting and facilitating adoption of the standards by the tourism sector, and establishing sustainable financing mechanisms; and (ii) support the implementation of selected ASEAN Tourism Standards and the ASEAN Sustainable Tourism Awards. This output builds on and complements initial work undertaken for ASEAN Tourism Standards in Lao PDR under the first GMS Tourism Infrastructure for Inclusive Growth Project (2014-2019), the New Zealand-financed Lao Tourism Support Activity (2015-2020), and the EU-funded GIZ Luang Prabang – Handle with Care project (2016-2019)¹.

¹ Part of GIZ's Regional Economic Integration of Laos into ASEAN - Trade and Entrepreneurship Development (RELATED) Project

14. The project will directly support the following standards: (i) ASEAN Clean Tourist City Standard; (ii) ASEAN Public Toilet Standard; (iii) ASEAN Green Hotel Standard; (iv) ASEAN Homestay Standard; and (vii) ASEAN Community-based Tourism Standard. The project will assist Luang Prabang, Pakse and Vang Vieng attain the ASEAN clean tourist city standard and the ASEAN Public Toilet Standard. Attention will be given to solid waste management, including: (i) awareness raising among the local population, tourism service providers, and tourists about environmental protection and cleanliness, (ii) enactment and enforcement of environmental regulations (including on solid waste management), (iii) availability and maintenance of garbage collection bins; (iv) coverage and frequency of solid waste collection services; (v) and recycling promotion.

15. MICT will develop policy incentives and market the standards to drive demand, conduct assessor training and standards audits, advise service providers how to correct deficiencies, certify businesses and destinations, and monitor compliance. This will include marketing and business advisory support for businesses that meet the standards.

16. National ASEAN Tourism Standards adaptation. This activity will review the status of adapting ASEAN Tourism Standards to the national context, and facilitate standards translation, adaptation, and approval by the relevant national authorities. This includes criteria and assessment frameworks. The process will involve consultation with public and private stakeholders, including the ASEAN Secretariat and other ASEAN countries.

17. Establishment of certification bodies and processes. This activity will facilitate establishment and build capacity of national/provincial certification bodies for selected ASEAN Tourism Standards. It includes: (i) establishing and equipping certification bodies; (ii) preparing guidelines and manuals for certification processes; (iii) developing sustainable financing mechanisms for promotion, assessment and certification activities; and (iv) training certification body members on certification processes. The process involves consultation with public and private stakeholders, including the ASEAN Secretariat and other countries, to review and identify good practices. The feasibility of forming public-private partnerships to carry out assessments will also be explored.

18. Assessor training. This activity will: (i) train national master trainers; (ii) train national and provincial trainers; and (iii) train national and/or provincial assessors for selected ASEAN Tourism Standards. Training master trainers may involve participation in regional training programs and activities organized by the ASEAN Secretariat or other ASEAN member countries. The training of national/provincial trainers and assessors will involve on-site assessments.

19. ASEAN Tourism Standards promotion. This activity will promote ASEAN Tourism Standards for public, private, and community-based tourism service providers to increase awareness about the standards, their benefits, and expand certification. This will involve the social marketing to promote the standards among national/provincial authorities, tourism business associations and other service provider networks, and the establishment of a national online resource center.

20. Implement ASEAN Tourism Standards and the ASEAN Sustainable Tourism Awards. This activity will support standards implementation in project areas and the ASEAN Sustainable Tourism Awards. Actions identified in Destination Management Plans prepared under Output 3 will be prioritized. This activity supports consultations, surveys, awareness and training activities, planning, policy and regulation development, equipment, assessment and certification, knowledge management and monitoring to complement Output 1 infrastructure.

21. Table 1 lists Output 2 activities and sub-activities with expected results.

Table 1: Output 2 Activities and Expected Results

	Activity	Expected result
2.1	National ASEAN Tourism Standards adaptation	
<u>2.1.1</u>	<u>Translation</u>	
2.1.1.1	Translate ASEAN Tourism Standards into national language	<ul style="list-style-type: none"> ASEAN Tourism Standards are available in Lao language
<u>2.1.2</u>	<u>Adaptation</u>	
2.1.2.1	Adapt ASEAN Tourism Standards to national context	<ul style="list-style-type: none"> ASEAN Tourism Standards are adapted to national context
2.1.2.2	Meetings with public and private stakeholders, and ASEAN Secretariat and lead-countries as needed	
<u>2.1.3</u>	<u>Approval</u>	
2.1.3.1	Facilitate official approval of adapted standards	<ul style="list-style-type: none"> ASEAN Tourism Standards, adapted to national context, are approved by the relevant authority ready for implementation
2.2	Establishment of certification bodies and processes	
<u>2.2.1</u>	<u>Establishment of national and provincial certification bodies</u>	
2.2.1.1	Organize meetings related to formation of national and provincial certification bodies	<ul style="list-style-type: none"> National and provincial certification bodies for all selected ASEAN Tourism Standards are formally established and are equipped
2.2.1.2	Procure equipment for certification bodies	
<u>2.2.2</u>	<u>Review, updating and preparation of national guidelines and manuals for certification processes</u>	
2.2.2.1	Organize meetings to review existing and develop approaches for new guidelines and manuals and to develop and agree on sustainable financing mechanisms for ongoing assessment and certification	<ul style="list-style-type: none"> Guidelines, manuals and assessment tools for certification processes in prepared, approved and published (in print and online) for all selected ASEAN Tourism Standards
2.2.2.2	Prepare and facilitate approval of guidelines and manuals	<ul style="list-style-type: none"> Sustainable financing mechanisms for ongoing promotion, assessment and certification activities in place
2.2.2.3	Create paper-based and/or online assessment and reporting tools	
2.2.2.4	Publish (in print and online) guidelines and manuals	
<u>2.2.3</u>	<u>Capacity building for certification bodies</u>	
2.2.3.1	Design training program on certification processes for national and provincial certification bodies	<ul style="list-style-type: none"> Certification body members are effectively managing the certification bodies and processes for all selected ASEAN Tourism Standards.
2.2.3.2	Conduct training on certification processes for national and provincial certification bodies	
2.3	Assessor training	
<u>2.3.1</u>	<u>Training program design</u>	
2.3.1.1	Design comprehensive standard-specific training packages for: (i) national master trainers; (ii) national and provincial trainers; and (iii) national and provincial assessors	<ul style="list-style-type: none"> Comprehensive training packages developed
<u>2.3.2</u>	<u>Training program implementation</u>	
2.3.2.1	Implement standard-specific training programs for national master trainers	<ul style="list-style-type: none"> Body of national master training established and trained for all selected ASEAN Tourism Standards
2.3.2.2	Implement standard-specific training programs for national and provincial trainers, including master-trainer supervised on-site trial assessments	<ul style="list-style-type: none"> National and provincial trainers are trained for all selected ASEAN Tourism Standards
2.3.2.3	Implement standard-specific training programs for national and provincial assessors, including trainer supervised on-site trial assessments	<ul style="list-style-type: none"> National and provincial assessors can carry out assessments in accordance with the guidelines and manuals using the approved assessment tools

Activity		Expected result
2.4	ASEAN Tourism Standards promotion	
<u>2.4.1</u>	<u>Preparation of promotional materials</u>	
2.4.1.1	Produce print and electronic promotional materials for selected ASEAN Tourism Standards targeting public sector, private sector and communities	<ul style="list-style-type: none"> Comprehensive set of print and online promotional materials for selected ASEAN Tourism Standards prepared and disseminated to relevant public and private sector organizations and communities
<u>2.4.2</u>	<u>Promotional activities</u>	
2.4.2.1	Conduct promotional activities targeting national and/or provincial authorities, tourism business associations and other service provider networks	<ul style="list-style-type: none"> Relevant public and private sector organizations and communities are aware of the ASEAN Tourism Standards, their benefits, application and assessment processes.
<u>2.4.3</u>	<u>Establishment of an online resource center</u>	
2.4.3.1	Establish an ASEAN Tourism Standards website containing general information about the standards, promotional materials, downloadable versions of the adapted standards and detailed, step-by-step instructions about how to apply for certification, in Lao and English	<ul style="list-style-type: none"> ASEAN Tourism Standards website established and populated with relevant content in Lao and English
2.5	Implement ASEAN Tourism Standards and the ASEAN Sustainable Tourism Awards	
<u>2.5.1</u>	<u>Preparation of detailed implementation plans</u>	
2.5.1.1	Support DMNs and other relevant authorities to jointly prepare implementation plans for ASEAN Tourism standards, identifying for each activity required public and private sector investment (ASEAN Clean City Standard and ASEAN Public Toilet Standard)	<ul style="list-style-type: none"> Detailed plans for the implementation of selected ASEAN Tourism Standards in specific tourism destinations and sites prepared and approved
<u>2.5.2</u>	<u>Implementation support</u>	
2.5.2.1	Support to relevant government departments to implement actions identified in the plans requiring public sector investment, including assessing service providers	<ul style="list-style-type: none"> Public sector-aspects of implementation plans implemented
2.5.2.2	Equipment for actions identified in the plans requiring public sector investment	
2.5.2.3	Support the running of the biennial ASEAN Sustainable Tourism Awards	<ul style="list-style-type: none"> ASEAN Sustainable Tourism Awards are organized biannually boosting awareness about and implementation of the standards

ASEAN = Association of Southeast Asian Nations; DMF = Design and monitoring framework; DMN = Destination Management Network.

22. Output 3: Institutional capacity for tourism destination management and infrastructure O&M strengthened. This output will: (i) build capacity among public and private stakeholders in the tourism sector to sustainably develop, manage, and market tourist destinations; and (ii) build capacity for infrastructure operation and maintenance (O&M) through the preparation of O&M plans and training to implement the plans.

Capacity building for tourism destination management

23. This component promotes cooperation among public and private sectors to sustainably develop, manage, and market tourist destinations. It will complement output 1 infrastructure subprojects, output 2 ASEAN Tourism Standards implementation, and the ADB GMS Tourism Infrastructure for Inclusive Growth Project (2014-2019), by strengthening the capacity of destination management networks (DMNs) to prepare and implement national and subnational destination management plans (DMPs). DMP implementation will be facilitated through: (i) support for public sector actions such as policy enhancements, industry standards

and regulations development, tourism master planning, destination marketing and promotion, and cultural and natural heritage interpretation; and (ii) support for tourism-related SMEs to implement DMP actions.

24. Destination management organization institutional strengthening. This activity will establish and strengthen frameworks for joint public-private destination planning, and strengthen policies and procedures needed to ensure the effective implementation of DMPs. It will train DMN members to jointly coordinate Output 2 and 3 activities and raise destination management practices to international standards.²

25. Destination management plan preparation. This activity will support and build capacity within DMNs to strengthen/develop comprehensive destination management plans (DMPs). DMPs will align with relevant tourism strategies and master plans, articulating different public, private and community stakeholder roles, a logical sequence of activities, and resource requirements for implementation and monitoring.

26. Policy, regulation and master planning support. This activity will support DMNs to: (i) identify and analyze policy issues affecting the destination's image and hindering performance, such as issues related to the tourism business enabling environment and tourist safety and security; and develop/adopt recommendations to address these; (ii) facilitate standards development and regulations for various types of tourism activities and services, where appropriate in alignment and with technical support from international tourism standards and certification systems³; and (iii) prepare tourism master plans for selected tourist sites/destinations.

27. Destination marketing and promotion support. This activity will support destination marketing and promotion, with a strong emphasis on public-private collaboration. It includes support for market research, branding, print and online promotion, including the use of social media, familiarization programs, and participation in tourism forums and trade events. Training for DMN members, including implementation of ASEAN guidelines for promotional materials, will also be provided.

28. Heritage interpretation support. This activity will support DMNs to carry out: (i) cultural and natural heritage research and interpretation, including the development of heritage trails, signage, leaflets, guidebooks, maps and digital interpretation; and (ii) heritage guide training.⁴ Priority will be given to joint public-private initiatives.

29. Tourism-related SME development. This activity will provide tourism-related SMEs in the project target areas with: (i) business planning, management and marketing training; (ii) hospitality services training; (iii) support for product diversification, quality and safety enhancement; (iv) equipment to improve hospitality services and product quality and safety; and (v) tourism marketing and business networking. DMNs will review and endorse activity proposals based on selection criteria to be agreed between MICT and ADB during the inception mission. Activities will be implemented by tourism business associations where feasible.

30. Establish and maintain internet-based tourism knowledge repositories. This activity will support DMNs to establish Internet-based tourism knowledge repositories, including lists of DMN members and contact details, approved DMPs, DMN meeting reports, training materials,

² See World Tourism Organization. (2007). A Practical Guide to Tourism Destination Management. Madrid.

³ Such as the Global Sustainable Tourism Council, <https://www.gstcouncil.org/>, Travelife, <http://www.travelife.org>, and EarthCheck. <http://earthcheck.org>.

⁴ Using the UNESCO Cultural Heritage Specialist Guide Training Programme curriculum where relevant.

opportunities for financial and technical support, tourism statistics, and brand-related artwork, photo libraries, and standard copy promotional materials.

Capacity building for infrastructure O&M

31. Develop infrastructure O&M plans with sustainable finance mechanisms. This activity will facilitate preparation of O&M plans for all output 1 infrastructure, incorporating (i) preventative, regular, and emergency maintenance procedures; (ii) O&M staffing and training needs; (iii) administrative requirements; (iv) monitoring requirements and procedures; (v) sustainable income generating mechanisms to finance O&M (e.g. environmental charges or tourist entry fees); (vi) opportunities for public-private partnerships; and (vii) financial management procedures.

32. Facilitate public-private partnership for operations and maintenance. This activity will: (i) prepare feasibility studies for operation of public tourist facilities and ancillary services that having potential to be privately managed under public-private partnerships (PPP); and (ii) establishing service contracts, management contracts, and/or lease contracts with private entities through public tender.

33. Infrastructure O&M training. This activity will develop and implement training activities for organizations responsible for infrastructure O&M, including government and private entities. Training will be tailored to the specific needs of each respective organization. Specific attention will be given to optimizing private sector involvement.

34. Table 2 lists Output 3 activities and sub-activities with specific expected results and identifies the target destinations for each activity.

Table 2: Output 3 activities, expected results and target destinations

	Activity	Expected result	Target destination
3.1	Destination Management Network Institutional Strengthening		
3.1.1	Establishment of DMNs		
3.1.1.1	Organize meetings with public and private sector stakeholders to form (or reinvigorate existing) destination management networks (DMNs), establish taskforces and DMN secretariats as needed	<ul style="list-style-type: none"> ▪ DMNs and taskforces established, operational, equipped and sustainably financed 	<ul style="list-style-type: none"> ▪ Lao PDR (national level) ▪ Southern Laos ▪ Luang Prabang Province ▪ Vientiane Province
3.1.1.2	Procure equipment for DMN secretariats		
3.1.2	Capacity building of DMN members		
3.1.2.1	Conduct training for DMN members on destination management international good practice	<ul style="list-style-type: none"> ▪ DMN members have the skills and knowledge to contribute to the development and effective implementation of the DMPs 	<ul style="list-style-type: none"> ▪ Lao PDR (national level) ▪ Southern Laos ▪ Luang Prabang Province ▪ Vientiane Province
3.1.2.2	Facilitate foreign language training for public sector DMN members	<ul style="list-style-type: none"> ▪ DMN members are enabled to perform the tasks within their responsibility that require the use of foreign language 	<ul style="list-style-type: none"> ▪ Lao PDR (national level) ▪ Southern Laos ▪ Luang Prabang Province ▪ Vientiane Province
3.1.2.3	Support public sector DMN members to pursue post-graduate degrees in destination management related subjects	<ul style="list-style-type: none"> ▪ DMN capacity strengthened through enhanced educational levels of its members 	<ul style="list-style-type: none"> ▪ Lao PDR (national level)
3.2	Destination Management Plan Preparation		
3.2.1	Review and updating of existing and prepare new DMPs		

	Activity	Expected result	Target destination
3.2.1.1	Through the DMN mechanism and in consultation with other stakeholders, draft new/updated DMPs, including actions plans, identification of roles and responsibilities of public and private sectors and resource requirements and sources, and translate and disseminate DMPs to all members and online	<ul style="list-style-type: none"> ▪ DMPs with clearly defined actions plans, identification of roles and responsibilities of public and private sectors and resource requirements and sources, endorsed by all members and other stakeholders in Lao and English 	<ul style="list-style-type: none"> ▪ Lao PDR (national level) ▪ Southern Laos ▪ Luang Prabang Province ▪ Vientiane Province
3.3 Policy, Regulation and Master Planning Support			
3.3.1 Policy intervention			
3.3.1.1	Support DMN policy task force meetings and research to identify policy issues affecting the tourism industry and the preparation of proposals to relevant authorities for policy change	<ul style="list-style-type: none"> ▪ Policy changes proposed by DMNs are considered and acted upon by relevant authorities 	<ul style="list-style-type: none"> ▪ Lao PDR (national level) ▪ Southern Laos ▪ Luang Prabang Province ▪ Vientiane Province
3.3.2 Industry standards and regulations			
3.3.2.1	Through the DMN mechanisms, and where appropriate in alignment and with technical support from international tourism standards and certification systems (e.g. Global Sustainable Tourism Council, Travelife, Earthcheck), identify, draft, review, finalize, translate, print and distribute national tourism industry standards (for specific types of tourism activities and services not covered by the ASEAN Tourism Standards)	<ul style="list-style-type: none"> ▪ National tourism industry standards are developed, approved and disseminated 	<ul style="list-style-type: none"> ▪ Lao PDR (national level)
3.3.2.2	Through the DMN mechanisms, draft, review, finalize, translate, print and disseminate national and provincial tourism industry regulations for specific tourism activities and services in line with ASEAN and national tourism standards (such as Vang Vieng ballooning, ziplining etc.)	<ul style="list-style-type: none"> ▪ National and destination-specific regulations for the tourism industry are developed in line with ASEAN and national tourism standards, approved, disseminated and implemented 	<ul style="list-style-type: none"> ▪ Lao PDR (national level) ▪ Southern Laos ▪ Luang Prabang Province ▪ Vientiane Province
3.3.3 Master planning			
3.3.3.1	Through the DMN mechanisms, review existing tourism master plans, prepare updated/new, approve, translate, print and disseminate tourism master plans for selected destinations (4,000 Islands, Luang Prabang Town and Environs, Nam Ngum 1 Reservoir Recreational Area, Vang Vieng Town and Environs)	<ul style="list-style-type: none"> ▪ Master plans for the 4,000 Islands, Nam Ngum 1 Reservoir Recreational Area (incl. protected area management), Vang Vieng Town and Environs are reviewed, updated, approved and being implemented ▪ Comprehensive tourism master plan for Luang Prabang Town and Environs is prepared, approved and being implemented 	<ul style="list-style-type: none"> ▪ 4,000 Islands ▪ Luang Prabang Town and Environs ▪ Nam Ngum 1 Reservoir Recreational Area ▪ Vang Vieng Town and Environs
3.4 Destination Marketing and Promotion Support			
3.4.1 Market research			
3.4.1.1	Through the DMN structure, conduct destination-specific market research and analysis, including collection and analysis of destination-specific tourism statistical data, and disseminate results to DMN members and other industry stakeholders	<ul style="list-style-type: none"> ▪ DMNs and other industry stakeholders have access to and utilize comprehensive market data and analysis 	<ul style="list-style-type: none"> ▪ Lao PDR (national level) ▪ Southern Laos ▪ Luang Prabang Province ▪ Vientiane Province

	Activity	Expected result	Target destination
3.4.2	Branding and promotion		
3.4.2.1	Through the DMN structure, create/update destination branding	<ul style="list-style-type: none"> ▪ Destination brands are created/updated and have strong public and private support and buy-in ▪ Comprehensive set of promotional materials prepared in line with marketing and promotion actions in the DMPs ▪ Destination marketing and promotion is DMN-led leading to better brand awareness and attainment of performance targets set in the DMPs. 	<ul style="list-style-type: none"> ▪ Lao PDR (national level) ▪ Southern Laos ▪ Luang Prabang Province ▪ Vientiane Province
3.4.2.2	Through the DMN structure, conduct promotion campaigns using print and on-line media (websites, social media) and familiarization programs for tour operators and the media		
3.4.3	Tourism forums and trade events		
3.4.3.1	Facilitate participation of project supported destinations (through the DMN mechanism) in relevant tourism forums and trade events	<ul style="list-style-type: none"> ▪ DMN delegations participate in relevant tourism forums and trade events ▪ DMNs organize and host tourism forums and trade events to promote their respective destinations 	<ul style="list-style-type: none"> ▪ Lao PDR (national level) ▪ Southern Laos ▪ Luang Prabang Province ▪ Vientiane Province
3.4.3.2	Through the DMN mechanism, organize and host tourism forums and trade events in the target destinations		
3.4.4	Training		
3.4.4.1	Organize training for MICT and Champasak, Luang Prabang and Vientiane Province DICT staff on the collection, analysis, presentation and dissemination of tourism statistical data for destinations	<ul style="list-style-type: none"> ▪ National and provincial tourism staff can conduct destination market research and analysis 	<ul style="list-style-type: none"> ▪ Lao PDR (national level) ▪ Champasak Province ▪ Luang Prabang Province ▪ Vientiane Province
3.4.4.2	Organize training for MICT and Champasak, Luang Prabang and Vientiane Province DICT marketing staff on the production of print and electronic promotional materials, including on the implementation of ASEAN guidelines for promotional materials, and the use of social media for tourism promotion	<ul style="list-style-type: none"> ▪ National and provincial tourism marketing staff have enhanced skills to produce print and electronic promotional materials and are effectively using social media to promote destinations 	<ul style="list-style-type: none"> ▪ Lao PDR (national level) ▪ Champasak Province ▪ Luang Prabang Province ▪ Vientiane Province
3.5	Heritage Interpretation Support		
3.5.1	Heritage interpretation planning		
3.5.1.1	Prepare focused destination cultural and/or natural heritage interpretation plans, including opportunities for public-private partnerships for the delivery of interpretation programs, for the 4,000 Islands, Luang Prabang Town and Environs, Nam Ngum 1 Reservoir Recreational Area and Vang Vieng Town and Environs	<ul style="list-style-type: none"> ▪ Comprehensive destination heritage interpretation plans prepared, including implementation action plans identifying concrete opportunities for public-private participation 	<ul style="list-style-type: none"> ▪ 4,000 Islands ▪ Luang Prabang Town and Environs ▪ Nam Ngum 1 Reservoir Recreational Area ▪ Vang Vieng Town and Environs
3.5.2	Implementation of heritage interpretation programs		
3.5.2.1	Implement interpretation activities identified in the heritage interpretation plans (e.g. heritage trails, directional signage, interpretation panels, guidebooks, maps, mobile applications), including content development, graphic design and layout, printing, online publication etc.	<ul style="list-style-type: none"> ▪ Comprehensive destination heritage interpretation plans are implemented enhancing the visitor experience and contributing to an increase of visitors' length of stay 	<ul style="list-style-type: none"> ▪ 4,000 Islands ▪ Luang Prabang Town and Environs ▪ Nam Ngum 1 Reservoir Recreational Area ▪ Vang Vieng Town and Environs
3.5.2.2	Procure and install equipment for interpretation		

	Activity	Expected result	Target destination
3.6	Tourism-related SME development		
3.6.1	Support SMEs to implement DMP actions		
3.6.1.1	Support DMN-endorsed SME development activities identified in DMPs, including: (i) business planning, management and marketing training; (ii) hospitality services training; (iii) support for product diversification, quality and safety enhancement; and (iv) support for public-private tourism marketing and business networking.	<ul style="list-style-type: none"> ▪ Capacities of SMEs to contribute to the implementation of DMPs strengthened ▪ SMEs are proactively contributing to the implementation of DMPs 	<ul style="list-style-type: none"> ▪ Champasak Province ▪ Luang Prabang Province ▪ Vientiane Province
3.6.1.2	Support DMN-endorsed SME development activities identified in DMPs, including: equipment to improve hospitality services and product quality and safety	<ul style="list-style-type: none"> ▪ 	<ul style="list-style-type: none"> ▪ Champasak Province ▪ Luang Prabang Province ▪ Vientiane Province
3.7	Establish and Maintain Internet-based Tourism Knowledge Repositories		
3.7.1	Establish and maintain internet-based DMN tourism knowledge repositories		
3.7.1.1	Through the DMN structure, establish and regularly update website for the publication of information relevant to DMN members and other tourism stakeholders	<ul style="list-style-type: none"> ▪ Information relevant to DMN members and other tourism stakeholders, including DMN related documents (member lists, approved DMPs, meeting reports, training materials), opportunities for financial support, destination tourism statistics, brand-related artwork and guidelines, photo libraries and standard texts for promotional materials etc. are accessible on the internet-based DMN tourism knowledge repositories 	<ul style="list-style-type: none"> ▪ Lao PDR (national level) ▪ Southern Laos ▪ Luang Prabang Province ▪ Vientiane Province
3.8	Develop infrastructure O&M plans with sustainable finance mechanisms		
3.8.1	Preparation of O&M Plans		
3.8.1.1	With support from Infrastructure O&M and PPP consultants, and through consultation with relevant stakeholders, prepare operation and maintenance (O&M) plans for all infrastructure included in Output 1 subprojects	<ul style="list-style-type: none"> ▪ O&M plans for all project-supported infrastructure are in place, incorporating (i) preventative, regular, and emergency maintenance procedures; (ii) O&M staffing and training needs; (iii) administrative requirements; (iv) monitoring requirements and procedures; (v) sustainable income generation to finance O&M, such as environmental charges or tourist entry fees; (vi) payment mechanisms; and (vii) arrangements for PPPs. 	<ul style="list-style-type: none"> ▪ 4,000 Islands ▪ Nam Ngum 1 Reservoir Recreational Area ▪ Vang Vieng Town and Environs
3.9	Facilitate Public-Private Partnerships for operations and maintenance		
3.9.1	Public-Private Partnership (PPP) Facilitation		
3.9.1.1	Preparation of feasibility studies for private operation of public tourist facilities and ancillary services	<ul style="list-style-type: none"> ▪ At least 2 PPPs are in place for the operation or management of tourism services linked to project-supported infrastructure 	<ul style="list-style-type: none"> ▪ 4,000 Islands ▪ Nam Ngum 1 Reservoir Recreational Area
3.9.1.2	Procurement of PPP contracts (tendering and contracting)		<ul style="list-style-type: none"> ▪ Vang Vieng Town and Environs
3.10	Infrastructure O&M training		
3.10.1	Solid waste management (Vang Vieng Landfill)		

	Activity	Expected result	Target destination
3.10.1.1	Practical training on general managed landfill and sanitary landfill features and lifetime operation, incl. (i) landfill gate control and cell management; (ii) leachate collection & confinement; (iii) medical waste – handling & disposal; (iv) on-site sorting & recycling; and (v) gas collection, gas safety & flaring.	<ul style="list-style-type: none"> ▪ Organizations responsible for O&M of project-supported infrastructure and facilities can carry out the O&M requirements stipulated in the O&M plans 	<ul style="list-style-type: none"> ▪ Vang Vieng Town and Environs
3.10.1.2	Site visit to successful sanitary/managed landfill and septage treatment facility in Southeast Asia (e.g. Bangkok or Singapore) for key operator staff and heads of UDAA and DPWT		
3.10.1.3	6-monthly refresher and follow up courses for first 3 years of operation		
3.10.1.4	Support UDAA and DWPT staff to pursue post-graduate degree in solid waste management		
3.10.1.5	Training in O&M of septage treatment facility, incl. features, lifetime operation, daily operator training, and environmental monitoring (incl. water quality).		
3.10.2	Port management (Nakasang and Nam Ngum Dam)		
3.10.2.1	Port management training, including setting up management structure, and (i) ticketing and book keeping; (ii) maritime safety and first aid training; (iii) daily and weekly cleaning routines; (iv) grounds maintenance; (v) boat safety standards and safety auditing	<ul style="list-style-type: none"> ▪ Organizations responsible for O&M of project-supported infrastructure and facilities can carry out the O&M requirements stipulated in the O&M plans 	<ul style="list-style-type: none"> ▪ 4,000 Islands ▪ Nam Ngum 1 Reservoir Recreational Area

ASEAN = Association of Southeast Asian Nations; DMN = destination management network; DMP = Destination management plan; NTO = national tourism organization; O&M = operation and maintenance; PPP = public-private partnership; SME = small and medium-sized enterprise.

35. Project Management Activities. Project management activities will: (i) establish and implement overall project supervision, management, communications, monitoring and reporting systems; and (ii) facilitate safeguards compliance and gender action plan implementation. They include:

36. Establish project supervision and management structure. MICT will establish a National Project Steering Committee comprising central and provincial stakeholders, and a Project Coordination Unit (PCU), and DICTs and Vang Vieng Urban Development Administration Authority (UDAA) will establish project implementation units (PIUs).

37. Mobilize consultants and procure equipment. Prior to project approval, the MICT will carry out advance actions for consultant recruitment and procurement of equipment in accordance with the procurement plan. Contract negotiations with the first-ranked consulting firm and individual consultants will be undertaken once the project's financing agreement and effectivity is imminent. Contracts for consulting services and procurement may be signed once the finance agreement is effective. Consultant recruitment follow ADB's *Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers* (2013) and Procurement will follow ADB's *Procurement Guidelines* (2015).

38. Establish financial management systems. Immediately upon project effectiveness, the Government will establish pass-through account at MOF and an advance account for the ADB grant and put in place procedures for managing, replenishing, and liquidating this account,

including SOE procedures. The PIUs will set up project subaccounts for the ADB grant and the PCU will establish liquidation procedures. The PCU will supervise accounting, internal controls and financial planning and reporting procedures.

39. Financial management and procurement training. PCU and PIU staff will receive financial management, disbursement and procurement training, following procedures acceptable to ADB and the government. It will improve their capability to implement internationally acceptable accounting systems and procedures, including internal controls.⁵ Initial training will be carried out by consultants with experience in ADB financial management and disbursement procedures. Later, PCU/PIU staff will be invited to participate in periodic in-country disbursement seminars conducted by ADB's Controller's Department.

40. Finalize monitoring arrangements and establish the project website. This activity will: (i) prepare the project performance management system (PPMS) and verify baseline conditions, establish monitoring and reporting arrangements to measure project performance, check assumptions and risks, and establish systems and procedures for systematic data collection; and (ii) establish a freely accessible project website to disseminate information about the project such as procurement and consultant recruitment notices, contract awards information, workplans, progress reports, knowledge products, social and environmental safeguards monitoring, and grievance redress procedures.

41. Conduct project planning, monitoring, evaluation and reporting. This activity will support: (i) biannual project review and planning meetings between PCU and PIUs to review progress and prepare and update annual workplans; (ii) PPMS implementation, including comprehensive baseline report preparation, quarterly reports covering contracts awards and disbursement performance, technical performance, safeguards compliance, financial management, and compliance with grant covenants and gender action plan (GAP) progress, for submission to ADB and the government; (iii) biannual ADB-Government review missions and a mid-term evaluation; and (iv) the Government's project completion report.

42. Safeguards and gender action plan. This activity will: (i) review and update safeguards documents (IEE/EMPs and the resettlement plan); and (ii) facilitate compliance with safeguards requirements, GAP implementation. It will also support the consultation and participation plan and stakeholder communication strategy.

II. IMPLEMENTATION PLANS

A. Project Readiness Activities

43. The status of project readiness activities is summarized in Table 3 and Table 4.

⁵ An effective control environment includes internal control systems that provide assurance that financial records are reliable and complete and adhere to financial management policies. ADB. 2006. *Handbook for Borrowers on the Financial Management and Analysis of Projects*. Available at: <http://www.adb.org/documents/handbook-borrowers-financial-management-and-analysis-projects>)

Table 3: Project Readiness Activities

2018								Responsible Individual/Unit/ Agency/ Government
Indicative Activities	Mar	Apr	May	Jun	Jul	Aug	Sep	
Advance actions for procurement			X	X	X	X	X	ADB and EA
Establish project implementation arrangements (NPSC, PCU, PIUs)			X			X	X	EA
Approval of safeguards documents	X							EA and ADB
Disclosure of safeguards documents		X						ADB and EA
ADB Staff Review Meeting		X						ADB
Grant negotiations			X					ADB and EA
Recruitment of consulting firm							X	EA
ADB Board approval						X		ADB
Grant signing							X	ADB and EA
Government legal opinion provided							X	EA
Government budget inclusion				X				EA
Grant effectiveness approximately 2 months after grant signing								ADB and EA

Source: Asian Development Bank estimates.

ADB = Asian Development Bank; EA = executing agency; NPSC = National Project Steering Committee; PCU = project coordination unit; PIU = project implementation unit.

B. Overall Project Implementation Plan

44. The project is expected to be implemented over a period of 6 years, from about 1 November 2018 until 31 December 2024. The overall project implementation plan is shown in Table 5. The plan will be updated annually by MICT and ADB based on actual physical progress.

Table 4: Project Readiness Filters

	Key Project Preparation Elements	Stage of Project Preparation					Status [as of 22 May 2018]
		Appraisal/fact-finding	Negotiations	Signing	Effectiveness (within 3 months after signing)	First Disbursement (within 3 months after effectiveness)	
1.	Project is within Government development priority	Confirmed					Confirmed
2.	Project administration manual, project implementation manual, or project operational manual	Discussed and drafted	Completed and agreed				Agreed with EA
3.	Discussion and agreement with Government on application of taxes and duties	Discussed and drafted	Completed and agreed				Done-100% ADB financing
4.	Environment impact assessment, social impact assessment, land acquisition & resettlement plan and IPP.	Agreed	Action plans prepared, and government budget confirmed	Implementation started			Done
5.	Procurement capacity assessment	Completed	Confirmed	Implementation initiated			Done
6.	Financial management capacity assessment	Completed	Confirmed	Start-up actions initiated			Done
7.	Procurement plan for the first 18 months	Drafted	Confirmed				Done
8.	Auditing arrangements including TOR	Agreed	Confirmed				Done
9.	Monitoring and evaluation arrangements	For ADB, indicators in DMF and monitoring mechanism agreed	Key results indicators with baseline data and monitoring mechanism confirmed			Survey started to validate baseline data	Agreed
10.	Required staff have been appointed to support project preparation and suitable project offices identified	Project organization chart, job descriptions, staffing and responsibilities agreed	Project organization chart, staffing and responsibilities confirmed. Office space available	Key staff on-board			Described in draft PAM – agreed with EA and IAs.
11.	Recruitment of project implementation consultants	TOR drafted	Confirmed	Consulting services advertised / request for proposals initiated	Proposals received	Recruitment of consultants completed, and contract awarded	To advertise in June 2018

	Key Project Preparation Elements	Stage of Project Preparation					Status [as of 22 May 2018]
		Appraisal/fact-finding	Negotiations	Signing	Effectiveness (within 3 months after signing)	First Disbursement (within 3 months after effectiveness)	
12.	First year bidding documents for goods and civil works. Projects with infrastructure components achieve “design readiness” ⁶	List of contracts, timetable and responsibilities for implementation of advanced actions, as well as a source of financing (PPF/PPTA/or another project) to support advanced actions in place	Draft bidding documents prepared and submitted to ADB/WB	NOL from ADB/WB obtained and bidding initiated	Bidding completed and bid evaluation reports submitted to ADB/WB	Contract awarded	Not yet due
13.	Government counterpart funds and in-kind support	Agreed	Confirmed	Request for first year funds submitted to the Government	First year fund allocated		Confirmed budget for 2018-2019
14.	Subsidiary agreements (where applicable)	Content of subsidiary agreements discussed	Subsidiary agreement finalized and agreed	Subsidiary agreements signed by all parties			Not applicable.
15.	Legal opinion			Draft legal opinion submitted to ADB/WB	Legal opinion submitted to ADB/WB		Not yet due
16.	Opening of advance account				Opening of advance account initiated	Advance account opened	Not yet due

ADB = Asian Development Bank, DMF = design and monitoring framework, IPP = indigenous people’s plan, NOL = no objection letter, PPTA = project preparatory technical assistance, PPF = project preparation facility, TOR = terms of reference, WB = World Bank

⁶ ADB defines design-ready projects are those that have completed one of the following steps before project approval: (a) detailed engineering design suitable for preparing and launching bidding documents for a major construction or goods contract. For sector projects, detailed engineering design for those subprojects for which construction is scheduled to start in the first two years should be available; or (b) preliminary design and specifications suitable for preparing and launching bidding documents for (i) construction contracts that include detailed design as its part, and/or (ii) turnkey or engineering, procurement and construction (EPC) contracts.

Table 5: Project Implementation Plan

Activities	2018				2019				2020				2021				2022				2023				2024				(a) Assigned weight (%)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
	Project year				Year 1				Year 2				Year 3				Year 4				Year 5				Year 6				
Project quarter					1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
A. DMF																													
Output 1: Urban-Rural Access Infrastructure and Urban Environmental Services Improved																													
1.1 Prepare civil works design and bidding documents																												10.00%	
1.2 Safeguards document approval																												2.00%	
1.3 Complete land acquisition and resettlement																												2.00%	
1.4 Civil works procurement																												5.00%	
1.5 Implement civil works construction, supervision, and supply equipment																												43.00%	
Output 2: Capacity to Implement ASEAN Tourism Standards Strengthened																													
2.1 National ASEAN Tourism Standards adaptation																												2.00%	
2.2 Establishment of certification bodies and processes																												2.00%	
2.3 Assessor training																												2.00%	
2.4 ASEAN Tourism Standards promotion																												1.00%	
2.5 Implement ASEAN Tourism Standards and the ASEAN Sustainable Tourism Awards																												6.00%	
Output 3: Institutional Arrangements for Tourism Destination Management and Infrastructure O&M Strengthened																													
3.1 Destination management network institutional strengthening																												1.00%	
3.2 Destination management plan preparation																												1.00%	
3.3 Policy, Regulation and Master Planning Support																												3.00%	
3.4 Destination Marketing and Promotion Support																												2.00%	
3.5 Heritage Interpretation Support																												2.00%	
3.6 Tourism-related SME development																												2.00%	
3.8 Establish and maintain internet-based tourism knowledge repositories																												1.00%	
3.9 Develop infrastructure O&M plans with sustainable finance mechanisms																												2.00%	
3.10 Facilitate Public-Private Partnerships for operations and maintenance																												1.00%	
3.11 Infrastructure O&M training																												2.00%	
B. Management Activities																													
Establish project supervision and management structure																												1.00%	
Mobilize consultants and procure equipment																												1.00%	
Establish financial management arrangements																												1.00%	
Financial management and procurement training																												1.00%	
Finalize monitoring arrangements and establish the project website																												1.00%	
Conduct project planning, monitoring, evaluation and reporting																												1.00%	
Implementation of environmental, social safeguards and the gender action plan																												2.00%	
																												100.00%	

ASEAN = Association of Southeast Asian Nations; SME = small and medium-sized enterprise; O&M = operation and maintenance; PPP public-private partnership; Q=quarter.

Source (s): Asian Development Bank estimates.

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations: Roles and Responsibilities

45. The executing agency is MICT, which will establish a Vientiane-based Project Coordination Unit (PCU) to handle overall project coordination and management; and lead ASEAN Tourism Standards implementation (output 2). Project Implementation Units (PIUs) will be embedded within the provincial Departments of Information, Culture and Tourism (DICT) of Champasak, Luang Prabang, and Vientiane Province, and the Vang Vieng Urban Development Administration Authority (UDAA), and will comprise a supervisor, director, manager, administration staff, and technical teams (infrastructure and tourism). The infrastructure technical teams will manage output 1 subprojects and the tourism teams will focus on supporting tourism training, capacity building, and other activities under outputs 2 and 3.

46. GMS Tourism Working Group. The GMS Tourism Working Group will coordinate joint marketing and regional tourism standards activities through its development coordination taskforce. Officials representing MICT, Ministry of Tourism, Cambodia, and Ministry of Culture, Sports and Tourism, Viet Nam will report project progress at semi-annual steering committee meetings that are joined by all GMS countries. The Mekong Tourism Coordinating Office will be meeting Secretariat.

47. National Project Steering Committee. The National Project Steering Committee (NPSC) will provide policy guidance and oversight. It will be chaired by Vice Minister for Tourism, MICT, 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. The NPSC will meet at least once per year. The Project Coordination Unit (PCU) will act as the NPSC Secretariat.

48. Project Coordination Unit. A dedicated PCU will be established at MICT, staffed with a project director, project manager, financial controller, chief accountant, office manager (to coordinate safeguards document clearance and monitoring), internal auditor, office assistant and other staff as required. The PCU will have a tourism technical team consisting of a tourism training and standards specialist, and a marketing specialist, who will lead output 2 and select output 3 activities as identified in Table 2.

49. Project Implementation Units. PIUs will be 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 will comprise a supervisor, director, manager, finance officer, accountant and secretary, and full-time technical teams. The PIUs at the Champasak and Vientiane Province DICTs will have both an infrastructure and a tourism technical team, the PIU at Luang Prabang DICT a tourism technical team and the PIU at Vang Vieng UDAA an infrastructure technical team. The infrastructure technical teams, consisting of a civil works coordinator, engineer, surveyor, and safeguards specialist, will manage output 1 subprojects. Tourism teams, consisting of a tourism coordinator, tourism training and standards coordinator, destination management coordinator, and a marketing and product development specialist, will (i) coordinate and support output 2 implementation; and (ii) manage select output 3 activities. PIUs will administer project sub-accounts to facilitate day-to-day project administration. Support for reporting, financial management, safeguards and knowledge management will be led by the PCU in close coordination with all PIUs.

50. Local Focal Points (LFP). To ensure that there is good coordination between the PCU, PIUs and project beneficiaries LFPs will be established in community-based organizations

(CBO), village development committees, community tourism groups and industry associations. LFPs will be appointed by community leaders and confirmed by PIUs.

51. The roles and responsibilities of the entities managing implementation of the project are summarized Table 6. The project organization structure is presented in Figure 1.

Table 6: Management Roles and Responsibilities

Project Implementation Organizations	Management Roles and Responsibilities
GMS Tourism Working Group	<ul style="list-style-type: none"> ➤ Coordinate subregional initiatives; ➤ Facilitate knowledge sharing on ASEAN Tourism Standards implementation and sustainable tourist destination management models in the GMS.
National Project Steering Committee	<ul style="list-style-type: none"> ➤ Provide policy guidance and advice on project-related issues; ➤ Oversee implementation in conformity with the project's development objectives and scope; ➤ Oversee budgeting and disbursement of counterpart funds; ➤ Oversee implementation of resettlement plan, compensation schemes and all other project safeguard procedures; ➤ Review overall project outputs and achievement towards project impact and outcome; ➤ Assist in coordination among local government agencies involved in project implementation and related activities; ➤ Review progress and monitoring reports and ensure that information on project progress is disseminated to relevant government agencies and address any planning and coordination issues arising; ➤ Ensuring that concerns of all stakeholders are adequately addressed by the project; ➤ Confirming compliance with national and provincial/local regulations and policies; ➤ Facilitate permissions to ensure the timely release of funds to the PCU and PIUs; ➤ Facilitate the selection of counterpart staff; ➤ Ensure the timely approval of work permits and visas for international staff working on the project.
Executing agency (MICT)	<ul style="list-style-type: none"> ➤ Approve the project's annual workplan and budget; ➤ Overall responsibility for the execution of the project; ➤ Review the project implementation progress; ➤ Review and endorse any proposed change in the project scope or implementation arrangements; ➤ Supervise compliance with grant covenants; ➤ Oversight for financial management of the project.
Project Coordination Unit (PCU) embedded within MICT	<ul style="list-style-type: none"> ➤ Administer the project advance account for the ADB grant; ➤ Project preparation, including the establishment of financial and management systems and procedures, procurement of equipment, management of the project's advance account; ➤ Consultant recruitment and supervision; ➤ Preparation and submission of annual action plans, consolidating PCU-led activities and workplans received from PIUs to the NPSC; ➤ Ensure compliance with grant covenants and assurances in respect of all subprojects and the good-governance framework; ➤ Facilitate updating and coordinate with relevant agencies approval of and ensure compliance with IEE, EMPs and RP; ➤ Coordinate implementation of all project safeguard procedures (IEE, EMP, RP, IPP, GAP, CPP, as well as the stakeholder communication strategy); ➤ Review and approval of goods and civil works contracts, including bid documents;

Project Implementation Organizations	Management Roles and Responsibilities
	<ul style="list-style-type: none"> ➤ Approval of payment to contractors and maintaining disbursement records; ➤ Coordination between the concerned agencies at the national and provincial levels; ➤ Coordination of activities of the PIUs and the inputs of concerned stakeholders; ➤ Coordination of all reporting aspects of the project; ➤ Coordination of institutional strengthening measures; ➤ Administrative and technical support to the PIUs; ➤ Preparation of consolidated project accounts to be forwarded to ADB; ➤ Advise PIUs on revenue-enhancing activities related to the recovery of operations and maintenance costs for project facilities and equipment; ➤ Coordinate project audits; ➤ Coordinate all specified monitoring, evaluation and reporting activities; ➤ Communication of project's outcomes, outputs, and activities to all stakeholders. ➤ Preparation of rolling annual workplans for PCU-led activities for incorporation into project's overall annual plan; ➤ Coordination and supervision of consultant inputs for PCU-led activities; ➤ Lead capacity building for the implementation of ASEAN Standards (output 2); ➤ Implement national-level output 3 activities, including: (i) strengthening the national-level DMN (3.1.1); (ii) capacity building for DMN members (3.1.2); (iii) updating of the national-level DMP (3.2.1); (iv) policy work of the national-level DMN (3.3.1); (v) develop national industry standards and regulations (3.3.2); (vi) national destination marketing and promotion (3.4); establish and maintain national DMN website (3.7.1).
Project Implementation Units for outputs 1 and output 3 activities (embedded within the Champasak, Luang Prabang and Vientiane Province DICTs and Vang Vieng UDAA)	<ul style="list-style-type: none"> ➤ Preparation of provincial-level annual workplans for approval by the Vice-Governor who is also the provincial representative on the National Project Steering Committee and onward submission to PCU for incorporation into project's overall annual plan; ➤ Coordination and supervision of consultant inputs for detailed design of civil works; ➤ Coordinate with the relevant agencies and consultants on updating the safeguard documents; ➤ Administer project sub-accounts for the ADB grant; ➤ Approve payments and maintaining disbursement records for PIU managed expenditure; ➤ Ensure that institutional-strengthening and capacity-building initiatives involving DMNs, SMEs and CBOs are implemented in line with agreed project designs, schedules and budgets; ➤ Establish/enhance mechanisms to sustainably finance operation and maintenance of project supported infrastructure; ➤ Promote identified public-private partnership (PPP) initiatives; ➤ Coordinate with all concerned stakeholders; ➤ Monitoring and quarterly reporting on progress and issues to the PCU.
Local Focal Points (LFP)	<ul style="list-style-type: none"> ➤ Appointed by community leaders and confirmed by PIU; ➤ Convey community concerns to the PIU; ➤ Ensure community concerns are adequately reflected in the project plans and activities; ➤ Assist with community awareness program implementation; ➤ Ensure that the community is involved in community-based monitoring and evaluation.
ADB	<ul style="list-style-type: none"> ➤ Assists PCU with timely advice at each stage of the project;

Project Implementation Organizations	Management Roles and Responsibilities
	<ul style="list-style-type: none"> ➤ Timely review all documents that require ADB approval; ➤ Provide oversight for procurement and consultant recruitment; ➤ Periodic project review missions, midterm evaluation and evaluation at project completion; ➤ Monitoring compliance with grant covenants; ➤ Timely withdrawal application processing and release of eligible funds; ➤ Monitoring compliance with financial audit recommendations; ➤ Regularly project information disclosure on the ADB website.

ADB=Asian Development Bank; DICT=Department of Information, Culture and Tourism; DMN= destination management network; DPWT = Department of Public Works and Transport; GAP= gender action plan; IEE= initial environmental; examination; IPP = indigenous peoples plan; LFP= local focal point; MICT=Ministry of Information, Culture and Tourism; MOF = Ministry of Finance; MPWT = Ministry of Public Works and Transport; PCU = project coordination unit; PIU = project implementation unit; PPP= public-private partnership; RP= resettlement plan; SME= small and medium-sized enterprise.

52. Job descriptions for PCU and PIU staff are in Table 7.

Table 7: PCU and PIU Staff Job Descriptions

Position	Job Description	Requirements
PCU staff		
National Project Director	The PCU-based National Project Director (NPD) reports to the NPSC on the overall project implementation and ensures that ADB and the Government are kept informed of project developments, issues and progress. The NPD oversees the work of PCU and PIU staff, and the recruitment and performance of international and national consultants, ensuring budgets and work plans are approved and executed on time and on target.	A senior government official with at least 10 years of project management experience. Bachelor's degree or equivalent and competence in spoken and written English.
National Project Manager	The PCU-based National Project Manager (NPM) reports to the National Project Director, ensuring effective coordination and project implementation. The NPM's main duties involve assisting the PIU's prepare and implement detailed annual work plans and budgets, including a five-year project implementation plan and rolling annual action plans. The NPM will manage consultant recruitment and procurement, and implementation of the Project Performance Monitoring System (PPMS), including safeguards monitoring, implementation of the poverty reduction and social strategy, and gender action plans.	A senior government official with at least 8 years of project management experience. Bachelor's degree or equivalent and competence in spoken and written English. The NPM will make frequent trips to the provinces to monitor project implementation.

Position	Job Description	Requirements
Financial Controller	The PCU-based Financial Controller (FC) reports to the National Project Director, overseeing the day-to-day financial management of the project. The FC, supported by the financial management and procurement consultants, will (i) facilitate the establishment of the necessary accounts at the PCU/PIU level as required by ADB, (ii) establishes the required accounting, withdrawal approval and audit systems and procedures, (iii) set up accounting software in line with project requirements, (iv) complete the terms of reference for audit institutions, (v) develop bid evaluation criteria for procurement in accordance with ADB and government guidelines, (vi) establish a system for safekeeping of tender documents, minutes of committee meetings, contracts and financial and audit reports; (vii) prepare financial projections against the work plans, (viii) carry out a financial management and procurement training program for PIU staff; (ix) provide ongoing training and coaching to PIU's as needed; (x) supervise the preparation of regular financial reports for transmission to the EA and the ADB.	A senior government official with at least 8 years of previous experience in financial management and procurement, preferably internationally/ADB financed projects, master's degree or equivalent and competence in spoken and written English.
Chief Accountant	The PCU-based Chief Accountant reports to the Financial Controller and will (i) assist with the establishment of the required accounting, withdrawal approval and audit systems and procedures; (ii) undertake day-to-day project financial accounting activities; (iii) monitor the flow of funds to the PCU and PIUs; (iv) provide training and coaching to PIU's as needed; (v) monitor cash flow; (vi) ensure that accurate, up-to-date information regarding the project's finances is available to the Financial Controller, National Project Director and National Project Manager upon demand; (vii) prepare regular financial reports for transmission to the EA and the ADB; and (viii) assist external auditors carry out the annual audit.	At least 5 years previous experience as accountant on ADB or internationally financed projects. Ability to use accounting and word processing software. Bachelor's degree or equivalent and good command of spoken and written English.
Head of Internal Audit	The PCU-based Head of Internal Audit reports to the National Project Director, closely coordinating with other members of the PCU and PIU financial management teams to strengthen and monitor internal controls. Key tasks are to prepare an internal audit manual; familiarize PCU and PIU staff with the manual; and lead annual internal audits together with other authorized state agencies. Based on the findings and recommendations, prepare and implement and action plan to address internal weaknesses; and conduct periodic testing to assess how recommendations are being implemented.	At least 5 years previous experience with financial management of ADB or internationally financed projects. Understanding of international and national auditing standards and accounting and word processing software. Bachelor's degree or equivalent and good command of spoken and written English.

Position	Job Description	Requirements
Office Manager (Safeguards and Monitoring Coordination)	The PCU-based Office Manager reports to the National Project Manager, overseeing the day-to-day operations of the PCU, including (i) maintenance of equipment and materials in the PCU, (ii) disbursement of petty cash; (iii) record keeping and maintenance of the project filing system; (iv) preparation of correspondence for the project management team; (iv) making travel arrangements; (v) taking minutes at meetings; and (vi) supporting the overall efficient function of the PCU office facility. In close coordination with the project's international and national consultants responsible for social and environmental safeguards and monitoring, establish and maintain a system for organizing all safeguards documents and reports for easy retrieval.	At least 5 years previous experience in managing ADB or internationally financed projects. Ability to word processing software and the internet. Bachelor's degree or equivalent and good command of spoken and written English.
Office Assistant	The Office Assistant provides logistical support to the PCU as needed. Frequently interacting with senior government officials, PCU/PIU staff and the consultants.	At least 3 years previous experience working on ADB or internationally financed projects. A valid driver's license and able to safely operate the project vehicles.
PCU Tourism Team		
Training and Standards Specialist	The PCU-based Training and Standards Specialist (TSS) reports to the National Project Manager, overseeing and supporting all output 2 and 3 tourism standard development and implementation, destination management and training, capacity building activities, and GAP implementation and monitoring (as PCU gender focal point) at national level and in the provinces. The TSS works closely with the international and national Capacity Building Support consultants, particularly the International and National Tourism Specialists and the International Tourism Standards Specialist.	At least 5 years of experience in the tourism sector, preferably working on tourism training and/or tourism standards. Bachelor's degree or equivalent and good command of spoken and written English.
Marketing Specialist	The PCU-based Marketing Specialist (MS) reports to the National Project Manager, coordinating national level marketing and promotion activities and overseeing and supporting marketing and promotional activities in the provinces. The MS will work closely with the international and national Capacity Building Support consultants, particularly the International and National Tourism Specialists.	At least 5 years of experience in tourism marketing and promotion, with excellent knowledge of English or other foreign languages. Ability to use word processing software, desktop publishing software, and the internet.
PIU Management Staff		
PIU Supervisor	The PIU Supervisor reports to the National Project Steering Committee (NPSC), providing overall supervision of the project at the provincial level, ensuring the NPSC is kept informed of project developments, issues and progress.	A senior government official with at least 10 years of experience in a leadership position.

Position	Job Description	Requirements
PIU Director	The PIU Director reports to the PIU Supervisor. The PIU Director coordinates with related government agencies and development partners in the implementation of civil works subprojects and capacity building activities. Supervises and approves all project activities and PIU expenditures.	A senior government official with at 8 years of experience managing internationally financed projects. bachelor's degree or equivalent.
PIU Manager	The PIU Manager reports to the PIU Director, overseeing the day-to-day implementation and monitoring of all PIU activities. The PIU Manager prepares project activity proposals, budgets, and activity reports for submission to the PCU. The Project Manager serves as Deputy Director of the PIU.	A mid-level government official with at least 5 years of experience managing internationally financed projects. Bachelor's degree or equivalent and good command of spoken and written English.
Finance Officer	The PIU-based Finance Officer reports to the PIU Director, overseeing the establishment and monitoring the PIUs accounting systems and procedures, tracks the use of project funds, and ensures accurate, up-to-date financial accounting information is available to the PIU Director and PCU Financial Controller.	At least 5 years of experience managing internationally financed projects. bachelor's degree or equivalent and good command of spoken and written English.
Accountant	The PIU-based Accountant reports to the PIU Finance Officer, assisting with (i) establishment of the PIU's accounting system and procedures, (ii) day-to-day financial record keeping; (iii) preparation of budget requests to accompany project activity proposals for submission to the PCU; (vi) ensuring that accurate, up-to-date financial accounting information is available to the Finance Officer, and (vii) preparing regular financial reports for transmission to the PCU; and (viii) assists external auditors carry out the projects annual audit of PIU accounts.	At least 5 years previous experience as accountant on ADB or internationally financed projects. bachelor's degree or equivalent. Ability to use accounting and word processing software. Good command of spoken and written English.
Secretary	The PIU-based Secretary reports to the PIU Director, providing general secretarial support to the PIU including preparation of correspondence, meeting logistics, photocopy and transcription, and monitoring the condition of project equipment.	Ability to use word processing software and the internet. Basic understanding of English.
PIU Infrastructure Team		
Civil Works Coordinator	The PIU-based Civil Works Coordinator (CWC) works closely with the PIU Manager, overseeing the implementation of all civil works, related O&M activities, and compliance with safeguards. The CWC) works closely with the international and national Project Management and Civil Engineering Support consultants and coordinates the inputs of the PIU Engineer, Surveyor and Safeguards Specialist to facilitate detailed design and updating of safeguards documents, obtaining approvals from provincial and local authorities, preparation of bidding documents, supervision of the civil works contracts, adherence to environmental and social safeguard documents and preparation and implementation of O&M plans.	A mid-level government official with at least 5 years of experience managing internationally financed projects. Bachelor's degree in engineering and good command of spoken and written English.

Position	Job Description	Requirements
Engineer	The PIU-based Engineer reports to the PIU Civil Works Coordinator, collaborating with international and national Project Management and Civil Engineering Support consultants to (i) manage detailed engineering design, including identifying engineering requirements, developing design standards and preparation of cost estimates, (ii) and preparation of bidding documents, including specifications and bills of quantities, as required, (iii) routine compliance supervision during construction and (iv) preparation of O&M plans.	Bachelor's degree in engineering and at least 5 years relevant work experience. Working knowledge of English.
Surveyor	The PIU-based Surveyor reports to the PIU Civil Works Coordinator, assisting international and national Project Management and Civil Engineering Support consultants carry out all necessary surveys required for the preparation of detailed engineering designs.	At least 5 years of relevant work experience as surveyor, preferably on internationally supported projects. Working knowledge of English.
Safeguards Specialist	The PIU-based Safeguards Specialist (SS) reports to the PIU Civil Works Coordinator, ensuring implementation and monitoring of social and environmental safeguards in accordance with the agreed plans. The SS works closely with the international and national Project Management and Civil Engineering Support consultants on institutional strengthening and capacity building, updating provincial IEEs/EMPs and RP and preparing quarterly reports on safeguards compliance.	A degree in social science and at least 5 years work experience in social development, preferably on internationally supported projects. Good command of spoken and written English.
PIU Tourism Team		
Tourism Coordinator	The PIU-based Tourism Coordinator (TC) reports to the PIU Manager, overseeing the implementation of all output 3 destination management capacity building activities, and ensuring that project social and environmental safeguards and development objectives and targets are fully integrated into activity design. The Tourism Coordinator works closely with the international and national Capacity Building Support consultants, as well as with the safeguards and social development specialists of the Project Management and Civil Engineering Support consultants.	A mid-level government official with at least 5 years of experience managing internationally financed projects. Bachelor's degree or equivalent and good command of spoken and written English.
Tourism Training and Standards Coordinator	The PIU-based Tourism Training and Standards Coordinator (TTSC) reports to the PIU Tourism Coordinator, coordinating all output 2 and 3 tourism standard development and implementation, training and capacity building, and GAP implementation and monitoring (as PIU gender focal point) in the province. The TTSC works closely with the international and national Capacity Building Support consultants, particularly the International and National Tourism Specialists and the International Tourism Standards Specialist.	At least 5 years of experience in the tourism sector, preferably working on tourism training and/or tourism standards. Bachelor's degree or equivalent and good command of spoken and written English.

Position	Job Description	Requirements
Destination Management Coordinator	The PIU-based Destination Management Coordinator (DMC) reports to the PIU Tourism Coordinator, coordinating all output 3 activities in the province. The DMC works closely with the international and national Capacity Building Support consultants, particularly the International and National Tourism Specialists, on (i) providing technical assistance to the destination management networks (DMNs) on the preparation of destination management plans (DMPs) and supporting the DMNs in the implementation of the DMPs and (ii) assist with identification and support to SMEs with implementation of DMN actions.	At least 5 years of experience in planning activities in the tourism sector, preferably working on internationally supported projects. Working knowledge of English.
Marketing and Product Development Specialist	The PIU-based Marketing and Product Development Specialist (MPDS) reports to the PIU Tourism Coordinator, planning and implementing product development, marketing, and promotional activities. The MPDS will work closely with the international and national Capacity Building Support consultants on (i) tourism product development around project supported destinations and (ii) the conception, development and dissemination of marketing and promotion materials.	At least 5 years of experience in tourism marketing and promotion, with excellent knowledge of English or other foreign languages. Ability to use word processing software, desktop publishing software, and the internet.

ADB = Asian Development Bank; DICT = Department of Information, Culture and Tourism; DMN = destination management network; DMP = destination development plan; DPWT = Department Public Works and Transport; EMP = environmental management plan; GAP = gender action plan; IEE = initial environmental examination; MEF = Ministry of Economy and Finance; MICT = Ministry of Information, Culture and Tourism; MPWT = Ministry of Public Works and Transport; O&M = operations and maintenance; PCU = project coordination unit; PIU = project implementation unit; RP = resettlement plan.

B. Key Persons Involved in Implementation

Executing Agency

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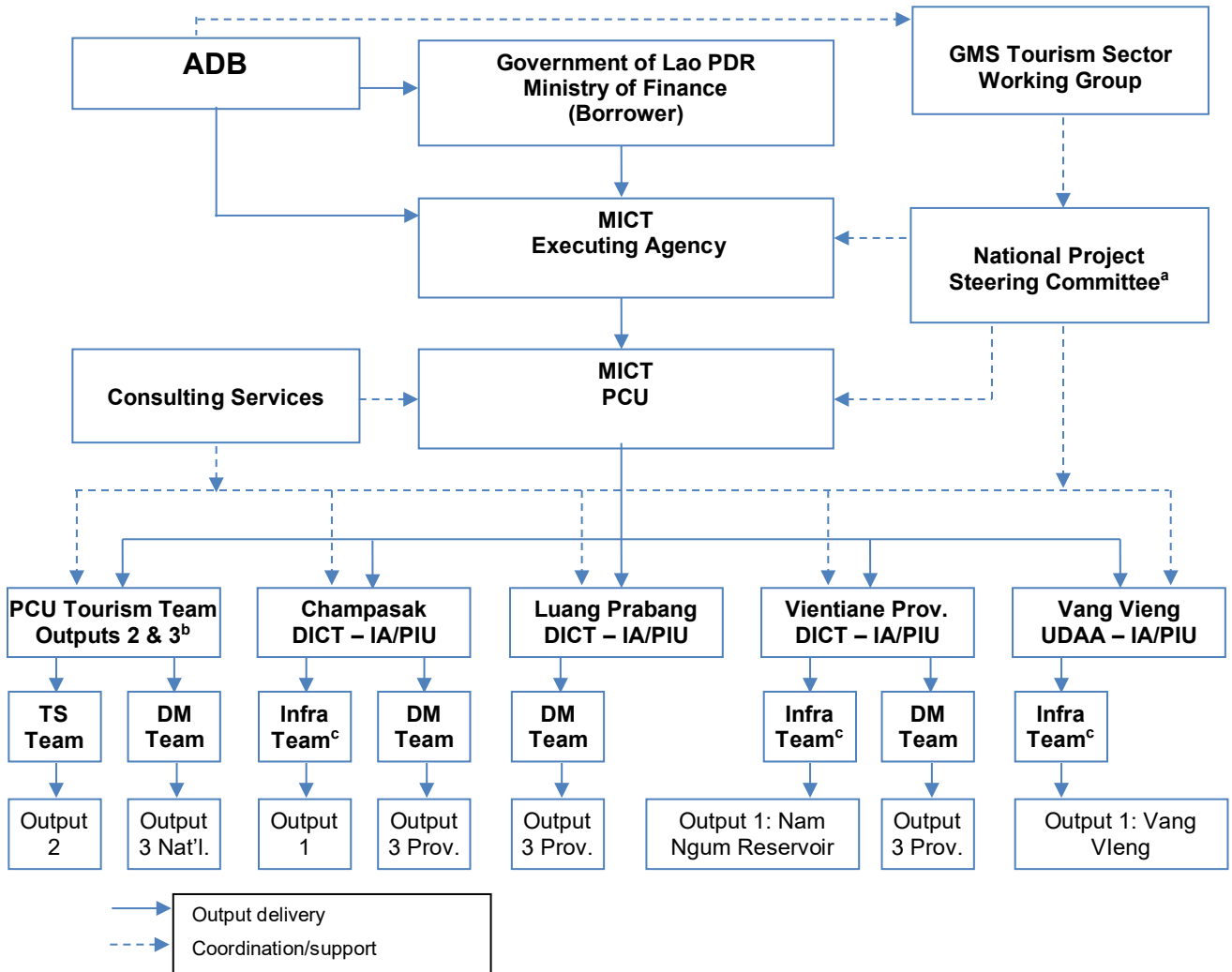
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C. Project Organization Structure

Figure 1: Project Organization Structure



^a The National Project Steering Committee comprise representatives from national level and participating provinces (Champasak, Luang Prabang and Vientiane).

^b PCU will lead implementation of output 2 and national output 3 activities.

^c Infrastructure team members are seconded from the provincial DPWT (Vientiane Province PIU) and District OPWT (Champasak and Vang Vieng PIUs).

ADB = Asian Development Bank; ASEAN = Association of Southeast Asian Nations; DICT= Department of Information, Culture and Tourism; DM = destination management; Infra = infrastructure; MICT = Ministry of Information, Culture and Tourism; Nat'l. = national-level; PCU = project coordination unit; PIU = project implementation unit; Prov. = provincial-level; TS = tourism standards; UDAA = Urban Development Administration Authority.

IV. COSTS AND FINANCING

53. The project is estimated to cost \$48.80 million (Table 8).

Table 8: Project Investment Plan (\$ million)

Item	Amount
A. Base Cost^a	
Output 1: Infrastructure and Urban Environmental Services	
1.1 Nakasang Access Road and Port Rehabilitation	3.28
1.2 Don Det-Don Khone Access Improvements	3.29
1.3 Nam Ngum Reservoir Access Improvements	5.58
1.4 Kaeng Yui Waterfall Access Improvements	1.98
1.5 Western Loop Rural Access Road and Bridge Improvements	6.92
1.6 Vang Vieng Urban Renewal	0.92
1.7 Vang Vieng Solid Waste Management Improvements	5.77
Output 2: ASEAN Tourism Standards	1.36
Output 3: Tourism Destination Management and Operation and Maintenance	2.73
Project Management Activities	4.74
Subtotal (A)	36.58
B. Recurrent Costs	3.46
C. Taxes and Duties^b	4.22
D. Contingencies^c	4.54
Total (A+B+C+D)	48.80

^a Prices as of January 2018.

^b Taxes and duties of \$4.09 million will be financed from ADB grant resources.

^c Physical contingencies computed at 4.4% for civil works and for all other costs. Price contingencies computed at 1.5% on foreign exchange costs in 2018 and thereafter, and 2.5% on local currency costs in 2019 and thereafter; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

Source: Asian Development Bank estimates.

54. The government of Lao PDR has requested a grant not exceeding \$47 million from ADB's Special Funds resources (Asian Development Fund) to help finance the project.

55. The project will be financed by ADB through a \$47.0 million grant (Table 9). The government's counterpart financing is \$1.80 million. ADB will finance: (i) consulting services, including taxes; (ii) civil works, including taxes; (iii) equipment, including taxes and duties; (iv) project management, training and capacity building activities, including taxes; and (v) incremental administration/recurrent costs,⁷ including taxes, in accordance with MOFs Decision 2695 on the *Procedures on Management of the Official Development Assistance* (1 November 2010).⁸ The Borrower will finance: (i) government counterpart staff salaries (in-kind), office space (in-kind); and (ii) land acquisition and resettlement (in-cash). The Government of Lao PDR will make the grant proceeds available to the executing agency, which will be passed on as grants to the participating provinces.

⁷ Including auditing services and resettlement administration.

⁸ The ADB grant will finance taxes and duties on equipment, training and capacity building, consulting services, as requested by the government, as these are within reasonable country thresholds, do not represent an excessive share of project investment, and apply to only ADB-financed expenditures that are relevant to the project's success. ADB will also finance recurrent costs, bank charges, transportation and insurance to facilitate project implementation.

Table 9: Financing Plan

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank (grant) ^a	47.00	96.3
Government	1.80	3.7
Total	48.80	100.0

^a ADB's Special Funds resources.

Source: Asian Development Bank estimates.

A. Cost Estimates Preparation and Revisions

56. Investment cost estimates for output 1 infrastructure subprojects were prepared by the Champasak and Vientiane Province DPWTs, with ADB technical assistance. Investment cost estimates for outputs 2 and 3 and estimates of recurrent costs were prepared by the Ministry of Information, and Culture and Tourism and Champasak, Luang Prabang and Vientiane Province DICTs, with ADB technical assistance. Contingencies were computed based on ADB norms.

B. Key Assumptions

57. The following key assumptions underpin the cost estimates and financing plan:

- (i) Exchange rate: LAK 8,300 = \$1.00.
- (ii) Price contingencies based on expected cumulative inflation over the implementation period are as follows:

Table 10: Escalation Rates for Price Contingency Calculation

Item	2018	2019	2020	2021	2022	2023	2024	Average
Foreign rate of price inflation	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.5%
Domestic rate of price inflation	2.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.4%

Source: Asian Development Bank estimates.

- (iii) In-kind contributions were calculated based on past expenditure and market rates.

C. Detailed Cost Estimates by Expenditure Category

Table 11: Detailed Cost Estimates by Expenditure Category

Item	Foreign Exchange	Local Currency	Total Costa	% of Total Base Cost
A. Investment Costs				
1. Civil Works	16.19	10.79	26.98	61.0%
2. Equipment and Vehicles	1.45	0.16	1.61	3.6%
3. Consulting Services	2.40	1.60	4.01	9.1%
4. Project Management	0.29	0.44	0.73	1.7%
5. Capacity Building	1.25	1.88	3.13	7.1%
6. Land Acquisition and Resettlement	-	0.12	0.12	0.3%
Subtotal (A)	21.58	15.00	36.58	82.7%
B. Recurrent Costs				
1. PCU and PIU Staff Cost	-	1.38	1.38	3.1%
2. PCU and PIU Operations	-	1.79	1.79	4.0%
3. PCU and PIU Vehicles and Office Equipment	0.26	0.03	0.29	0.6%
Subtotal (B)	0.26	3.20	3.46	7.8%
C. Taxes and Duties				
Total Base Cost (A+B+C)	21.84	22.42	44.26	100.0%
D. Contingencies				
Physical Contingency	1.08	0.87	1.95	4.4%
Price Contingency	1.45	1.14	2.59	5.8%
Sub-total (D)	2.52	2.02	4.54	10.3%
Total Project Cost (A+B+C+D)	24.37	24.43	48.80	

Notes: Numbers may not sum precisely because of rounding.

Source: Asian Development Bank estimates.

D. Allocation and Withdrawal of Grant Proceeds

Table 12: Allocation and Withdrawal of Grant Proceeds

Cat.	Item	Total Amount Allocated for ADB Financing (\$)	Percentage and Basis for Withdrawal from the Grant Account
1	Project Implementation Costs	47,000,000	100% of total expenditures claimed *
	Total	47,000,000	

* Subject to the condition for withdrawal described in paragraph 5 of Schedule 2 of the Grant Agreement.

Source: Asian Development Bank.

E. Detailed Cost Estimates by Financier

Table 13: Detailed Cost Estimates by 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: Asian Development Bank estimates.

F. Detailed Cost Estimates by Outputs and/or Components

Table 14: Detailed Cost Estimates by Outputs

Item	Total Cost	Output 1		Output 2		Output 3		Project Management	
		Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category
A. Investment Cost									
1. Civil Works	26.98	26.98	100.0%	-	-	-	-	-	-
2. Equipment and Vehicles	1.61	0.65	40.4%	0.48	29.9%	0.48	29.7%	-	-
2. Consulting Services	4.01	-	-	-	-	-	-	4.01	100.0%
4. Project Management	0.73	-	-	-	-	-	-	0.73	100.0%
5. Capacity Building	3.13	-	-	0.88	28.2%	2.25	71.8%	-	-
6. Land Acquisition and Resettlement	0.12	0.12	100.0%	-	-	-	-	-	-
Subtotal (A)	36.58	27.75	75.9%	1.36	3.7%	2.73	7.5%	4.74	13.0%
B. Recurrent Cost^a									
1. PCU and PIU Staff Cost	1.38	-	-	-	-	-	-	1.38	100.0%
2. PCU and PIU Operations	1.79	-	-	-	-	-	-	1.79	100.0%
3. PCU and PIU Vehicles and Office Equipment	0.29	-	-	-	-	-	-	0.29	100.0%
Subtotal (B)	3.46	-	0.0%	-	0.0%	-	0.0%	3.46	100.0%
C. Taxes and Duties	4.22	2.93	69.3%	0.14	3.4%	0.29	6.8%	0.86	20.5%
Total Base Cost (A+B+C)	44.26	30.68	69.3%	1.51	3.4%	3.01	6.8%	9.06	20.5%
D. Contingencies									
Physical Contingency	1.95	1.21	61.8%	0.06	3.0%	0.12	6.1%	0.57	29.1%
Price Contingency	2.59	1.89	73.1%	0.07	2.8%	0.15	5.8%	0.47	18.3%
Sub-total (D)	4.54	3.10	68.3%	0.13	2.9%	0.27	5.9%	1.04	22.9%
Total Project Cost (A+B+C+D)	48.80	33.78	69.2%	1.64	3.4%	3.28	6.7%	10.10	20.7%

Note: Numbers may not sum precisely because of rounding.

Source: Asian Development Bank estimates.

G. Detailed Cost Estimates by Year

Table 15: Detailed Cost Estimates by Year
(\$ million)

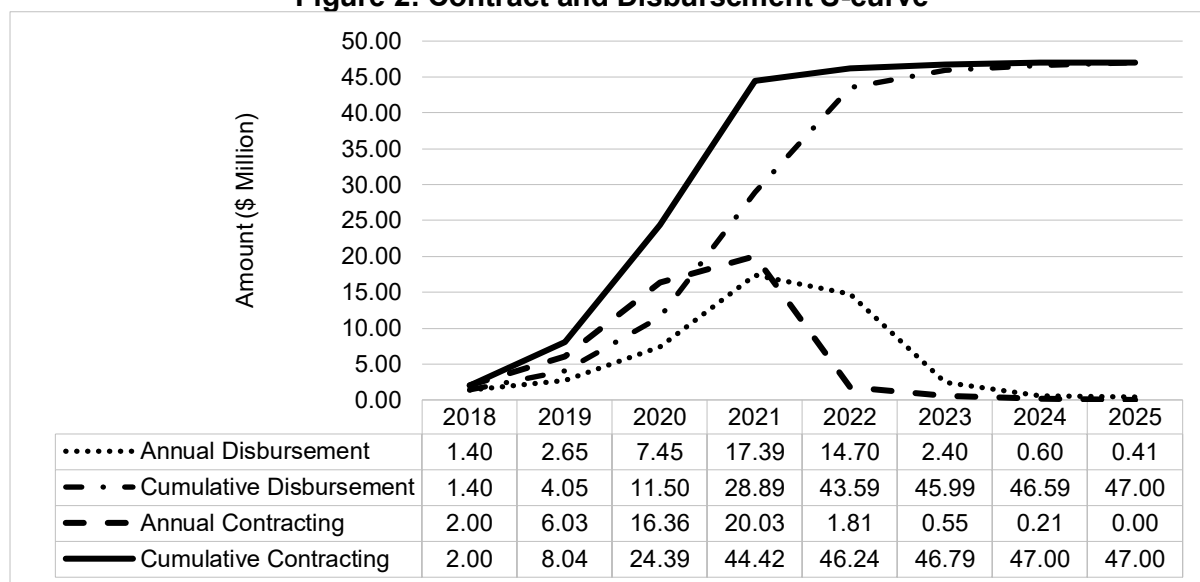
Item	Total Cost	2018	2019	2020	2021	2022	2023	2024
A. Investment Cost								
1. Civil Works	26.98	-	-	3.51	12.33	9.78	1.36	-
2. Equipment and Vehicles	1.61	-	0.48	0.48	-	0.65	-	-
2. Consulting Services	4.01	0.20	0.80	1.00	0.80	0.80	0.20	0.20
4. Project Management	0.73	0.04	0.15	0.18	0.15	0.15	0.04	0.04
5. Capacity Building	3.13	0.16	0.71	0.85	0.74	0.47	0.20	-
6. Land Acquisition and Resettlement	0.12	-	-	0.06	0.06	-	-	-
Subtotal (A)	36.58	0.39	2.14	6.08	14.07	11.86	1.80	0.24
B. Recurrent Cost^a								
1. PCU and PIU Staff Cost	1.38	0.06	0.23	0.23	0.23	0.23	0.23	0.15
2. PCU and PIU Operations	1.79	0.07	0.30	0.30	0.30	0.30	0.30	0.20
3. PCU and PIU Vehicles and Office Equipment	0.29	0.14	0.14	-	-	-	-	-
Subtotal (B)	3.46	0.27	0.68	0.54	0.54	0.54	0.54	0.35
B. Taxes and Duties	4.22	0.07	0.30	0.70	1.54	1.31	0.25	0.06
Total Base Cost (A+B)	44.26	0.73	3.12	7.31	16.15	13.70	2.59	0.65
D. Contingencies								
Physical Contingency	1.95	0.03	0.12	0.29	0.64	0.54	0.10	0.24
Price Contingency	2.59	0.02	0.11	0.37	1.06	0.84	0.14	0.05
Sub-total (D)	4.54	0.04	0.23	0.66	1.69	1.38	0.24	0.29
Total Project Cost (A+B+C+D)	48.80	0.78	3.35	7.97	17.85	15.08	2.83	0.94
% Total Project Cost	100.0%	1.6%	6.9%	16.3%	36.6%	30.9%	5.8%	1.9%

Source: Asian Development Bank estimates.

H. Contract and Disbursement S-Curve

58. Figure 2 shows the S-curve for ADB financing, which will be recorded in ADB's systems and reported through e-Ops. Counterpart funds are excluded.

Figure 2: Contract and Disbursement S-curve



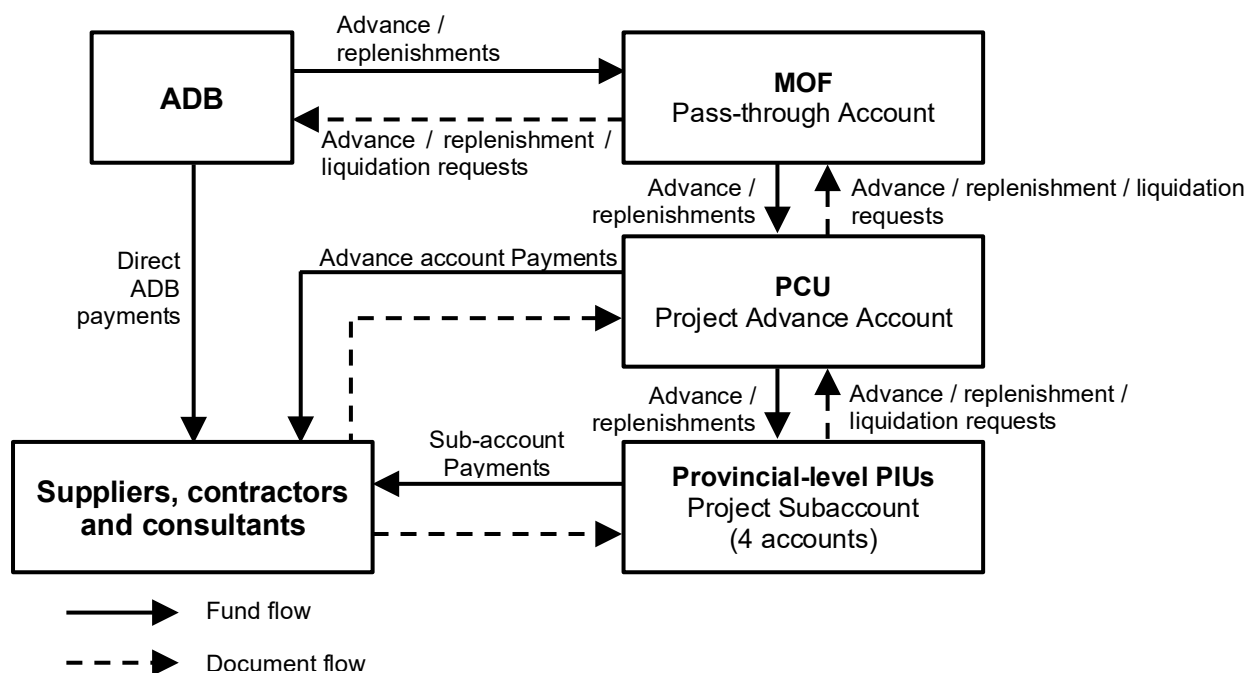
Year	Disbursements (\$million)					Contract awards (\$million)					
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	
2018	0.00	0.00	0.00	1.40	1.40	0.00	0.00	0.00	2.00	2.00	
2019	0.00	1.60	0.00	1.05	2.65	1.20	3.14	0.87	0.83	6.03	
2020	1.30	3.15	1.30	1.70	7.45	8.40	6.77	0.38	0.81	16.36	
2021	4.35	4.35	4.35	4.35	17.39	7.16	0.33	12.20	0.33	20.03	
2022	4.20	3.50	3.50	3.50	14.70	1.05	0.25	0.25	0.25	1.81	
2023	0.60	0.60	0.60	0.60	2.40	0.14	0.14	0.14	0.14	0.55	
2024	0.15	0.15	0.15	0.15	0.60	0.05	0.05	0.05	0.05	0.21	
2025	0.30	0.11	0.00	0.00	0.41	0.00	0.00	0.00	0.00	0.00	
	Total Disbursements					47.00	Total Contract Awards				47.00

Q = quarter

Source: Asian Development Bank and the Executing Agency.

I. Fund Flow Diagram

Figure 3: Project Funds Flow Arrangements



ADB = Asian Development Bank; MOF = Ministry of Finance; PCU = project coordination unit; PIU = project implementation unit.

Source: Asian Development Bank and the Executing Agency.

V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

59. The financial management assessment (FMA) was conducted between November 2017 and January 2018 in accordance with ADB's *Guidelines for the Financial Management and Analysis of Projects and the Financial Due Diligence: A Methodology Note*⁹ to determine the adequacy and reliability of financial management, accounting, budgeting and reporting systems of MICT in which the PCU will be embedded, and the DICTs for Champasak, Luang Prabang and Vientiane and the Vang Vieng UDAA in which the PIUs will be embedded. The previous FMA report prepared by TA 8233-REG (2014) for the first Greater Mekong Subregion Tourism Infrastructure for Inclusive Growth Project was used as a reference for this assessment.

60. One of the reforms that were undertaken by the government to improve public financial management is the approval of the revised State Budget Law in December 2015. The law enhances the authority of the National Assembly in budget oversight and Ministry of Finance in budget management. In September 2017, the Ministry of Finance has launched initiatives in conducting the Public Expenditure and Financial Accountability Self-Assessment, (known as PEFA) as part of its continued reforms on the efficient use of public resources. This self-assessment process is a key step in the reform of the Lao Public Financial Management sector by providing comprehensive guidance in improving budget reliability, transparency of public finances, and management of assets and liabilities. The findings in the PEFA Report for Lao PDR are also expected to advance the government's efforts to prepare policy-based fiscal

⁹ ADB. 2005. *Financial Management and Analysis of Projects*. Manila.

strategy and budgeting, and to improve predictability and control in budget execution, accounting, and reporting.

61. The MICT has extensive experience implementing externally-funded projects, including those financed by ADB. Internal controls have been standardized under government laws and MOF regulations. As an example, ADB-financed projects are tightly controlled via established funds flow arrangements and compliance with ADB's financial management procedures. The Champasak and Luang Prabang Province DICTs have recent experience implementing ADB-funded projects since they are beneficiaries of the first GMS Tourism Infrastructure for Inclusive Growth Project. Similarly, Vientiane Province has implemented the GMS Sustainable Tourism Development Project (2008–2014). However, based on past experiences the financial management capacity of provincial and district officials requires strengthening.

62. A summary financial management risk assessment and mitigation measures was prepared. As presented in Table 16, the assessments were made based on two types of risks: inherent risk and control risk. Inherent risks were further categorized as country specific risks, entity specific risks and procurement risks. The degrees of risk ratings were high, substantial, moderate and low.

63. The inherent high risks that were identified prior to mitigation were malpractice and abuse of rules related to financial management of externally-financed projects (FM-EFP), which are being consolidated by the Government into a manual with World Bank assistance, potential corruption on procurement, and shortage of skills in financial management including financial analysis, management accounting, financial reporting and audit. These will be addressed through the continuous capacity building program being undertaken by ADB on all aspects of FM-EFP and the use of standard ADB bidding documents. As previously stated, the government have initiated the self-assessment on PEFA as part of its continued reforms on the efficient use of public funds. Other inherent risks with moderate ratings with their corresponding mitigating measures are summarized in the table below.

64. Control risks were further broken down to assess funds flow, staffing, accounting policies and procedures, internal and external audits, reporting and monitoring and information systems. A control risk identified with high ratings was the shortage of auditors to examine financial management of externally financed projects. The project will engage the State Audit organization, whose experience and qualifications are acceptable to ADB as a mitigating measure.

65. Although the country risk is high and overall financial management risk assessment of the MICT (EA) and the DICTs/UDAA (IAs) prior to mitigation is high, the PCU has adequate capacity to administer advance fund and SOE procedure. Moreover, with risk mitigation measures, the risk level for the project is assessed as low. The summary risk assessments were based on existing environment, staffing, and system's procedures, with indicative measures to minimize if not eradicate the identified risks/deficiencies.

Table 16: Financial Management Risk Assessment and Mitigation Measures

Risk Type	Risk Description	Risk* Without Mitigation	Mitigation Measures	Risk* With Mitigation
Inherent Risks				
1. Country-specific risks	Financial Management for Externally Financed Projects (FM-EFP) systems, particularly accounting, budget preparation and execution, cash planning	High	These will be addressed through the continuous capacity building program being undertaken by ADB on all aspects of FM-EFP system, the use of standard ADB bidding documents and adherence with the State Budget Law.	Moderate

Risk Type	Risk Description	Risk* Without Mitigation	Mitigation Measures	Risk* With Mitigation
	and performance measurement are weak. Malpractice and abuse of FM-EFP rules.	Moderate	Independent external auditors, whose qualifications, experience and TORs are acceptable to ADB, in accordance with appropriate auditing standards, will conduct external audit of project and advance accounts. Procurement will follow ADB guidelines and use standard ADB forms.	Low
2. Entity-specific risks	MICT as executing agency and DICT/UDAA as implementing entities have limited numbers of staff experienced in financial management, accounting, budgeting, internal controls and financial reporting.	Moderate	The existing PCU under MICT will be utilized and expanded for the project. The PCU-based National Project Director and project accounting staff is familiar with ADB disbursements and reporting procedures. The PIU personnel (project manager and project accountants) under the DICT in each participating province will be trained in ADB procurement, disbursement and reporting procedures, and project accounting by PCU staff and consultants. Project specific interventions include embedding experienced project consultants in PM teams to support effective capacity building efforts	Low
	Government may be unable to meet funding obligations due to budget constraints.	Moderate	Project financing plan will be formulated maximizing in-kind contributions and minimizing in-cash contribution to minor expected land acquisition and resettlement (LAR).	Low
3. Procurement risks	Procurement capacity is limited with no professional procurement stream within MICT. Few procurement training opportunities.	Substantial	A refresher workshop to explain ADB's current procurement guidelines will be conducted. A procurement specialist will be recruited to support the PCU and PIUs during project implementation.	Low
	Potential corruption.	High	ADB's standard bidding documents will be used. The phone number of MOF and ADB's anti-corruption office shall be posted and advertised for people to file complaints for any suspected cases of corruption so that the unit can investigate and prosecute offenders upon obtaining evidence of malfeasance.	Moderate
Overall Inherent Risk		Moderate		Low
Control Risks				
4. Funds flow	Funds may not reach intended beneficiaries in a timely manner.	Moderate	ADB disbursement arrangements, including SOE, which have been tested in prior projects and proven successful, will be used.	Low
5. Staffing	Limited capability of staff in financial management, accounting, budgeting, internal controls and financial reporting.	Moderate	Existing PCU staff will be appointed to the project's proposed PCU. The PCU-based National Project Director and project accounts staff is familiar with ADB disbursements and reporting procedures. The PIU personnel (Project Manager and project accountants) under the DICT in each participating province will be	Low

Risk Type	Risk Description	Risk* Without Mitigation	Mitigation Measures	Risk* With Mitigation
			trained in project accounting and current ADB disbursement and reporting procedures. Resources will be available to hire private accountant if necessary.	
6. Accounting policies and procedures	Weak financial management, accounting, budgeting and internal controls. systems and procedures.	Substantial	Project resources will be used to engage qualified PCU/PIU accountants. ADB and other development partners have on-going and planned efforts to support implementation of FM-EFP once approved.	Low
7. Internal audit	There is an internal audit function in government entities; however, these do not audit FM-EFP accounts.	High	MOF will appoint an internal auditor to conduct internal audits with the PCU financial controller, chief accountant, and PIU finance officers, supported by international and national financial management and procurement consultants. In addition, on-going and planned efforts by ADB and other development partners to strengthen PFM arrangements include improved internal controls.	Low
8. External audit	Delay in the completion of project accounts ready for external audit.	Moderate	Qualified project accounting staff shall be recruited by PCU and PIUs to exclusively handle dedicated project accounts and related records to ensure they are always up-to-date and ready for external audit.	Low
	Annual audit may not meet ADB requirements.	Moderate	An independent external auditor, whose qualifications, experience and TOR are acceptable to ADB, will be recruited by MICT in accordance with appropriate auditing standards, to conduct external audits. A TOR for the audit, following the ADB template, has been prepared and agreed in the PAM.	Low
9. Reporting and monitoring	Unreliable reports due to errors and limited staff capability in financial reporting.	Moderate	Qualified counterparts (financial controller) and project accounting staff shall be recruited by PCU and PIUs to compile/check timely financial reports.	Low
	Progress reports will not be able to link payments with physical works and thus not provide improved control for management.	Moderate	Format for progress reports will specify the necessary linkages between financial and physical progress. Physical progress data shall be collected at end of month to reduce the risk that the physical data may not synchronize with the month-end financial data.	Moderate
10. Information systems	Accounting software (Microsoft Excel) is in use, but not being utilized to its full capacity.	High	Before project effectiveness, the PCU and PIUs will establish a robust dedicated electronic professional project accounting software (e.g. QuickBooks or similar) that meets government and ADB accounting requirements and has internal controls, safety and backup arrangements. Consultants will provide on the job and formal training and capacity building PCU and PIU staff to increase their knowledge and	Moderate

Risk Type	Risk Description	Risk* Without Mitigation	Mitigation Measures	Risk* With Mitigation
			ability to use the accounting software.	
Overall Risk		High		Low

*Degrees of Risk Rating: High, Substantial, Moderate, Low

ADB = Asian Development Bank; DICT = Department of Information, Culture and Tourism; FM-EFP = financial management for externally financed projects; MOF = Ministry of Finance; MICT = Ministry of Information, Culture and Tourism; PCU = project coordination unit; PIU = project implementation unit; TOR = terms of reference.

Source: Asian Development Bank and the Ministry of Information, Culture and Tourism.

66. The Government of Lao PDR and MICT have agreed to implement an action plan as key measures to address the deficiencies (Table 17). The action plan also presents the corresponding outputs, responsible agencies including target dates of implementation.

Table 17: Project Financial Management Action Plan

Planned Action	Output	Responsible Party	Due Date
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
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
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.
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 compliance with government FM-EMP. 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. 	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

Planned Action	Output	Responsible Party	Due Date
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
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

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.
Source: Asian Development Bank and the Ministry of Information, Culture and Tourism.

B. Disbursement

1. Disbursement Arrangements for ADB Funds

67. The grant proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time)¹⁰, and detailed arrangements agreed upon between the government and ADB. Online training for project staff on disbursement policies and procedures is available.¹¹ Project staff will avail of this training to help ensure efficient disbursement and fiduciary control.

68. The PCU will be responsible for: (i) preparing disbursement projections; (ii) requesting budgetary allocations for counterpart funds; (iii) collecting and retaining supporting documents; and (iv) preparing and sending withdrawal applications to the MOF for onward submission to ADB. The PCU will also be responsible for checking and signing off on all disbursement documents prior to submission to MOF.

69. **Advance fund procedure.** The Government will, immediately upon project effectiveness, establish a pass-through account at the MOF for the ADB grant to receive and track grant disbursements before passing funds on to project's advance account. The PCU will establish the advance account in US Dollars for the ADB grant at a commercial bank designated by the Bank of Lao PDR; and will be responsible for establishing, managing, replenishing, and liquidating this account. The PIUs will set up project subaccounts for the ADB grant with a commercial bank(s) designated by the Bank of Lao PDR. Liquidation of the sub-accounts will be subject to submission of full documentation to the PCU.

70. The currency of the advance account is the US dollar. The advance account is to be used exclusively for ADB's share of eligible expenditures. The MICT who administers the advance account is accountable and responsible for proper use of advances to the advance account, including advances to any sub-accounts.

71. The total outstanding advance to the advance account should not exceed the estimate of ADB's share of expenditures to be paid through the advance account for the forthcoming 6 months. The MICT may request for initial and additional advances to the advance account

¹⁰ The handbook is available electronically from the ADB website (<https://www.adb.org/documents/loan-disbursement-handbook>)

¹¹ Disbursement eLearning. http://wpqr4.adb.org/disbursement_elearning

based on an Estimate of Expenditure Sheet¹² setting out the estimated expenditures to be financed through the account for the forthcoming 6 months. Supporting documents should be submitted to ADB or retained by the MICT in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time) when liquidating or replenishing the advance account.

72. **Statement of expenditure procedure.**¹³ The SOE procedure may be used for reimbursement of eligible expenditures or liquidation of advances to the advance account. The ceiling of the SOE procedure is the equivalent of \$100,000 per individual payment. Supporting documents and records for the expenditures claimed under the SOE should be maintained and made readily available for review by ADB's disbursement and review missions, upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit. PCU/PIU travel and per diem expenses will be claimed through reimbursement procedure. Reimbursement and liquidation of individual payments in excess of the SOE ceiling should be supported by full documentation when submitting the withdrawal application to ADB.

73. Before the submission of the first withdrawal application (WA), the borrower should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the government, together with the authenticated specimen signatures of each authorized person. The minimum value per WA is stipulated in the *Loan Disbursement Handbook* (2017, as amended from time to time). Individual payments below such amount should be paid (i) by the executing agency and subsequently claimed to ADB through reimbursement, or (ii) through the advance fund procedure, unless otherwise accepted by ADB. The borrower should ensure sufficient category and contract balances before requesting disbursements. Use of ADB's Client Portal for Disbursement (CPD) system is encouraged for submission of withdrawal applications to ADB.

74. Notwithstanding any other provision of the Grant Agreement, no withdrawals shall be made from the Grant Account until the Recipient has established a financial management team within the PCU comprising financial controller, head of internal audit and chief accountant.

2. Disbursement Arrangements for Counterpart Fund

75. The Government will provide counterpart funds of \$1.80 million equivalent (3.7% of total project cost) 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.

C. Accounting

76. The MICT will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project following international public-sector accounting standard for cash-based accounting. The MICT 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.

¹² Estimate of Expenditure sheet is available in Appendix 8A of ADB's *Loan Disbursement Handbook* (2017, as amended from time to time).

¹³ SOE forms are available in Appendix 7B and 7D of ADB's *Loan Disbursement Handbook* (2017, as amended from time to time).

D. Auditing and Public Disclosure

77. The MICT will cause the detailed consolidated project financial statements to be audited in accordance with International Standards on Auditing, by an independent auditor acceptable to ADB. The audited project financial statements together with the auditor's opinion will be presented in the English language to ADB within 6 months from the end of the fiscal year by the MICT.

78. The audit report for the project financial statements will include a management letter and auditor's opinions, which cover (i) whether the project financial statements present an accurate and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting standards; (ii) whether the proceeds of the grant were used only for the purpose(s) of the project; and (iii) whether the borrower or executing agency was in compliance with the financial covenants contained in the legal agreements.

79. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor.

80. The government, MICT and DICTs have been made aware of ADB's approach to delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements.¹⁴ ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the borrower), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

81. Public disclosure of the audited project financial statements, including the auditor's opinion on the project financial statements, will be guided by ADB's *Public Communications Policy 2011*.¹⁵ After the review, ADB will disclose the audited project financial statements and the opinion of the auditors on the project financial statements no later than 14 days of ADB's confirmation of their acceptability by posting them on ADB's website. The management letter, additional auditor's opinions, and audited entity financial statements will not be disclosed.¹⁶

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting

82. All advance contracting will be undertaken in conformity with ADB's *Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013)* and *Procurement*

¹⁴ ADB's approach and procedures regarding delayed submission of audited project financial statements:

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

¹⁵ Public Communications Policy: <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

¹⁶ This type of information would generally fall under public communications policy exceptions to disclosure. ADB. 2011. *Public Communications Policy*. Paragraph 97(iv) and/or 97(v).

Guidelines (2015). The issuance of requests for expressions of interest/invitations to bid under advance contracting will be subject to ADB approval. The borrower, MICT, DICTs, and UDAA have been advised that approval of advance contracting does not commit ADB to finance the project.

83. **Advance contracting.** To accelerate project implementation, advance actions for recruitment of consulting services and advertising select ICB works packages will be used. Retroactive financing will not be used. Prior to the start of grant negotiations, the EA will launch the recruitment process for the consulting firm and selected individual consultants. Recruitment of the firm can proceed up to the stage of ADB's approval of the first ranked firm and of individual consultants up to ADB's no objection to the proposed shortlist. The EA will start contract negotiations with the first-ranked firm and individual consultants once ADB's Board of Directors approves the project and when financing agreement effectivity is imminent. Two ICB works packages will be advertised when project approval is eminent. The contracts will not be signed until the financing agreement becomes effective.

B. Procurement of Goods, Works, and Consulting Services

84. All procurement of goods, works and services (Annex B) will be undertaken in accordance with ADB's *Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers* (2013) and ADB's *Procurement Guidelines* (2015).

85. Civil works valued at \$1 million or above and goods valued at \$500,000 or above will be procured through international competitive bidding (ICB) procedures. National competitive bidding (NCB) will be used to procure packages valued less than the ICB thresholds, and shopping procedures will be used for packages equivalent to \$100,000 and below. NCB will follow the national procurement legislation and regulations as set out in the national procurement legislation and regulations (specifically the Prime Minister's Decree No. 03/PM on Government Procurement of Goods, Construction, Maintenance and Services, effective 9 January 2004, and Implementing Rules and Regulations, effective 12 March 2004), subject to modifications and clarifications indicated in the NCB Annex of the Procurement Plan (Annex B) as required for consistency with the ADB Procurement Policy and Regulations.

86. Before the start of any NCB procurement, ADB and the government will review the public procurement laws of the central and state governments to ensure consistency with ADB's *Procurement Guidelines* (2015).

87. An 18-month procurement plan indicating threshold and review procedures, goods, works, and consulting service contract packages and national competitive bidding guidelines is in Section C.

88. Consultant recruitment will be done in accordance with ADB's *Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers* (2013).¹⁷ The terms of reference for all consulting services are detailed in Section D.

89. An estimated 388 person-months (142 person-month international and 246 person-months national) of consulting services are required to facilitate: (i) project management and civil engineering support; and (ii) strengthen the institutional and operational capacity of the executing and implementing agencies to: (a) carry out project financial management and procurement; (b) implement ASEAN Tourism Standards; (c) sustainably develop and manage tourist destinations; and (d) facilitate operation and maintenance of project infrastructure. The consulting firm providing the project management and civil engineering support will be

¹⁷ Checklists for actions required to contract consultants by method available in e-Handbook on Project Implementation at: <http://www.adb.org/documents/handbooks/project-implementation/>

engaged using the quality- and cost-based selection (QCBS) method with a standard quality–cost ratio of 90:10. Institutional and operational capacity building support will be provided by individual consultants, who will be recruited based on their qualifications for the assignment. Recruitment of individual consultants for institutional and operational capacity building support will help enable rapid project start-up and reduce the cost of consulting services without compromising quality. The executing agency has successfully recruited many qualified individual consultants in the past, with good results.

C. Procurement Plan

90. A procurement plan covering the first 18 months of procurement is in Annex B. The plan indicates threshold and review procedures, goods, works, and consulting service contract packages and national competitive bidding guidelines. The procurement plan will be updated annually. ADB will be responsible for posting the initial procurement plan and subsequent updates on the ADB website. In case procurement arrangements need to be changed during implementation, the EA and IAs will prepare a letter justifying the change with the updated procurement plan and submit the documents for ADB approval. The change in procurement arrangements shall be done in consultation with ADB. ADB will be responsible for posting the initial procurement plan and subsequent updates on ADB website.

D. Consultant's Terms of Reference

91. The outline terms of reference for all consultants is in Annex C.

92. The total consulting service requirements are an estimated 388 person-months (142 person-month international and 246 person-months national) and include (i) Project Management and Civil Engineering Support; and (ii) Capacity Building Support.

93. Project Management and Civil Engineering Support. This consulting services package will include an estimated 232 person-months (70 person-month international and 162 person-months national) to (i) assist the PCU and PIUs with detailed design, preparation of bidding documents, tendering and supervision of civil works; (ii) assist with social and environmental safeguards updating, monitoring and compliance; (iii) assist with the preparation and capacity building for implementation of O&M plans for facility operation; and (iv) provide project management and administrative support to the PCU and PIUs. The consultants will be recruited through a firm using the quality- and cost-based selection (QCBS) method with standard quality-cost ratio of 90:10. The contract for this package will include provisional sums for technical surveys and CAD support needed for detailed design and preparation of bidding documents.

94. Capacity Building Support. Consultants will be recruited as individuals, based on their qualifications for the assignment. This package comprises an estimated 156 person-months (72 person-month international and 84 person-months national) to assist the PCU and PIUs with: (i) implementation of institutional capacity building activities related to ASEAN Tourism Standards (output 2) and sustainable destination development and management (output 3); and (ii) assist the PCU and PIUs establish the project's financial management systems, provide financial management/procurement training, support start-up activities related to consultant recruitment and first-year procurement and continue to support the EA, PCU and PIUs with procurement and financial management related matters throughout project implementation; and (iii) provide other project management and administrative support to the PCU and PIUs.

VII. SAFEGUARDS

95. All safeguards documents have been prepared in accordance with ADB's *Safeguards Policy Statement* (SPS, 2009).¹⁸ In compliance with ADB's information disclosure and consultation requirements, the safeguard documents will be posted on ADB's website. The safeguard categorization for environment, involuntary resettlement and indigenous peoples is B.

96. Relevant safeguard documents include: (i) the initial environmental examination (IEE); (ii) provincial environmental management plans (EMPs) for infrastructure subprojects in Champasak and Vientiane Province; and (iii) the resettlement plan (RP) for Vientiane Province which covers: (a) Nam Ngum Reservoir Access Improvements, and (b) Western Loop Rural Access Road and Bridge Improvements subprojects; and (iv) the Indigenous Peoples Plan (IPP) for Vientiane Province. Refer to the respective safeguard action plans in the EMPs, RPs and IPP for detailed implementation guidance.

97. **Prohibited investment activities.** Pursuant to ADB's Safeguard Policy Statement (2009), ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the *Safeguard Policy Statement* (2009).

A. Environmental Safeguards

98. An IEE has been prepared to identify the potential environmental impacts and required mitigation measures for infrastructure subprojects. The required mitigation measures along with the required environmental monitoring of subproject implementation are developed into mitigation and monitoring plans of the two EMPs. The IEE and EMPs address the three stages of subproject implementation defined by pre-construction, construction and operation phases. The potential environmental impacts are primarily construction-phase related, which can be mitigated and managed, and are not expected to be irreversible, diverse or unprecedented. Expected impacts and risks are site-specific and appropriate mitigating measures have been incorporated into the EMPs for each infrastructure subproject. Mitigation measures for works near sensitive environments such as the as the Phu En Provincial Protected Forest near the Nam Ngum Reservoir Access Improvements subproject location were designed in accordance with international good practice and applicable national laws and regulations.

99. The IEE and EMPs have been prepared in consultation with local communities and provincial stakeholders in accordance with ADB SPS 2009 and the Government of Lao PDR's laws and regulations. The IEE and EMPs, to be updated during project implementation, will guide detailed civil works design, construction supervision, and O&M of project facilities. EMPs will form part of bidding documents. Prior to awarding of any civil works contract the government will reassess the potential impacts on environmental receptors and ensure appropriate mitigation measures are in place. A grievance redress mechanism and monitoring requirements are specified in the IEE/EMPs.

100. The MICT as the EA, with support from the PCU Safeguards Specialist, is responsible for ensuring that the project is implemented in accordance with the Government of Lao PDR's environmental protection laws and regulations and the environmental safeguard requirements of the ADB SPS 2009. The provincial PIUs with support from the DICTs will ensure compliance of project activities with ADB's SPS 2009 and Government regulations.

101. The assigned safeguards specialist in each PIU will coordinate timely disclosure of safeguard documents and will oversee and monitor the implementation of the EMPs and other safeguard documents. The Project Management and Civil Engineering Support consultants

¹⁸ Available at: <http://www.adb.org/documents/safeguard-policy-statement>

will have international and national environment specialists to provide technical advice, guidance, and support and on-the-job training for the PIUs, particularly the safeguards specialist, in environmental management during project implementation. They will also coordinate cross-sectoral training to ensure effective implementation of EMPs. The PCU will be responsible for overall project coordination and policy guidance. It will be responsible for deciding on environmental management matters in consultation with relevant authorities. It will ensure adequate resources are allocated and are timely disbursed to process the necessary environmental assessment activities.

102. Resources to assist the government to update the IEE/EMPs and augment the PCU and PIU's capacity to undertake environmental monitoring are included in the project costs. The estimated budgets for the implementation of the EMPs are \$29,000 for the two subprojects in Champasak Province, and \$86,000 for the five subprojects in Vientiane Province, to cover implementation of mitigation and monitoring plans and capacity development of the respective PIUs.

B. Social and Resettlement Safeguards

1. Involuntary Resettlement

103. Based on the preliminary census and inventory of losses, the safeguard category for involuntary resettlement is B. A resettlement plan (RP) has been prepared in accordance with ADB's SPS 2009 and the Government of Lao PDRs laws and regulations. Land acquisition and resettlement (LAR) impacts are foreseen for two subprojects in Vientiane Province: (i) Nam Ngum Reservoir Access Improvements, and (ii) Western Loop Rural Access Road and Bridge Improvements. Out of a total of 54 affected households (AHs), 40 are at the Nam Ngum Reservoir and 14 at the Western Loop Road. there are 13 vulnerable households, of which 5 are severely affected.

104. Construction of the Nam Ngum Reservoir Access Improvements subproject will require dismantling 3,181 m² of market stalls belonging to 34 AHs and 679m² of small shops and restaurants belonging to six AHs and two government agencies. From the total of 40 AHs, 19 AHs will also lose their living space, as they permanently reside in make-shift living areas in their stalls/shops and don't own a house elsewhere. The project will construct new shophouses for these 19 AHs (about 200-300 m from present location) with the same amount of space or greater, and sturdier materials and sanitation, ensuring their facilities are better than before the project. Business losses will be minor as the project will build new stalls and shophouses for all AHs (near their present location) before the dismantling the current structures.

105. The Western Loop Rural Access Roads and Bridge Improvements subproject will require the acquisition of 2,662m² of land owned by 14 AHs for the construction of a feeder road connecting the town to the western loop road via a new bridge to be constructed just south of the town center. Of the total land to be acquired 712 m² is residential land owned by 11 AHs; and 1,920 m² of rice fields owned by 3 AHs. No AHs will lose more than 10% of their land or productive assets. AHs will be compensated for loss of rice crops and dismantling portions of concrete and bamboo fences.

106. The indicative cost of resettlement impacts compensation for Nam Ngum and the Western Loop road is \$300,513. Of this total, the government will finance \$122,516 for land acquisition, compensation for minor business losses, other entitlements, and resettlement plan administration. ADB will finance \$177,997 to construct the new market and shophouses at Nam Ngum (included in the subproject's civil works costs). The RP, including the budget, will be updated at the time of the detailed measurement survey (DMS) during detailed design.

107. The initial and updated RP and all other safeguards documents were/will be prepared based on meaningful consultations with affected persons and communities. During project implementation, meaningful public consultation will continue with the AHs, affected communities and concerned groups in accessible places and in languages understandable to them. The final draft and any updates to the RP will be disclosed at relevant village offices in Lao language after approval by Government and ADB.

108. Project information was disclosed to all affected persons during project preparation. The initial RP was disclosed on the ADB website before project approval and the updated RP, prepared based on detailed engineering designs, will also be disclosed following on the ADB website.

109. The MICT, as the EA, is responsible for overseeing RP implementation. The PCU and Vientiane Province PIU will ensure regular coordination of RP implementation through designated safeguards focal staffs. International and National Social Safeguards Specialists will technically support and advise the PCU and PIU in updating the RP and in performing internal monitoring of RP implementation. The PCU and the PIU will coordinate closely with the Compensation and Resettlement Committees at provincial and district levels on all matters concerning involuntary resettlement, including preparation, updating, and implementing the RP.

110. Community Tourism Groups/Local Focal Points in villages will be organized to support the PIU to disseminate information and monitor the RP, as well as the EMPs, IPP and GAP. Likewise, village level grievance committees will be established to mediate and resolve all resettlement-related grievances of affected persons. Civil society organizations will support AHs in the formal lodging of their complaints to grievance committees.

2. Indigenous Peoples Safeguards

111. The safeguard category for indigenous peoples is B in accordance with ADB's SPS 2009. An indigenous people's plan (IPP) has been prepared in accordance with ADB's SPS 2009. The project will have beneficial impacts on Khmu, Hmong, and Lo Mien ethnic groups who belong to non-Tai-Kadai ethnic language groups, living near the selected tourist sites and along access roads as well as on the main Lao and Tai Dam ethnic groups belonging to the Tai-Kadai ethnic language groups. The sites are in areas that have been open to tourism for many years, and where members of ethnic groups are engaged in and supportive of tourism development. The increase in numbers of tourists is not expected to have a negative impact on traditional lifestyles and maintenance of culture. The key issue is to ensure concerned ethnic people maintain control of their physical and cultural resources and gain access to tourism-related enterprises and participate in community tourism planning.

112. The IPP includes actions to ensure ethnic groups in all five subprojects in Vientiane Province benefit from the activities and to mitigate negative impacts. The beneficial measures include: (i) support to organize community tourism groups (CTGs) where women of non-Tai-Kadai ethnic groups will be represented; (ii) include Khmu women in management of Kaeng Yui Waterfall; (iii) support to the Khmu waste pickers at Vang Vieng solid waste land fill; (iv) promotion of responsible tourism and regular consultation to avoid project's adverse impacts; (v) supplementary support for job planning and micro-enterprise development in Nam Ngum, Western Loop and Kaeng Yui Waterfall sub-projects; and, (vi) inclusion of non-Tai-Kadai ethnic group concerns in project management and implementation meetings. Mitigating measures include: (i) regular consultation with ethnic groups during design and construction are built into project activities; and (ii) awareness building activities on issues arising from unmanaged tourism, road safety and environmental sanitation. Measures will ensure ethnic groups participate in the design and implementation of awareness programs, and that non-Lao language or visual materials are available.

113. Implementation of the IPP will be the responsibility of the PCU Director and the Director of each PIU. The Director will assign a responsible staff member to monitor and report on the IPP activities. The international and national social safeguards specialist and international and national gender specialists will support the PCU and PIUs to implement the IPP. These specialists will work closely with other project consultants and PCU and PIU staff to integrate concerns and special measures for ethnic groups into their work plans. Other capacity building support consultants working under Output 2 and 3 will also support ethnic participation, in accordance with their terms of reference. Responsibilities for specific actions are identified in the IPP. The management and reporting structure for the IPP will follow the lines of responsibility for the overall project management as described in section II herein.

114. A budget of \$56,700 is allocated for IPP implementation, financed from the ADB grant, to cover cost for CTG/PIU field monitoring, coordination meetings and capacity-building under Output 2 and 3. Representatives from the Lao Front for National Construction and the Lao Women's Union will play an important role in facilitating participation of ethnic groups in project activities and will be invited to participate in steering committee meetings.

VIII. GENDER AND SOCIAL DIMENSIONS

115. During project preparation, a poverty and social assessment was conducted in accordance with ADB guidelines to determine the socioeconomic characteristics of the project area. It included a poverty analysis, a social analysis and a gender analysis, and meaningful consultations with people living in the project areas. A summary poverty reduction and social strategy (SPRSS) has been prepared to present project benefits and mitigation measures, to address social impacts, and enhance distribution of project benefits.

116. The project is categorized effective gender mainstreaming. Project design features ensure women's participation in infrastructure planning and construction, targeted business development programs, and gender-sensitive environmental and safety awareness campaigns. Increasing women's representation in project management and leadership roles is prioritized (Table 18).

117. Gender Action Plan (GAP) implementation and monitoring is estimated to cost \$195,000, to be financed by ADB. PCUs and multisector PIUs will confirm sex-disaggregated baseline data at project inception and be responsible for GAP implementation, supported by international and national gender specialists. Each PCU and PIU will appoint female and male counterpart gender focal points to manage day-to-day GAP activities. GAP implementation status reports will be included in the project's quarterly progress reports reviewed by ADB and project steering committees. ADB will conduct in-depth GAP reviews as part of the project's midterm and final evaluations.

Table 18: Gender Action Plan

Gender Objective	Actions/ Targets
Output 1: Urban-rural access infrastructure and urban environmental services improved	
Strengthen women's voice in project design.	<ol style="list-style-type: none"> 1. Two consultations held during detailed design of each infrastructure subproject to optimize inclusiveness, gender responsiveness, and employment opportunities during and after construction. 2. At least 50% of people consulted in Cambodia and 50% in the Lao PDR are women.
Promote women's economic empowerment and safety.	<ol style="list-style-type: none"> 3. At least 500 entrepreneurs (60% women) receive SME support services (2017 baseline:0) 4. At least 10% of unskilled workers hired for works construction are local women (2017 baseline: ~10%).

Gender Objective	Actions/ Targets
	5. 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. 6. Contractors provide gender-responsive HIV/AIDS, STI, human trafficking, and child labor exploitation prevention information to all workers.
Improve gender design features of tourism facilities to support economic empowerment.	7. All women vendors return to improved market space after construction (2017 baseline: ~80% (120) women). 8. At least 80% (80) of newly constructed shop owners/operators are women. 9. 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. 10. Infrastructure user charges (e.g. market stall rent and waste collection fees) are affordable to male and female users.
Ensure women's equal participation in gender-sensitive IEC programs to mitigate tourism's social risks.	11. 50% of IEC facilitators trained by the project are women. 12. At least 50% of people reached by gender-sensitive IEC campaigns are women (2017 baseline: 38% women). 13. 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.
Output 2: Capacity to implement ASEAN tourism standards strengthened	
Promote women's leadership.	14. At least 30% of ASEAN tourism standards certification board members and assessors are women (2017 baseline: 0). 15. At least 30% of ASEAN tourism standards trainers in Cambodia and 35% in the Lao PDR are women (2017 baseline: 0). 16. At least 40% of ASEAN tourism awards selection panel members in Cambodia and 45% in the Lao PDR are women (2017 baseline: 0).
Promote equal access to ASEAN tourism standards training and information.	17. ASEAN tourism standards manuals translated to Lao and Khmer language. 18. At least 40% of participants in ASEAN tourism standards training for businesses are women.
Output 3: Institutional arrangements for tourism destination management and infrastructure O&M strengthened	
3.1 Promote gender balanced project management.	19. Women comprise at least 30% of project steering committee members in the Lao PDR (2017 baseline: ~25%) and at least two women members are appointed to Cambodia's project steering committee (2017 baseline: 2/11 members). 20. Lao PDR: Women hold 30% of project director and deputy director positions (2017 baseline: 20%). Cambodia: Women hold 20% of project director and deputy director positions (2017 baseline: 0). 21. Lao PDR: At least 40% of overall PCU and PIU staff positions are held by women (2017 baseline: 34%). 22. Cambodia: At least 30% of overall PCU and PIU staff positions are held by women (2017 baseline: 26%) 23. At least 30% of PCU and PIU staff that attend technical and project management training are women.
3.2 Promote women's representation in destination management and infrastructure O&M entities.	24. DMO managers comprise at least 30% women (2017 baseline: ~30%). 25. Women comprise at least 35% of total DMO membership in Cambodia and 40% in the Lao PDR (2017 baseline: ~30%). 26. 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)

Gender Objective	Actions/ Targets
	27. 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. 28. At least 50% of participants in tourism-related service training are women (2017 baseline: ~70%).
3.3 Improve gender mainstreaming capacity to implement and monitor the GAP and report gender impacts.	29. 50% of 16 gender focal persons appointed to 2 PCUs and 6 PIUs are men. 30. Gender specialists and social development consultants provide gender equality training and GAP implementation training to all project supervision, management, and coordination entities. 31. GAP targets and actions are reflected in annual project work plans and reported in quarterly progress reports. 32. PPMS includes sex-disaggregated indicators and templates to track GAP progress, implementation, and project benefits. 33. At least 3 Cambodia and 3 Lao PDR human impact stories on GAP implementation, including women's understanding of, and satisfaction with project design, and improved economic opportunities are documented for publication.

ASEAN = Association of Southeast Asian Nations; GAP = gender action plan, DMO = destination management organization; IEC= information, education and communication; Lao PDR = Lao People's Democratic Republic, O&M = operation and maintenance; PCU = project coordination unit; PIU=project implementation unit, PPMS = project performance management system; SME = small and medium-sized enterprises; STI = sexually transmitted infection. Note: All targets are for both Lao PDR and Cambodia unless otherwise specified.

118. Stakeholder consultations will continue throughout project implementation, regularly referencing the information gathered during initial consultations with various stakeholder groups. The various stakeholders to be consulted, objectives of involvement, mechanisms for participation, agencies responsible for leading /organizing consultations, timing and resources are in the consultation and participation plan (Table 19).

119. Consultation and participation plan (CPP) implementation is estimated to cost \$100,000, to be financed by ADB. PCU and multisector PIUs will be responsible for CPP implementation and monitoring. International and a national social safeguards specialist will be hired to support CPP implementation.

Table 19: Consultation and Participation Plan

Stakeholder Group	Objective of Their Involvement	Participation Approach (Depth)	Participation Methods	Entity Responsible	Timing	Budget Source
Beneficiary communities, mobile vendors, shop owners, hotel operators and boat and vehicle associations at tourist sites, representatives of poor and vulnerable households, ethnic groups, and women	Directly benefit from project infrastructure interventions, participants' tourism-related skills training, tourism standards implementation, and management training	Collaboration (High)	<ul style="list-style-type: none"> • Information: Community meetings to disseminate information about project scope, design elements, participation mechanisms (e.g. community tourism groups), construction job opportunities for women and men, and entitlements for person affected by involuntary resettlement impacts; also, awareness building on HIV/AIDS, human trafficking, core labor standards and road safety, using brochures, posters, and seminars • Consultation: With residents, business owners/vendors, hotel and guest house operators at subproject sites regarding affordability if any changes to fees and public services provided; training needs assessment for vendors and women interested in skills training and tourism management; village meetings and focus group discussions on measures to enhance benefits, and mitigate risks of adverse impacts; detailed measurement survey and consultations on compensation, eligibilities, entitlement, grievance redress for persons/business owners/operators affected by land acquisition and resettlement. Also, consultations with women about participation during construction as unskilled laborers • Decisions: Community members determine the nature and extent of participation and guidelines for community tourism groups and tourism associations, with support from village leaders and mass organizations, to ensure they are needs-based, and inclusive, with representation of ethnic groups, women, and other interested subgroups 	PCUs, PIUs, mass organizations, community leaders, and consultants	Project inception; infrastructure subproject detailed design; continuing throughout project implementation	Output 2 and 3 capacity building activities, RPs, GAP, and IPPs
Tourism site management committees	Direct beneficiaries with specific responsibilities for infrastructure O&M at project sites	Partnership (High)	<ul style="list-style-type: none"> • Consultations: Community meetings to assess training and capacity building needs for infrastructure O&M and priorities for destination management, tourism services marketing and promotion strategies • Decisions: Revenue allocation for infrastructure O&M, training and promotion activities 	PCUs, PIUs, committee/ association leaders, and consultants	Infrastructure subproject detailed design, throughout project implementation	Output 2 and 3 institutional strengthening and training activities
Community tourism groups	Existing/newly created groups that facilitate community inputs into the design of training and other	Collaboration (High)	<ul style="list-style-type: none"> • Consultations: Community meetings to gather suggestions for infrastructure detailed design features and the community's role in tourist site management. Also, propose topics for training design and implementation • Decisions: On concepts, implementation modality, duration and schedules of capacity development activities such as awareness- 	PCUs, PIUs, mass organizations, commune/ village leaders,	Throughout project implementation	Output 2 and 3 institutional strengthening and training activities

Stakeholder Group	Objective of Their Involvement	Participation Approach (Depth)	Participation Methods	Entity Responsible	Timing	Budget Source
	project interventions, as well as involvement of women and ethnic groups in decision-making		raising, training, and other support to tourism site management and micro and small enterprises <ul style="list-style-type: none"> • Project implementation: Community focal points appointed to coordinate between project staff and community; and disseminate project-related information • Monitoring: On-site contractor monitoring, review training progress, and report to PIUs 	and consultants		
Mass organizations (e.g. women's unions, agencies responsible for ethnic and youth affairs)	Represent interests of women, ethnic groups and youth.	Collaboration (High)	<ul style="list-style-type: none"> • Project management and implementation: Direct consultations and participation in project implementation through PIU membership and project steering committee representation • Strategic decision making: Contribute to destination management decisions, RP, GAP and IPP implementation • Monitoring: District resettlement committees, and commune/village construction monitoring groups 	PIUs, mass organizations, commune/village leaders	Throughout project implementation	RPs, GAPs, IPP, and Output 3 institutional strengthening activities
Private businesses associations and chambers of commerce	Private sector participation for destination management and marketing	Partnership (High)	<ul style="list-style-type: none"> • Consultation: Meetings and individual consultations on emerging needs and issues affecting tourism and the business environment • Strategic decision making: Meetings and forums to gain public and private consensus on destination management frameworks, industry standards, and marketing and promotion directions 	PCUs and PIUs	Quarterly destination management network meetings	Output 2 and 3 institutional strengthening activities
Provincial and district governments	Effective and efficient project management and implementation	Collaboration (High)	<ul style="list-style-type: none"> • Approvals: Review and approve annual work plans and budgets, safeguard documents, civil works design, tendering, and contracts, and tourism/urban services management contracts • Project implementation: Appoint PIU staff and designate public representatives to destination management networks, procurement committees, and resettlement committees • Monitoring: Provincial and National Project Steering Committee, project planning and review workshops, resettlement committees, and destination management network participation. Provide policy guidance and mediate project-related disputes if necessary 	PCUs and PIUs	Annual steering committee meeting, and as needed during project implementation	Output 3 institutional strengthening activities
Government departments involved in national and subregional and steering committees	Establish and implement project policies and guidelines, coordination and approval mechanisms	Collaboration (Medium)	<ul style="list-style-type: none"> • Policy guidance and approvals: Meetings to review and approve annual workplans and budgets; and approve periodic progress reports and safeguards monitoring reports. Subregional project steering committee coordinates subregional marketing, ASEAN tourism standards implementation, and other joint activities among participating countries, development partners, and private sector advisory groups 	PCUs, PIUs, and Mekong Tourism Coordinating Office	Each committee meets at least once per year	Output 2 and 3 institutional strengthening activities and project management

ASEAN = Association of Southeast Asian Nations, GAP = gender action plan, IPP = indigenous peoples plan; MSME = micro, small, and medium-sized enterprise, O&M = operation and maintenance, PCU = project coordination unit, PIU = project implementation unit, RP = resettlement plan.

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION

A. Project Design and Monitoring Framework

120. The design and monitoring framework (DMF) of the project is in Annex D. The DMF will be uploaded in ADB e-Operations system upon board approval of the project.

B. Monitoring

121. **Project performance monitoring.** Project performance will be monitored using the targets, indicators, assumptions, and risks in the DMF. The PCU will be responsible for quarterly monitoring and reporting on the performance of the project. Within 12 months of project effectiveness, the PCU, with assistance from the International and National Monitoring and Evaluation Specialist and other consultants, will develop the project performance management system (PPMS) that shall be used to monitor and evaluate the project during implementation. During PPMS preparation, the PCU will: (i) update baseline data for output indicators gathered during project processing; (ii) determine monitoring and reporting arrangements; (iii) confirm data sources; (iv) check assumptions and risks; and (v) establish systems and procedures for systematic data collection. The PCU will submit the final PPMS to ADB for approval within 12 months of project effectiveness. Any changes will be uploaded by ADB into the e-Operations system. The monitoring and evaluation consultants will organize training courses for staff at national and provincial levels on M&E skills and the implementation of the PPMS.

122. All quarterly progress reports will include an assessment of overall implementation progress using a weighed implementation table (Annex E) in which physical progress for each activity is recorded and an aggregate overall weighted activity progress percentage is calculated. Quarterly progress reports will also include progress achieved at the output level as measured through the output indicator's performance targets. Prior to the midterm review and at the project's physical completion, in addition to activity and output data, data will be collected on progress toward achieving the project outcome, which shall feed into the midterm review and project completion report.

123. The PCU will be responsible for managing the PPMS—including the confirmation of baseline data, collection of data, monitoring of benefits, and evaluation of social and environmental impacts. Data will be presented in simple, easy-to-understand formats. The PCU will be responsible for analyzing and consolidating monitoring data through the PPMS and ensuring its incorporation into periodic project reports.

124. **Compliance monitoring.** Compliance with project covenants will be reviewed during each ADB review mission, to be conducted at 6-month intervals. The PCU will monitor compliance against the covenants and report updates in quarterly progress reports submitted to ADB and the Government. Any non-compliance issues will be specified in these reports, with proposed remedial actions for consideration at ADB review missions. ADB will update the e-Operations system following each review mission.

125. **Environmental safeguards monitoring.** EMPs for Champasak and Vientiane Province include an impact mitigation plan, environmental monitoring plan, and the institutional responsibilities for the implementation of the EMPs. The purpose of the monitoring plans is to document the effectiveness of prescribed mitigation measures, and to document any unforeseen environmental impacts of the subprojects. The monitoring plans address the construction and operational phases of the subprojects. With support from the PCU, the EA will oversee implementation of the monitoring plans by the provincial PIUs and construction

contractors with support provided by the project's environmental specialists who will organize and oversee the field sampling and required laboratory analyses to be conducted by a local monitoring institute and provide technical direction and support to the PIUs for the implementation of the monitoring plans.

126. The PIUs are responsible for preparing and submitting quarterly reports on monitoring activities to the PCU for consolidation and subsequent submission to ADB. The quarterly reports will be compiled from monthly reports submitted by the construction contractors, and environment specialists/PIU safeguards specialists. The consultants will provide an overview of any issues arising from monitoring activities during the reporting period. The quarterly reports and other inputs will contribute to Semi-annual Safeguards (Environmental and Social) Monitoring Reports that the EA is required to submit to ADB and the Government.

127. **Resettlement safeguards monitoring.** The resettlement plan includes measures for internal monitoring of the RP. Primary responsibility for internal monitoring lies with the PCU as the EA. The PCU will be responsible for overseeing the formation, function, and activities of the implementing agencies, and through quarterly monitoring reports, summarize this progress. All monitoring data will be sex-disaggregated.

128. The National Social Safeguards Specialist will support the PCU and PIUs to establish systems to implement the internal monitoring plan and accompany the PCU and each PIU in carrying out internal monitoring to assess whether affected households are able to restore their living conditions, livelihoods and incomes to pre-subproject levels and, if not, to recommend remedial actions to assist affected households.

129. The role of internal monitoring and evaluation is to ensure that resettlement institutions are well functioning during project implementation, and that the resettlement activities are undertaken in accordance with the implementation schedule described in the RP. In this way, the protection of APs' interests and the schedule for civil works can be assured.

130. As part of quarterly project progress reports submitted to ADB, Vientiane Province PIU (through the PCU) will provide regular updates on resettlement activities while the resettlement plan is being implemented. The report will assess (i) compliance with the project's resettlement policies and procedures and (ii) the availability and efficient use of personnel, material and financial resources; (iii) implementation of the project's stakeholder communication strategy, including dissemination information in resettlement; and (vi) identification of any problems and the need for remedial actions to correct any problems that arise. The quarterly reports and other inputs will contribute to Semi-annual Safeguards (Environmental and Social) Monitoring Reports that EA submits to ADB and the Government.

131. **Indigenous peoples safeguard monitoring.** The PCU and PIUs will monitor and report on the IPP activities through the IPP monitoring framework which will be part of the PPMS. At the beginning of the project, the PCU, with assistance from the consultants, will develop the PPMS and associated forms to generate data systematically for each output. The PIUs are responsible for preparing and submitting quarterly reports on IPP activities to the PCU for consolidation and subsequent submission to ADB.

132. **Gender and social dimensions monitoring.** Gender and social dimensions will be monitored internally by the PCU and PIU gender focal based on the gender performance indicators indicated in the PPMS and using ADB's GAP monitoring framework. The gender targets under outputs 2 and 3 of the DMF include: (i) women's representation in various tourism groups established to strengthen ASEAN Tourism standards with women occupying key leadership positions; (ii) inclusion of gender equality in information, education and communication (IEC) materials; (iii) gender balance in project institutional arrangements during project implementation and O&M through women's representation in PCU and PIUs

and women's assumption of key leadership positions; and (iv) inclusion of gender in the PPMS to provide information on project's impacts on women and men project stakeholders. At the beginning of the project, the PCU, with assistance from the consultants, will develop the PPMS and associated forms to generate data systematically for each output. Select indicators require sex-disaggregated data; these have been specified in the DMF. The PIUs are responsible for preparing and submitting quarterly reports on GAP and CPP activities to the PCU for consolidation and subsequent submission to ADB.

C. Evaluation

133. The ADB and Government will jointly review the project at least twice a year (at 6-month intervals). Joint review missions will assess: (i) achievement of contract awards and disbursements; (ii) physical progress of each project output; (iii) effectiveness of capacity development programs; (iv) compliance with social and environmental safeguards; (v) progress on gender and social dimensions; (vi) compliance with project covenants; (vii) financial management and annual financial audits; and (viii) performance of government agencies, implementation units and consultant and contractor performance. In addition to the regular reviews, ADB and the Government may conduct special project administration reviews to address and resolve specific administration problems.

134. A midterm evaluation of the project will be conducted at about 36 months after the start of project implementation. The midterm evaluation will include a comprehensive assessment of project implementation and record any changes necessary to improve project relevance or effectiveness or accelerate project progress. The international and national monitoring and evaluation specialist will assist the PCU to prepare the necessary data and assessments of the project that will inform and feed into the midterm evaluation report. Specific areas of attention include (i) review of project scope and the DMF; (ii) suitability of implementation arrangements; (iii) adequacy of costs and financing; (iv) performance of consultants and contractors; (v) performance of the EA and ADB; (vi) progress toward the outcome; (vii) compliance with project covenants; and (viii) sustainability.

135. Within 6 months of physical completion of the project, MICT will submit the government's project completion report to ADB.¹⁹

D. Reporting

136. The MICT will provide ADB with (i) quarterly progress reports in a format consistent with ADB's project performance reporting system; (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions, (c) updated procurement plan, and (d) updated implementation plan for the next 12 months; (iii) a comprehensive midterm report following formats agreed by MICT and ADB in advance; and (iv) a project completion report within 6 months of physical completion of the project. MICT will copy reports to other government agencies as required. To ensure that projects will continue to be both viable and sustainable, project accounts and the executing agency audited financial statement together with the associated auditor's report, should be adequately reviewed and actions agreed with the auditor implemented.

¹⁹ Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

E. Stakeholder Communication Strategy

137. The project's stakeholder communication strategy (Table 20) draws on good practices outlined in ADB's *Public Communication Policy*.²⁰ It is based on the principles of transparency, timeliness, meaningful participation, and inclusion of all project stakeholders, particularly women, ethnic groups, and other intended project beneficiaries. The strategy will ensure project stakeholders receive timely, reliable and correct information about the project, and have opportunities to give feedback to address implementation issues. Key stakeholders include: (i) direct and indirect project beneficiaries, with focus on small enterprises and their employees; (ii) community tourism groups; (iii) tourism industry association; (iv) civil society organizations and other development partners; (v) mass organizations responsible for ethnic, women's, and youth affairs; (vi) government agencies; and (vii) international and domestic tourists. The strategy serves to inform and support community and private sector development, strengthen government capacity to support sustainable tourism and green urban development, and ensure the needs and aspirations of project beneficiaries are being met, while mitigating any potential negative impacts.

²⁰ ADB. 2011. *Public Communication Policy 2011. Disclosure and Exchange of Information*. Manila

Table 20: Stakeholder Communication Strategy

Objective	Stakeholder Groups	Main Interests	Messages	Means of Communication	Timeline	Responsibility
Project stakeholders receive timely, reliable, and correct information about the project	Beneficiary communities	Benefit from new economic opportunities; social and environmental sustainability; users of improved infrastructure and services	Stakeholder cooperation and support is important to achieve successful outcomes; non-coercive information to be shared openly and transparently	Presentations, discussions, and document dissemination at planning meetings, workshops, awareness seminars, project website, and training activities	Project inception and frequently during implementation	PCUs, PIUs, and commune/village offices
	Community tourism groups	Economic opportunities; social and environmental sustainability; manage tourism services and attractions	Community participation is important for sustainable destination management	Presentations, discussions and document dissemination during planning meetings, workshops, awareness seminars, and training	Project inception and frequently during implementation	PCUs, PIUs, and commune/village offices
	Tourism industry associations and MSMEs	Economic opportunities and trained workers; destination marketing and promotion; industry standards; main tourism service providers	Public-private collaboration is important for training design and sustainable destination management	Presentations, discussions and document dissemination during meetings, workshops, awareness seminars, and training; project and MTCO websites	Frequently during implementation	PCUs, PIUs, industry associations, and MTCO
	Mass organizations, i.e. women's unions, agencies responsible for ethnic and youth affairs	RP, GAP and IPP implemented, (e.g. disclosure, entitlements, grievance redress mechanisms); equal opportunities for all	ADB and government safeguards policies will be followed closely, all affected persons are entitled to fair compensation	Separate meetings with women and ethnic groups in local language when needed; resettlement committee meetings; safeguards document disclosure on project and ADB websites; project's public information booklet	Project inception and frequently during implementation	PIUs together with relevant mass organizations
	Civil society organizations and other development partners	Advocacy, knowledge, and finance to achieve positive development outcomes; safeguards compliance	The project seeks collaboration and partnerships to boost its relevance, effectiveness, efficiency and sustainability	Presentations, discussions and document dissemination during project planning meetings, sector coordination meetings, GMS tourism working group; project and MTCO websites	Semi-annual meetings; websites updated monthly	PCUs, PIUs, and MTCO
	Government agencies responsible for infrastructure and tourism	Sustainable infrastructure O&M; safeguards compliance; sustainable destination management	Works design and construction schedules published, transparent urban services tariffs and fees; RP, IEE-EMPs and IPP will be properly implemented	Workshops, seminars, individual consultations with affected persons; resettlement committee meetings and/or meetings with affected households	Project inception and as required during implementation	PCU and PIUs
	International and domestic tourists	Safe, accessible, well-managed tourism destinations	Residents expect socially and environmentally responsible behavior	Public signage, social media, NTO and MTCO websites,	Frequently	PCU, PIUs, MTCO, and

Objective	Stakeholder Groups	Main Interests	Messages	Means of Communication	Timeline	Responsibility
				brochures and another print media		commune/village leaders
Stakeholders engage in planning, implementation and monitoring to build local ownership of project initiatives	Beneficiary communities	Equal access to benefits from new economic opportunities; social and environmental sustainability; sustainability and affordability of improved infrastructure and urban services	Local inputs are sought to ensure infrastructure, capacity building, and institutional strengthening activities are suitably designed and implemented; improved infrastructure and urban services will be affordable for residents	Project orientation and frequent public consultations to review project features and plans, and disclose monitoring mechanisms Information about the project in local languages posted in strategic location in beneficiary communities Brochures and posted information about upcoming training programs available in highly-visible, publicly accessible areas Community representatives join semi-annual planning and review meetings	Project inception and frequently during implementation	PIUs, mass organizations, and commune/village leaders
	Community tourism groups	Access to quality training; retain stewardship of local tourism resources; tourism and urban services are well-managed	The project promotes community engagement in tourism and urban services management; community input is sought to design and implement training and information and education campaigns	Presentations, discussions and document dissemination during meetings, workshops, awareness seminars, and training activities; project information booklet	Project inception and frequently during implementation	PCUs, PIUs, and commune/village leaders
	Tourism industry associations and MSMEs	Manager and employee access to training and destination marketing support; enabling business environment	The project promotes industry-relevant training and public-private collaboration; project investments will improve the business environment for tourism; ASEAN tourism standards will improve service quality and build consumer confidence	Tourism industry events (e.g. annual Mekong Tourism Forum and ASEAN Tourism Forum); project and MTCO websites	Frequently during implementation	PCUs, PIUs, and industry association members
	Mass organizations, i.e. women's unions,	Equal access for women, ethnic groups, and youth; prevent and mitigate	The project will make special provisions (e.g. scholarships, training vouchers and	Community meetings, workshops, seminars, and	Frequently during implementation	PCUs, PIUs, mass organizations,

Objective	Stakeholder Groups	Main Interests	Messages	Means of Communication	Timeline	Responsibility
	agencies responsible for ethnic and youth affairs	negative social and environmental tourism impacts	affirmative actions) to include women, ethnic groups, and youth, following the GAP and IPPs; information and education campaigns to raise awareness about good environmental practices, and prevention of human trafficking and HIV/AIDS	training; project information booklet		and commune/village leaders
	Civil society organizations and other development partners	Good development coordination; development effectiveness	Civil society organizations and other development partners are openly invited to collaborate and coordinate with the project	Tourism industry events (e.g. annual Mekong Tourism Forum and ASEAN Tourism Forum); GMS and ASEAN tourism working group meetings; sector coordination meetings project and MTCO websites	Frequently during implementation	PCUs and PIUs
	Government agencies responsible for infrastructure and tourism	Institutional strengthening for sustainable infrastructure O&M and destination management	The project supports capacity building for public officials and will strengthen institutions responsible for tourism/urban management	Semi-annual planning and review meetings; annual workplans available on project websites	Frequently during implementation	PCUs and PIUs

ADB = Asian Development Bank; ASEAN = Association of Southeast Asian Nations; EMP = environmental management plan; GAP = gender action plan; GMS = Greater Mekong Subregion; IEE = initial environmental examination; IPP = Indigenous Peoples Plan; MTCO = Mekong Tourism Coordinating Office; MSME = micro, small, and medium-sized enterprise; NTO = national tourism organization; O&M = operation and maintenance; RP = resettlement plan.

X. ANTICORRUPTION POLICY

138. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project.²¹ All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all project contractors, suppliers, consultants, and other service providers. Individuals and/or entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the project.²²

139. To support these efforts, relevant provisions are included in the grant agreement and the bidding documents for the project. Moreover, the Government will ensure that all PCU and PIU project staff are fully aware of and comply with the Government's and ADB's procedures, including procedures for: (i) implementation; (ii) procurement; (iii) use of consultants; (iv) disbursement; (v) reporting; (vi) monitoring; and (vii) prevention of fraud and corruption.

140. The Borrower shall: (i) undertake necessary measures to create and sustain a corruption-free environment for activities under the project; (ii) comply with ADB's Anticorruption Policy (1998, as amended to date); and (iii) where appropriate, ensure that relevant provisions of ADB's Anticorruption Policy are included in all bidding documents for the project. The Borrower: (i) acknowledges ADB's right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive and coercive practices relating to the project; and (ii) agrees to cooperate fully with any such investigation and to extend all necessary assistance, including providing access to all relevant books and records, as may be necessary for the satisfactory completion of any such investigation. All external costs related to such investigations shall be met by the project resources or by the Borrower.

141. Without limiting the generality of the preceding paragraph, the Borrower shall: (i) conduct periodic inspections on the suppliers', contractors', consultants' and other service providers' activities related to the grant proceeds, fund withdrawals and settlements; and (ii) ensure that all contracts financed by ADB in connection with the project include provisions specifying the right of ADB to audit and examine the records and accounts of the Borrower, and all suppliers, contractors, consultants and other service providers as they relate to the project.

142. A grievance redress mechanism will be established for the project. The PCU and each PIU will appoint a grievance officer who will be the focal point for all complaints about project performance. This mechanism will align with the mechanism outlined in the resettlement and environment planning documents. The PCU will keep a record of complaints and will report against any significant complaints in the quarterly project progress reports.

143. The Borrower shall cause MICT to set up a project website that shall disclose how the grant proceeds are being used, contracts awarded, and other project information including: (i) the list of participating bidders; (ii) the name of the winning bidder; (iii) basic details on bidding procedures adopted; (iv) the amount of the contract awarded; (v) the list of goods and/or services purchased; (vi) safeguards monitoring reports; (vii) quarterly progress reports; and (viii) the grievance redress mechanism. The website shall be updated within two weeks after: (i) each award of contract; and (ii) each submission of quarterly reports and safeguards monitoring reports. In addition, winning bids for each civil works contract will be posted on participating village notice boards.

²¹ Anticorruption Policy: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

²² ADB's Integrity Office web site: <http://www.adb.org/integrity/unit.asp>

XI. ACCOUNTABILITY MECHANISM

144. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should try in good faith to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.²³

XII. RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL

145. The PAM is a living document and is subject to change after ADB Board approval of the project. Hence, all revisions or updates during course of project implementation should be retained in this Section to provide a chronological history of changes to implemented arrangements recorded in the PAM. The PAM was developed during the grant fact finding mission and revised and endorsed during grant negotiations in May 2018.

146. The following are the revisions and updates made during project implementation:

Table 21: Record of Changes (as of 30 April 2021)

Date	Details
8 April 2019 (para.77 PAM)	Approval of the deferment of submission of the first APFS (25 Dec 2018-31 Dec 2018)
5 September 2019 (paras. 85 and 90 PAM)	Approval the updated procurement plan (dated 5 Sept 2019) and specified the following thresholds: <ul style="list-style-type: none"> o ICB for Goods: \$1million and above o NCB for Goods: between \$100,000 and \$999,999 o Shopping for Goods: up to \$99,999 o ICB for Works: \$3million and above o NCB for Works: between \$100,000 to \$2,999,999 o Shopping for Works: up to \$99,999
4 May 2020 (para.77 PAM)	Due to COVID-19 pandemic, ADB granted a 6-month deadline extension for submission of the 2019 APFS from 30 June 2020 to up to 30 September 2020.
27 August 2020 (Table 9 and Table 13, PAM)	Approval of the minor change in a project to change the project's financing plan, specifically the cost of land acquisition and resettlement, which was originally planned to be covered under the Recipient's counterpart funding, to be funded by ADB grant.
December 2020 (para. 71, PAM)	Increase advance ceiling from \$1million to \$1.5mill (WA00026, EES endorsed)
30 April 2021 (para. 89, PAM)	During 6 Mar-30 April review mission: <ul style="list-style-type: none"> o Revised the baseline contract award and disbursement projections. o Added 3 individual additional consultants: <ul style="list-style-type: none"> - National social safeguard specialist 1 (5pm)-discontinue this position under PMCES contract. - National social safeguard specialist 2 (10 pm) to support social safeguard team. - National resident engineer 3 (24 pm) to oversee contraction of TIIGP2-LAO-W02.

²³ Accountability Mechanism. <http://www.adb.org/Accountability-Mechanism/default.asp>.

LINKED AND SUPPLEMENTARY DOCUMENTS²⁴

1. Grant Agreement
2. Sector Assessment (Summary): Tourism in Cambodia, the Lao People's Democratic Republic, and Viet Nam
3. Contribution to the ADB Results Framework
4. Development Coordination
5. Financial Analysis
6. Economic Analysis
7. Country Economic Indicators
8. Summary Poverty Reduction and Social Strategy
9. Gender Action Plan
10. Initial Environmental Examination
11. Champasak Environmental Management Plan
12. Vientiane Province Environmental Management Plan
13. Resettlement Plan Vientiane Province
14. Indigenous Peoples Plan
15. Climate Change Assessment Report
16. Risk Assessment and Risk Management Plan

Supplementary Documents

1. Tourism Demand Analysis and Forecasts
2. Institutional Analysis and Operations and Maintenance Arrangements

²⁴ This is the list of linked documents for ADB. 2018. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Grant to the Kingdom of Cambodia and the Lao People's Democratic Republic: Second Greater Mekong Subregion Tourism Infrastructure for Inclusive Growth Project*. Manila.

PROCUREMENT PLAN

Basic Data

Project Name: Second Greater Mekong Subregion Tourism Infrastructure for Inclusive Growth Project	
Project Number: 49387-002	Approval Number: xxxxxx
Country: Lao PDR	Executing Agency: Ministry of Information, Culture and Tourism
Project Financing Amount: \$48.90 million ADB Financing: \$47.00 million Non-ADB Financing: \$1.80 million	Implementing Agencies: Ministry of Information, Culture and Tourism/Departments of Information, Culture and Tourism of Champasak, Luang Prabang and Vientiane Provinces and Vang Vieng Urban Development Administration Authority
Date of First Procurement Plan: 22 May 2018	Date of this Procurement Plan: 22 May 2018

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

1. Procurement and Consulting Methods and Thresholds

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

Procurement of Goods and Works		
Method	Threshold	Comments
International Competitive Bidding (ICB) for Works	\$1,000,000 and above	
International Competitive Bidding for Goods	\$500,000 and above	
National Competitive Bidding (NCB) for Works	Beneath that stated for ICB, Works	
National Competitive Bidding for Goods	Beneath that stated for ICB, Goods	
Shopping for Works	Below \$100,000	
Shopping for Goods	Below \$100,000	

Consulting Services	
Method	Comments
Quality and Cost Based Selection (QCBS)	
Individual Consultant Selection (ICS)	

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

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

Package Number	General Description	Estimated Value ²⁵	Procurement Method	Review (Prior / Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments
Works							
TIIGP2-LAO-W01	Nakasang and Don Det-Don Khone Access Improvements	\$7,227,529	1	ICB	Prior	Q4/2019	No prequalification; No domestic preference; Large works bidding documents

²⁵ Inclusive of taxes and duties.

TIIGP2-LAO-W04	Vang Vieng Landfill Improvements	\$5,632,000	1	ICB	Prior	Q1/2020	No prequalification; No domestic preference; Large works bidding documents
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1S1E = single stage-one envelope; ICB = international competitive bidding; Q = quarter.

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

The following table lists consulting services contracts for which the recruitment activity is either ongoing or expected to commence within the next 18 months.

Package Number	General Description	Estimated Value ²⁶	Recruitment Method	Review (Prior / Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
Firms							
TIIGP2-LAO-C01	Project Management and Civil Engineering Support	\$2,826,486	QCBS	Prior	Q3/2018	FTP	International and National. Total 232 p-m 90:10 Quality-Cost Ratio
Individual Consultants							
Institutional Capacity Building Support							
TIIGP2-LAO-C02	International Tourism Specialist/Co-Team Leader	\$783,848	ICS	Prior	Q3/2018	EOI+CV	International 54 p-m
TIIGP2-LAO-C03	International Tourism Standards Specialist	\$100,876	ICS	Prior	Q3/2018	EOI+CV	International 8 p-m
TIIGP2-LAO-C04	National Tourism Specialist / Deputy Team Leader	\$217,875	ICS	Prior	Q3/2018	EOI+CV	International 54 p-m

CV = Curriculum Vitae; EOI = Expression of Interest; ICS = individual consultant selection; p-m = person-months; Q = quarter; QCBS = quality and cost-based selection.

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

The following table groups smaller-value goods, works and consulting services contracts for which the activity is either ongoing or expected to commence within the next 18 months.

Goods and Works								
Package Number	General Description	Estimated Value ²⁷	Number of Contracts	Procurement Method	Review (Prior / Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments
Works								
Goods								
TIIGP2-LAO-G01	PCU & PIU vehicles	\$215,000	1	NCB	Prior	1S1E	Q3/2018	No prequalification; No domestic preference

²⁶ Exclusive of income tax on fees and VAT on reimbursable expenses and provisional sums.

²⁷ Inclusive of taxes and duties.

TIIGP2-LAO-G02	PCU office furniture and equipment	\$20,000	2	Shopping	Prior	Quotation	Q4/2018	No prequalification; No domestic preference
TIIGP2-LAO-G03	PIU office furniture and equipment (4 PIUs)	\$80,000	8	Shopping	Post	Quotation	Q1/2019	No prequalification; No domestic preference
TIIGP2-LAO-G05	Equipment ASEAN Tourism Standards certification bodies	\$30,000	5	Shopping	Post	Quotation	Q2/2019	No prequalification; No domestic preference
TIIGP2-LAO-G07	Equipment for DMO secretariats	\$20,000	4	Shopping	Post	Quotation	Q2/2019	No prequalification; No domestic preference

1S1E = single stage-one envelope; DMO = destination management organization; NCB = national competitive bidding; PCU = project coordination unit; PIU = project implementation unit

Consulting Services								
Package Number	General Description	Estimated Value²⁸	Number of Contracts	Recruitment Method	Review (Prior / Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
Individual Consultants								
<u>Capacity Building Support</u>								
TIIGP2-LAO-C05	International Gender Specialist	\$43,816	1	ICS	Prior	Q3/2018	EOI+CV	International 2 p-m
TIIGP2-LAO-C06	National Gender Specialist	\$42,649	1	ICS	Prior	Q3/2018	EOI+CV	National 12 p-m
TIIGP2-LAO-C07	International Financial Management & Procurement Specialist	\$64,880	1	ICS	Prior	Q3/2018	EOI+CV	International 5 p-m
TIIGP2-LAO-C08	National Financial Management & Procurement Specialist	\$21,372	1	ICS	Prior	Q3/2018	EOI+CV	National 6 p-m
TIIGP2-LAO-C09	International Monitoring and Evaluation Specialist	\$48,281	1	ICS	Prior	Q3/2018	EOI+CV	International 3 p-m
TIIGP2-LAO-C10	National Monitoring and Evaluation Specialist	\$57,139	1	ICS	Prior	Q3/2018	EOI+CV	National 12 p-m

CV = Curriculum Vitae; CQS = consultants' qualifications selection; EOI = Expression of Interest; ICS = individual consultant selection; MSE = micro- and small-enterprise; p-m = person-months; PPP = public-private partnership; Q = quarter

²⁸ Exclusive of income tax on fees and VAT on reimbursable expenses and provisional sums.

B. Indicative List of Packages Required Under the Project

The following table provides an indicative list of goods, works and consulting services contracts over the life of the project, other than those mentioned in previous sections (i.e., those expected beyond the current period).

Goods and Works							
Package Number	General Description	Estimated Value (cumulative) 29	Estimated Number of Contracts	Procurement Method	Review (Prior / Post)	Bidding Procedure	Comments
Works							
TIIGP2-LAO-W02	Nam Ngum Reservoir Access Improvements	\$ 6,142,686	1	ICB	Prior	1S1E	No prequalification; No domestic preference; Large works bidding documents
TIIGP2-LAO-W03	Vang Vieng Urban-Rural Access Improvements	\$10,673,878	1	ICB	Prior	1S1E	No prequalification; No domestic preference; Large works bidding documents
Goods							
TIIGP2-LAO-G04	Vang Vieng landfill management equipment	\$715,000	1	NCB	Post	1S1E	No prequalification; No domestic preference
TIIGP2-LAO-G6	Equipment for ASEAN Tourism Standards implementation (public sector)	\$500,000	8	Shopping	Post	Quotation	No prequalification; No domestic preference
TIIGP2-LAO-G08	Equipment for heritage interpretation	\$180,000	10	Shopping	Post	Quotation	No prequalification; No domestic preference
TIIGP2-LAO-G09	Equipment for SMEs to implement private sector-led actions in the DMPs	\$325,000	12	Shopping	Post	Quotation	No prequalification; No domestic preference

1S1E = single stage-one envelope; ICB = international competitive bidding; DMO = destination management organization; MSE = micro- and small-enterprise; NCB = national competitive bidding; PCU = project coordination unit; PIU = project implementation unit

Consulting Services							
Package Number	General Description	Estimated Value (cumulative) 30	Estimated Number of Contracts	Recruitment Method	Review (Prior / Post)	Type of Proposal	Comments
Firms							
Individual Consultants							
Institutional Capacity Building Support							
TIIGP2-LAO-C11	Tourism experts - various resource persons	\$200,000	40	SSS	Post	CV	International and national

CV = Curriculum Vitae; CQS = consultants' qualifications selection; EOI = Expression of Interest; ICS = individual consultant selection; MSE = micro- and small-enterprise; p-m = person-months; PPP = public-private partnership; Q = quarter; QCBS =

²⁹ Inclusive of taxes and duties.

³⁰ Exclusive of income tax on fees and VAT on reimbursable expenses and provisional sums.

D. National Competitive Bidding

1. General

1. The procedures to be followed for National Competitive Bidding (NCB) shall be those set forth for “Public Bidding” in Prime Minister’s Decree No. 03/PM of the Lao People’s Democratic Republic, effective 09 January 2004, and Implementing Rules and Regulations effective 12 March 2004, with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of the Procurement Guidelines.

2. Application

2. Contract packages subject to NCB procedures will be those identified as such in the project Procurement Plan. Any changes to the mode of procurement from those provided in the Procurement Plan shall be made through updating of the Procurement Plan, and only with prior approval of ADB.

3. Eligibility

3. Bidders shall not be declared ineligible or prohibited from bidding on the basis of barring procedures or sanction lists, except individuals and firms sanctioned by ADB, without prior approval of ADB.

4. Advertising

4. Bidding of NCB contracts estimated at \$500,000 or more for goods and related services or \$1,000,000 or more for civil works shall be advertised on ADB’s website via the posting of the Procurement Plan.

5. Procurement Documents

5. The standard procurement documents provided with Ministry of Finance, Procurement Monitoring Office shall be used to the extent possible. The first draft English language version of the procurement documents shall be submitted for ADB review and approval, regardless of the estimated contract amount, in accordance with agreed review procedures (post and prior review). The ADB-approved procurement documents will then be used as a model for all procurement financed by ADB for the project, and need not be subjected to further review unless specified in the procurement plan.

6. Preferences

- (i) No preference of any kind shall be given to domestic bidders or for domestically manufactured goods.
- (ii) Suppliers and contractors shall not be required to purchase local goods or supplies or materials.

7. Rejection of all Bids and Rebidding

6. Bids shall not be rejected, and new bids solicited without ADB’s prior concurrence.

8. National Sanctions List

7. National sanctions lists may be applied only with prior approval of ADB.

9. Corruption Policy

8. A bidder declared ineligible by ADB, based on a determination by ADB that the bidder has engaged in corrupt, fraudulent, collusive, or coercive practices in competing for or in executing an ADB-financed contract shall be ineligible to be awarded ADB-financed contract during the period determined by ADB

10. Disclosure of Decisions on Contract Awards

9. At the same time that notification on award of contract is given to the successful bidder, the results of the bid evaluation shall be published in a local newspaper or well-known freely accessible website identifying the bid and lot numbers and providing information on (i) name of each Bidder who submitted a Bid, (ii) bid prices as read out at bid opening, (iii) name of bidders whose bids were rejected and the reasons for their rejection, (iv) name of the winning Bidder, and the price it offered, as well as the duration and summary scope of the contract awarded. The executing agency/implementing agency shall respond in writing to unsuccessful bidders who seek explanations on the grounds on which their bids are not selected.

11. Member Country Restrictions

10. Bidders must be nationals of member countries of ADB, and offered goods, works and services must be produced in and supplied from member countries of ADB.

TERMS OF REFERENCE FOR CONSULTING SERVICES

Table 1: Summary of Consultant Inputs Summary

Summary	Person-Months		
	International	National	Total
Project Management and Civil Engineering Support (Firm)	70	162	232
Capacity Building Support (Individuals)	72	84	156
Total	142	246	388

Package	Person-Months
Project Management and Civil Engineering Support (Firm)	
<i>International</i>	
<u>Civil engineering</u>	
1 International Civil Engineer / Co-Team Leader	54
<u>Safeguards</u>	
2 International Environmental Specialist	6
3 International Social Safeguards Specialist (Resettlement & Indigenous People)	6
<u>Infrastructure O&M</u>	
4 International Institutional Development Specialist	4
	Total
	70
<i>National</i>	
<u>Civil engineering</u>	
1 National Lead Civil Engineer	54
2 National Civil Engineer 1	36
3 National Civil Engineer 2	36
<u>Safeguards</u>	
4 National Environmental Specialist	12
5 National Social Safeguards Specialist (Resettlement & Indigenous People)	12
<u>Infrastructure O&M</u>	
6 National Institutional Development Specialist	12
	Total
	162
Capacity Building Support (Individuals)	
<i>International</i>	
<u>ASEAN Tourism Standards and Destination Management</u>	
1 International Tourism Specialist / Co-Team Leader	54
2 International Tourism Standards Specialist	8
<u>Gender and Social Development</u>	
3 International Gender and Social Development Specialist	2
<u>Financial Management & Procurement</u>	
4 International Financial Management & Procurement Specialist	5
<u>Monitoring and evaluation</u>	
5 International Monitoring and Evaluation Specialist	3
	Total
	72
<i>National</i>	
<u>ASEAN Tourism Standards and Destination Management</u>	
1 National Tourism Specialist / Deputy Team Leader	54
<u>Gender and Social Development</u>	
2 National Gender and Social Development Specialist	12
<u>Financial Management & Procurement</u>	
3 National Financial Management & Procurement Specialist	6
<u>Monitoring and evaluation</u>	
4 National Monitoring and Evaluation Specialist	12
	Total
	84

A. INTRODUCTION

1. The objectives of the consulting services are to support the Ministry of Information, Culture and Tourism, Lao PDR, implement the Second Tourism Infrastructure for Inclusive Growth Project (the project). The total consulting service requirements are an estimated 388 person-months (142 person-month international and 246 person-months national) and include (i) Project Management and Civil Engineering Support (PMCES); and (ii) Capacity Building Support (CBS). The PMCES consulting package will be recruited through a firm using the quality- and cost-based selection (QCBS) method with standard quality-cost ration of 90:10, the CBS consultants will be recruited as individual consultants.

B. PACKAGE 1: PROJECT MANAGEMENT AND CIVIL ENGINEERING SUPPORT

2. The PMCES consulting package will include an estimated 232 person-months (70 person-month international and 162 person-months national) to: (i) assist the PCU and PIUs with detailed design, preparation of bidding documents, tendering and supervision of civil works; (ii) assist with social and environmental safeguards updating, monitoring and compliance; (iii) assist with the preparation and capacity building for implementation of O&M plans and establishment of PPP for facility operation; and (iv) provide project management and administrative support to the PCU and PIUs. The PMCES consulting package will be recruited through a firm using the quality- and cost-based selection (QCBS) method with standard quality-cost ratio of 90:10. The contract for this package will include provisional sums for: technical surveys and CAD support needed for detailed design and preparation of bidding documents. Detailed Terms of References for the PCEMS consultants are as follows:

1. International Civil Engineer / Co-Team Leader (54 person-months)

3. The International Civil Engineer/Co-Team Leader (ICE/CTL) will: (i) be responsible for the supervision of the international and national Project Management and Civil Engineering Support (PMCES) consultants; (ii) be jointly responsible for overall project management, together with the International Tourism Specialist/Co-Team Leader (ITS/CTL); and (iii) direct and supervise all aspects of the project's detailed design, documentation, contracting and supervision of all civil engineering works connected with the realization of the infrastructure subprojects under Output 1 and capacity building for infrastructure operation and maintenance (O&M) and public-private partnership (PPP) development under Output 3. In undertaking the assigned project management tasks, the ICE/CTL will coordinate closely with the appropriate PCU/PIU staff. Specific tasks include:

Project management tasks

- (i) Supervise and coordinate the work of the international and national PMCES consultants, and ensure that the consultants' outputs are in accordance with agreed Terms of Reference and project requirements;
- (ii) Prepare and regularly review the PMCES consultants' personnel schedule to coordinate PCU, PIU and international and national consultants' inputs and respond to changing project circumstances if these occur;
- (iii) In collaboration with the ITS/CTL and NTS/DTL, and in close consultation with the PCU and PIUs, prepare the five-year and annual project activity plans and budgets and monitor activity implementation;
- (iv) In collaboration with the ITS/CTL, oversee the finalization and implementation of a Project Performance Monitoring System (PPMS), including project impact, outcome and output indicators, as defined in the DMF, as well as safeguards and gender and social development indicators;

- (v) In collaboration with the ITS/CTL, support the PCU and PIUs with compliance with ADB Grant covenants, assurances and safeguard requirements, as well as with national and provincial policies and regulations;
- (vi) In collaboration with the ITS/CTL, organize regular project management team meetings including the international and national consultants and PCU;
- (vii) Review Output 1 project goods and services procurement proposals and ensure they are in accordance with the approved procurement plan;
- (viii) In coordination with the PCU Financial Controller recommend payments to contractors;
- (ix) Supervise the administration of the provisional sums for technical surveys and CAD support for detailed design;
- (x) Review and consolidate all PMCES consultants' reporting submissions and consolidate into integrative high-quality reports in accordance with agreed reporting schedules and submit to ITS/CTL for consolidation into quarterly and annual progress reports and project completion report;
- (xi) Undertake other specific technical management inputs where these may be required;

Infrastructure design and supervision tasks

- (i) Supervise the team of national infrastructure design and supervision consultants;
- (ii) Initiate project detailed design and implementation activities by assisting the PCU in a comprehensive review of all project documentation including feasibility studies, preliminary designs, cost estimates, procurement plans, and safeguard requirements;
- (iii) Guide in identifying the scope of site surveys needed to prepare detailed designs;
- (iv) Identify detailed subproject engineering requirements;
- (v) Develop design standards and preliminary cost estimates;
- (vi) Assign responsibilities to the national civil engineering consultants and PIU infrastructure teams regarding the preparation of detailed engineering documentation, specification and bills of quantities;
- (vii) Lead the preparation of contract packages for tendering in accordance with ADB and Government procurement guidelines and define requirements for a conforming tender with criteria for evaluation of bids based on price and performance;
- (viii) Coordinate with PCU and PIUs to ensure that all necessary approvals from provincial and local authorities have been obtained;
- (ix) Prepare bid evaluation reports against established criteria and recommend the award of contracts;
- (x) Establish construction quality, environmental and audit procedures and verify contractors meet all financial and insurance obligations as required by the bid document;
- (xi) Guide the national engineering consultants to carry out routine compliance supervision during construction and submit regular progress reports to both government and ADB.
- (xii) Ensure construction procedures are followed, regular site meetings are programmed and review test results and quality audits;
- (xiii) Monitor and recommend payment certification based on progress and compliance with the bidding documents.
- (xiv) Evaluate and make recommendations to the PCU with respect to any variations submitted by the contractor;
- (xv) Undertake other specific technical civil engineering inputs where these may be required.

O&M and PPP planning and capacity building tasks

- (i) Supervise the planning for and development of systems and procedures for sustainable operation and maintenance (O&M);
- (ii) Supervise the validation and implementation of PPPs for the operation of public tourist facilities and services;
- (iii) Supervise and contribute to the design of training programs for sustainable operations and maintenance of facilities constructed by the project and the establishment and management of public-private partnership for operation of project supported facilities.

4. Preferred Qualifications and Experience: An advanced degree in civil engineering or related engineering discipline relevant to the project and 12 years of experience leading similar multisector design and implementation projects, a high percentage of which within GMS countries. Experience in Lao PDR and with ADB project implementation will be advantages.

2. International Environmental Specialist (6 person-months)

5. The International Environmental Specialist (IES), with assistance from the National Environmental Specialist (NES), will be responsible for updating the projects Initial Environmental Examination (IEE) and two Environmental Management Plans (EMPs) at detailed design stage, and assisting the PIUs with overall environmental management of the implementation of the subprojects. Specific tasks include:

- (i) Update the IEE and EMPs to ensure that they address the detailed designs and engineering of subprojects - updates to EMPs include mitigation and monitoring plans, budget, and capacity development needs of executing agency, PCU and PIUs (DICT, O/DPWT, UDAA);
- (ii) In collaboration with the NES provide initial training to MICT and DICT, O/DPWT and UDAA on the purpose, content, and roles and responsibilities for implementation of updated EMPs;
- (iii) Ensure that all relevant safeguards of the EMPs are adequately addressed in the bidding documents (instruction to bidders), and in the evaluation criteria for awarding contracts;
- (iv) Coordinate and work with the PIUs to ensure that contractors finalize their respective site-specific Contractor's Environmental Management Plans (CEMPs) based on the updated EMPs and the actual site conditions;
- (v) Oversee the implementation of all safeguards of the two EMPs relating to construction phase activities including handling of construction spoil and waste, water and air quality protection, public nuisance impacts (noise, dust, traffic, blocked access, workers, and camps), and public safety;
- (vi) Coordinate with the provincial Departments of Natural Resources and Environment (DONRE) on all relevant environmental regulatory compliance issues (e.g. for noise and dust from construction sites, sanitation in workers campsite etc.).
- (vii) With the PIU Infrastructure Teams, prepare TORs for the follow-up interviews and consultations with the same affected stakeholders and residents contacted during project preparation on issues and concerns arising during project construction - of concern is upgrades to access roads;
- (viii) Finalize ToR for external institute to conduct required groundwater sampling and soils permeability investigation at the existing dump site in Vang Vieng along with required laboratory analyses of groundwater samples. The draft ToR for groundwater study is appended to IEE.
- (ix) Review and update TOR(s) for Vang Vieng landfill environment compliance audit.

- (x) Prepare TOR(s) for the survey, detection, and removal of unexploded ordnance (UXO) at all civil works sites, and ensure that PCU and/or PIUs consult UXO Lao and/or the National Regulatory Authority for UXO/Mine Action to assist with TOR finalization, approval and implementation;
- (xi) Advise PIU Infrastructure Teams on environment-related concerns arising during subproject construction, and recommend corrective measures;
- (xii) With PIU Infrastructure Teams, ensure dissemination to stakeholders the results of environment quality monitoring and implementation of safeguards, especially among households or small businesses near the civil construction works areas;
- (xiii) Assist PCU and PIU Infrastructure Teams prepare a table of contents for regular reports PIUs must submit to the PCU on implementation of EMPs, environmental, issues, and corrective actions;
- (xiv) Assist PIU Infrastructure Teams prepare a simple report template for construction contractors to report monthly on mitigation activities, and environmental issues that occur during the construction phase;
- (xv) Prepare quarterly status reports and period spot checks on the implementation of EMPs, environmental issues, and public safety protection to be submitted through the PIU and PCU to the provincial DONREs and ADB.

6. Preferred Qualifications and Experience: A university degree in natural resource/science/environmental management, 7 years of experience implementing and managing environmental assessment of infrastructure projects in the GMS, a good understanding of ADB and national environmental safeguard requirements, experience working with and supervising the activities of provincial and national environmental management agencies with environmental safeguards and designing and delivering training and capacity development programs to provincial project implementing units. Experience in Lao PDR, and with for ADB or other internationally financed projects will be advantages.

3. International Social Safeguards Specialist (Resettlement & Indigenous People) (6 person-months)

7. The International Social Safeguards Specialist (ISSS) will support the PCU in updating the Resettlement Plans (RP), developing capacity of national, provincial and local officials responsible for RP and Indigenous Peoples Plan (IPP) implementation and putting in place mechanisms for internal monitoring during implementation. Specific tasks include:

- (i) Ensuring that due diligence in implementing the RP and the IPP is carried out for all subprojects;
- (ii) According to the provisions in the social safeguard plans, assist in preparing the materials and strategy for the information campaigns, public consultation and community participation;
- (iv) Prepare the survey materials and method to complete the detailed measurement survey with information from the infrastructure detailed design and update the census of affected persons;
- (iii) Update the RP, and follow-up to ensure their approval within MICT;
- (v) Operationalize the IPP;
- (iv) In coordination with the PCU/PIU Social Safeguards Specialists, prepare training modules on inclusion of ethnic groups in tourism activities as part of the training and capacity development programs under capacity building (Output 2 & 3);
- (vi) Brief officials at all levels on the content and procedures for implementing the social safeguard plans and improve, if necessary, procedures for the coordination of resettlement, compensation and implementation of IPP activities;
- (v) Ensure that mechanisms to address grievances promptly and properly are in place and functioning well;

- (vii) Establish and implement procedures for ongoing internal monitoring, including inclusion of relevant indicators in the project performance management system and project baseline report;
- (vi) Design and supervise the delivery of capacity development activities for all relevant agencies, as needed, in the areas of ADB resettlement and indigenous people policies, participation and communication and grievance procedures;
- (viii) Train PCU and PIU assigned social safeguard focal persons to carry out internal monitoring and reporting of social safeguards plans;
- (vii) Prepare quarterly status reports and period spot checks on the implementation of RP and IPP, to be submitted through the PIU and PCU to ADB.

8. Preferred Qualifications and Experience: An advanced degree in the social sciences, familiarity with ADB's *Safeguard Policy Statement 2009* (SPS 2009) and 3-years of experience implementing RPs and IPPs in similar ADB projects. Experience in Lao PDR and familiarity with related laws and policies of Lao PDR will be advantages.

4. International Institutional Development Specialist (4 person-months)

9. The International Institutional Development Specialist (IIDS) will advise on sustainable operation and maintenance (O&M) of project-supported infrastructure and public-private partnership (PPP) arrangements for operation of project-supported facilities. Specific tasks include:

O&M of project-supported infrastructure tasks

- (i) With the PIUs, responsible agencies for O&M of project supported infrastructure, and together with the International Civil Engineer/Co-Team Leader, the International Tourism Specialist/Co-Team Leader, and assisted by the National Institutional Development Specialist (NIDS), plan for and develop systems and procedures for sustainable operation and maintenance (O&M) of project supported infrastructure, including, where appropriate, through public-private partnerships;
- (ii) Supervise and contribute to the design of training programs for sustainable operations and maintenance of facilities constructed by the project, including on public-private partnership for O&M;
- (iii) Advise on the hand over arrangements of the project supported infrastructure to the agencies who will be responsible for O&M;

PPP arrangements for operation of project-supported facilities tasks

- (i) Review all relevant project documentation, especially the preliminarily identified PPP opportunities and validate the assumptions used in the feasibility study for the project during grant preparation stage and revise if necessary;
- (ii) Prepare comprehensive financial projections that will provide clear indication of the potential for undertaking PPP to operate project-supported facilities, such as for the Vang Vieng Landfill and solid waste collection services and others as may be identified;
- (iii) In close coordination with the two Co-Team Leaders, the Deputy Team Leader, and the respective PIUs, determine the PPP modality best suited for each identified PPP opportunity;
- (iv) Review all institutional and regulatory issues relating to PPP transactions and coordinate with government agencies in the set-up and compliance with regulations such as but not limited to environmental clearance certificates;
- (v) Assist the government in the preparation of project briefs, request for proposals, bid evaluation systems and criteria, design of a suitable bid process that will ensure

- comparable bids and a draft PPP agreement for selected facilities in compliance with government regulations;
- (vi) Participate in the negotiations with potential private partners to assist the government with final selection and contracting of service providers/site managers.

10. Preferred Qualifications and Experience: A post-graduate university degree in civil engineering, public administration, economics, finance, or other relevant field with 10 years of work experience including in-country experience in government related infrastructure projects, substantial involvement in the preparation of O&M plans and PPP for operation of small public facilities. Experience in Lao PDR and with ADB project implementation will be advantages.

5. National Lead Civil Engineer (54 person-months)

11. The National Lead Civil Engineer (NLCE) will assist the International Civil Engineer/Co-Team Leader (ICE/CTL) by supervising and coordinating the inputs of the National Civil Engineers (NCEs) and direct support to the PIU Infrastructure Teams in the preparation of Output 1 engineering and architectural designs and bidding documents. Specific tasks include:

- (i) Supervise the NCEs;
- (ii) Initiate project detailed design and implementation activities by assisting the ICE/CTL and the PCU in a comprehensive review of all project documentation including feasibility studies, preliminary designs, cost estimates, procurement plans, and safeguard requirements.
- (iii) Direct field operations in identifying the scope and assist procurement of technical surveys needed to prepare detailed designs;
- (iv) Administer the provisional sums for technical surveys and CAD support for detailed design and bidding documents;
- (v) Prepare detailed infrastructure designs;
- (vi) Identify detailed subproject engineering requirements;
- (vii) Supervise and conduct design standards and preliminary cost estimates;
- (viii) Assist the ICE/CTL to assign responsibilities to the NCEs and PIU infrastructure teams regarding the preparation of detailed engineering documentation, specification and bills of quantities;
- (ix) Assist the ICE/CTL the preparation of contract packages for tendering in accordance with ADB and Government procurement guidelines and define requirements for a conforming tender with criteria for evaluation of bids based on price and performance;
- (x) Coordinate with the PCU and PIUs to ensure that all necessary approvals from provincial and local authorities have been obtained;
- (xi) Assist the ICE/CTL to prepare bid evaluation reports against established criteria and recommend the award of contracts;
- (xii) In collaboration with the ICE/CTL establish construction quality, environmental and audit procedures and verify contractors meet all financial and insurance obligations as required by the bid document;
- (xiii) On a day to day basis guide the NCEs to carry out routine compliance supervision during construction and submit regular progress reports to both government and ADB;
- (xiv) Ensure construction procedures are followed; regular site meetings are programmed and review test results and quality audits;
- (xv) Assist the ICE/CTL to monitor and recommend payment certification based on progress and compliance with the bidding documents.
- (xvi) Assist the ICE/CTL to evaluate and make recommendations to the PCU with respect to any variations submitted by the contractor;
- (xvii) As directed by the ICE/CTL, undertake other specific technical civil engineering inputs where these may be required.

12. Preferred Qualifications and Experience: An advanced degree in civil engineering or related engineering discipline relevant to the project and 10 years of experience on leading similar multisector projects. Experience with ADB project implementation will be an advantage.

6. National Civil Engineer (2 positions, 36 person-months each)

13. The National Civil Engineer (NCE) will assist the International Civil Engineer/Co-Team Leader (ICE/CTL), under the direct supervision of the National Lead Civil Engineer (NLCE), to support the PIU Infrastructure Teams in the preparation of Output 1 detailed engineering and architectural designs and bid documents and supervise construction. Specific tasks include:

Detailed engineering and architectural design tasks

- (i) Assist in identifying the scope of site surveys needed to prepare detailed designs;
- (ii) Assist with identifying detailed subproject engineering requirements;
- (iii) Assist with conducting design standards and preparing detailed designs and cost estimates;
- (iv) Under direction of the NLCE, support the PIU infrastructure teams regarding the preparation of detailed engineering documentation, specification and bills of quantities;
- (v) Prepare detailed infrastructure designs;
- (vi) Assist with the preparation of contract packages for tendering in accordance with ADB and Government procurement guidelines and define requirements for a conforming tender with criteria for evaluation of bids based on price and performance;
- (vii) Carry out routine compliance supervision during construction and contribute to regular progress reports to both government and ADB.
- (viii) Verify that construction procedures are followed, attend regular site meetings and assist with reviewing test results and quality audits;
- (ix) Assist with monitoring progress and compliance with the bidding documents;
- (x) As directed by the NLCE undertake other specific technical civil engineering inputs where these may be required;

Construction supervision tasks

- (i) Control the day-to-day supervision of the works, bearing in mind that the consultant the interests of the Executing Agency in any matter related to the construction contract and the proper execution thereof; Liaise with the Contractor's project manager and his staff;
- (ii) Assess the adequacy of resources (material, equipment, plant, labor) methods of works and rate of progress and take appropriate action when needed. Keep and regularly update a list of Contractor means (equipment, plant, personnel);
- (iii) Inspect and evaluate the Contractor's mobilization/demobilization to ensure compliance with the terms and conditions of contract documents;
- (iv) Ensure that works are executed to the correct line and the materials and workmanship comply with the specification. Review Contractor's drawings, shop drawings and erections for temporary works;
- (v) Issue site instructions and revised drawings to the Contractor, after approval from ICE/CTL or NCE when needed;
- (vi) Verify the Contractor's initial stake-out for centerline and structures of any kind. Perform initial, periodic and final survey measurement of completed and accepted work;

- (vii) Review quantities of approved and accepted works and materials and check and certify Contractor's monthly and final payment certificates. Determine the amount to be added or to be deducted from payments to the Contractor.

14. Preferred Qualifications and Experience: A bachelor's degree in civil engineering or related engineering discipline relevant to the project and 5 years of experience of involvement in similar projects. Experience with ADB project implementation will be an advantage.

7. National Environmental Specialist (12 person-months)

15. The National Environmental Specialist (NES) will assist the International Environmental Specialist (IES) including acquisition of new information to update the initial environmental examination (IEE) and environmental management plans (EMP) at detailed design, and work with the PIU with overall environmental management of the implementation of the subprojects. Specific tasks include:

- (i) Assist with updating the IEE and EMPs to ensure that they address the detailed designs and engineering of subprojects;
- (ii) Deliver initial training to Ministry and provincial Departments of Information, Culture and Tourism (DICTs), Departments of Public Works and Transport (DPWTs) and Vang Vieng Urban Development Administration Authority (UDAA) on the purpose, content, and roles and responsibilities for implementation of updated EMPs;
- (iii) Ensure relevant safeguards of the EMPs are addressed in the bidding documents in accurate local language and in evaluation criteria for awarding contracts;
- (iv) Assist PIUs to ensure that contractors prepare their respective site-specific plans based on the updated EMPs and the actual site conditions;
- (v) Assist the IES oversee the implementation of all safeguards of the two EMPs relating to construction phase activities including handling of construction spoil and waste, water and air quality protection, public nuisance impacts (noise, dust, traffic, blocked access, workers, and camps), and public safety;
- (vi) Assist coordination with the provincial Departments of Natural Resources and Environment (DONRE) on all relevant environmental regulatory compliance issues (e.g. noise and dust from construction sites, sanitation in workers campsite etc.);
- (vii) With PIU Infrastructure Teams, prepare TORs for the follow-up interviews and consultations with the same affected stakeholder and residents contacted during project preparation on issues and concerns arising during project construction -of concern is upgrades to access roads;
- (viii) Assist DPWTs and UDAA to address vehicle traffic issues, respectively during road upgrades;
- (ix) With IES advise the PIU Infrastructure Teams on environment-related concerns arising during subproject construction, and recommend corrective measures;
- (x) With PIU Infrastructure Teams, ensure dissemination to stakeholders the results of environment quality monitoring and implementation of safeguards, especially among households or small businesses near the civil construction works areas;
- (xi) Assist with all reporting for the EMP.

16. Preferred Qualifications and Experience: A university degree in natural resource/science/environmental management, 5 years of experience with environmental assessment of infrastructure projects, understanding of ADB and national environmental safeguard requirements and experience working with international consultants and delivering training and capacity development programs to provincial project implementing units. Experience with ADB project implementation will be an advantage.

8. National Social Safeguards Specialist (Resettlement & Indigenous People) (12 person-months)

17. The National Social Safeguards Specialist (NSSS) will assist the International Social Safeguards Specialist (ISSS) in updating the Resettlement Plans (RPs), including coordinating the Detailed Measurement Survey, and support the PCU in all aspects of RP and IPP implementation and monitoring. Specific tasks include:

- (i) Support the PCU and provincial PIUs in implementing the RP and IPP for all subprojects;
- (ii) Assist in the conduct of the information campaigns, public consultation and community participation on social safeguards;
- (iii) Coordinate the detailed measurement survey with information from the infrastructure detailed design and update the list of affected persons;
- (iv) Assist the ISSS to update the RPs;
- (v) Advise PCU and ISSS on how to improve procedures for the coordination of resettlement, compensation and implementation of actions in the IPP;
- (vi) Verify the calculations of compensation made by the Provincial and District Resettlement Committee in relation to the provisions of the RP entitlement matrix, and advise the PCU and PIUs on any required measures to take to ensure compensation levels are made according to the RP provisions;
- (vii) Monitor compensation payment and advise the PCU and PIUs of actions to take to ensure compensation is paid in full and in a timely manner;
- (viii) Ensure that grievances are addressed promptly and properly and that the grievance redress mechanism is functioning well;
- (ix) Provide periodic training on grievance redress if needed;
- (x) Establish and implement liaison mechanisms to ensure proper technical and logistical support to PIUs, local administrative authorities, resettlement committees and concerned government departments;
- (xi) Establish and implement procedures for internal monitoring and inclusion of relevant indicators in the project performance management system and project baseline report;
- (xii) Assist with the design of and deliver capacity development activities on ADB social safeguard policies for all relevant agencies, as needed, including requirements for participation, communication and gender mainstreaming;
- (xiii) Assist with training of PIU and PCU assigned social safeguards focal persons to carry out internal monitoring and reporting of RPs and IPPs;
- (xiv) Monitor grievance process from all the affected households.

18. Preferred Qualifications and Experience: An advanced degree in the social sciences, familiarity with ADB's *Safeguard Policy Statement 2009* (SPS 2009) and the related national laws and policies and 3 years of experience supporting RP implementation, preferably on ADB financed projects.

9. National Institutional Development Specialist (12 person-months)

19. The National Institutional Development Specialist (NIDS) will assist the International Institutional Development Specialist (IIDS) including with developing O&M plans for project-supported infrastructure and PPP briefs for project-supported facilities, and be responsible for the delivery of O&M and PPP training and ongoing technical assistance. Specific tasks include:

O&M of project-supported infrastructure tasks

- (i) Assist the IIDS with planning for and developing systems and procedures for sustainable operation and maintenance (O&M) of project supported infrastructure, including, where appropriate, through public-private partnerships;
- (ii) Contribute to the design and be responsible for the delivery of training programs for sustainable operations and maintenance of facilities constructed by the project, including on public-private partnership for O&M;
- (iii) Assist with advising on the hand over arrangements of the project supported infrastructure to the agencies who will be responsible for O&M;

PPP arrangements for operation of project-supported facilities tasks

- (i) Assist the IIDS with a review all relevant project documentation, especially the preliminarily identified PPP opportunities;
- (ii) Assist the IIDS prepare comprehensive financial projections that will provide clear indication of the potential for undertaking PPP to operate project-supported facilities;
- (iii) Based on national experience and good-practice, advise on PPP modality best suited for each identified PPP opportunity;
- (iv) Assist the IIDS review all institutional and regulatory issues relating to PPP transactions and coordinate with government agencies in the set-up and compliance with regulations such as but not limited to environmental clearance certificates;
- (v) Assist the IIDS in the preparation of project briefs, request for proposals, bid evaluation systems and criteria, design of a suitable bid process that will ensure comparable bids and a draft PPP agreement for selected facilities in compliance with government regulations;
- (vi) Together with the IIDS, participate in the negotiations with potential private partners to assist the government with final selection and contracting of service providers/site managers.

20. Preferred Qualifications and Experience: A university degree in civil engineering, public administration, economics, finance, or other relevant field with 5 years of work experience with government related infrastructure projects, substantial involvement in the preparation of O&M plans and PPP for operation of small public facilities. Experience with ADB project implementation will be an advantage.

21. The PMCES Consultant will produce the following reports in the English language: (i) an inception report within 1 month of mobilization; (ii) brief monthly progress reports to the PCU summarizing progress achieved, difficulties encountered, and issues to be resolved for all components; (iii) quarterly progress reports to the PCU for consolidation and transmission to ADB, within two weeks of the end of each quarter; (iv) midterm cumulative report on project activities in preparation for the project's Midterm Review; (v) a final report on completion of consultant inputs to be submitted to the PCU for consolidation and transmission to the PIUs and ADB within one month of completion of consultant inputs.

C. INDIVIDUAL CONSULTANTS: CAPACITY BUILDING SUPPORT

22. The CBS consulting services will consist of an estimated 156 person-months (72 person-month international and 84 person-months national) to assist the PCU and PIUs with: (i) implementation of institutional capacity building activities related to ASEAN Tourism Standards implementation (output 2) and sustainable destination development and management (output 3); (ii) assist the PCU and PIUs establish the project's financial management systems, provide financial management/procurement training, support start-up activities related to consultant recruitment and first-year procurement and continue to support the EA, PCU and PIUs with procurement and financial management related matters

throughout project implementation; and (iii) provide other project management and administrative support to the PCU and PIUs.. The CBS consultants will be recruited as individual consultants, based on their qualifications for the assignment. Detailed Terms of References for the CBS consultants are as follows:

1. International Tourism Specialist / Co-Team Leader (54 person-months)

23. The International Tourism Specialist/Deputy Team Leader (ITS/DTL) will: (i) be responsible for the supervision of the international and national Capacity Building Support (CBS) consultants; (ii) be jointly responsible for overall project management, together with the International Civil Engineer/Co-Team Leader (ICE/CTL); (iii) direct and supervise all aspects of the project's destination management capacity building support under Output 3; and (iv) supervise the capacity building for the implementation of ASEAN Tourism Standards under Output 2. In undertaking the assigned project management tasks, the ITS/CTL will coordinate with the appropriate PCU/PIU staff and work closely with the ICE/CTL and be supported by the National Tourism Specialist/Deputy Team Leader (NTS/DTL). Specific tasks include:

Project management tasks

- (i) Supervise and coordinate the work of the international and national CBS consultants, and ensure that the consultants' outputs are in accordance with agreed Terms of Reference and project requirements;
- (ii) Prepare and regularly review the CBS consultants' personnel schedule to coordinate PCU, PIU and international and national consultants' inputs and respond to changing project circumstances if these occur;
- (iii) In collaboration with the ICE/CTL and NTS/DTL, and in close consultation with the PCU and PIUs, prepare the five-year and annual project activity plans and budgets and monitor activity implementation;
- (iv) Supervise the design and operationalize standard project management and administration systems, procedures and controls in compliance with ADB and Government guidelines and procedures;
- (v) Supervise the development and implementation of project financial monitoring and reporting activities;
- (vi) Supervise the design and implementation of appropriate training programs in the use of the project management and administration systems, procedures and controls;
- (vii) Collaborate with the ICE/CTL on the finalization and implementation of a Project Performance Monitoring System (PPMS), including project impact, outcome and output indicators, as defined in the DMF, as well as safeguards and gender and social development indicators;
- (viii) In collaboration with the ICE/CTL, support the PCU and PIUs with compliance with ADB Grant covenants, assurances and safeguard requirements, as well as with national and provincial policies and regulations;
- (ix) Coordinate the design, launch and maintenance of a project website to disseminate information about the project such as procurement and consultant recruitment notices, information on contract awards, work plans, progress reports. Knowledge products, social and environmental safeguards documents and monitoring and grievance redress procedures;
- (x) In collaboration with the ICE/CTL, organize regular project management team meetings including the international and national consultants and PCU;
- (xi) Review Outputs 2 and 3 project goods and services procurement proposals and ensure they are in accordance with the approved procurement plan;
- (xii) In coordination with the PCU Financial Controller recommend payments to contractors;

- (xiii) Review CBS consultant's reporting submissions and take the lead in consolidating PMCES and CBS consultant submissions into integrative high-quality reports in accordance with agreed reporting schedules, including quarterly and annual progress reports and project completion report;
- (xiv) Undertake other specific technical management inputs where these may be required;

Destination management capacity building tasks

- (i) Initiate the destination management capacity building activities by assisting the PCU and the CBS consultants in a comprehensive review of all project documentation including detailed activity descriptions and budget allocations, and safeguard requirements as they pertain to destination management capacity building;
- (ii) Assign coordination responsibilities for 3 destination management activity clusters to international and national consultants, and agree on work plans that include timelines and milestones for each consultant;
- (iii) With the PCU and PIU Tourism Teams, coordinate the establishment of destination management networks (DMNs);
- (iv) Ensure good coordination between the PCU, PIU Tourism Teams, DMNs and the CBS international and national consultants on all aspects of the capacity building project component;
- (v) With the PIU Tourism Teams, develop specific capacity strengthening activities at destination level that will ensure the effective implementation of destination management plans (DMPs);
- (vi) Support the PIU Tourism Teams to coordinate the DMN-led preparation of DMPs at project supported destinations;
- (vii) Support and build capacity within the DMNs to research policy issues affecting the tourism industry and prepare proposals to relevant authorities for policy change;
- (viii) Supervise and support the International Tourism Standards Specialist (ITSS) and PCU Tourism Team with the development of national tourism standards;
- (ix) Supervise the PCU Tourism Team and DMNs to develop national and provincial tourism industry regulations for specific tourism activities and services in line with ASEAN and national tourism standards;
- (x) Support the PCU Tourism Team with the preparation of updated tourism master plans for 4,000 Islands, Luang Prabang Town and Environs, Nam Ngum 1 Reservoir Recreational Area, Vang Vieng Town and Environs;
- (xi) Direct the marketing and promotion activities and ensure consistency between provincial, subregional and national marketing efforts and regional initiatives;
- (xii) Coordinate and provide technical advice to PIU Tourism Teams with the implementation of the heritage interpretation program, including establishment of PPPs for delivery where appropriate;
- (xiii) Coordinate and provide technical advice to PIU Tourism Teams with the support to SMEs to implement DMP actions;
- (xiv) Support the DMNs establish and maintain internet-based tourism knowledge repositories;
- (xv) Seek to arrange cooperative partnerships with development partners, NGOs, local communities and the private sector in the implementation of destination management capacity building activities;
- (xvi) Participate in national and subregional fora to report results, share project implementation experiences and compare lessons learnt regarding the destination management component of the project;

- (xvii) Undertake other specific tourism development and management technical inputs where these may be required.

ASEAN Tourism Standards tasks

- (i) Supervise and support the International Tourism Standards Specialist (ITSS) and PCU Tourism Team with the implementation of Output 2 of the project;
- (ii) Supervise the national rollout of ASEAN Tourism Standards, including establishing and strengthening certification bodies and assessment frameworks, promoting and facilitating adoption of the standards by the tourism sector, and establishing sustainable financing mechanisms;
- (iii) Supervise the implementation of selected ASEAN Tourism Standards and the ASEAN Sustainable Tourism Awards.

24. Preferred Qualifications and Experience: A tourism specialist with an advanced university degree and 10 years of experience on similar multisector projects, a high percentage of which in GMS countries. Experience in Lao PDR and with ADB project implementation will be advantages.

2. International Tourism Standards Specialist (8 person-months)

25. The International Tourism Standards Specialist (ITSS) will work closely with the International Tourism Specialist/Co-Team Leader (ITS/CTL) and National Tourism Specialist/Deputy Team Leader to (i) strengthen capacity to implement ASEAN tourism standards under output 2; and (ii) support the implementation of output 3 activities concerning the establishment of national tourism industry standards and national and provincial tourism industry regulations. Specific tasks include:

- (i) Research existing international and national certification bodies and assessment frameworks to establish good-practice to inform the institutional capacity building for implementation of ASEAN Tourism Standards and other national tourism industry standards in Lao PDR;

ASEAN Tourism Standards tasks

- (ii) Work closely with the PCU-based ASEAN Tourism Standards Coordinator and Training Coordinator in carrying out this component of the assignment;
- (iii) Review status of adaption of ASEAN Tourism Standards to national context and identify required project support to complete the adaptation process;
- (iv) Review status of certification bodies for ASEAN Tourism Standards, existence and quality of guidelines and manuals for certification processes, sustainable financing mechanisms for promotion, assessment and certification activities;
- (v) Advise on the modalities and organizational structures of certification bodies and assessment and certification mechanisms for the selected ASEAN Tourism Standards;
- (vi) Assess training needs of certification body members and design supervise implementation of standard-specific training programs;
- (vii) Assess training needs of national master assessor trainers, national and provincial assessor trainers, and national and provincial assessors, and design supervise implementation of standard-specific training programs;
- (viii) Support certification bodies to carry out initial rounds of assessments and certifications in response to applications for ASEAN Tourism Standard certification received from public and private sectors;

- (ix) Support the production of ASEAN Tourism Standards promotional materials, promotional activities targeting national and/or provincial authorities, tourism business associations and other service provider networks, and the establishment of a national online resource center;
- (x) Support PCU and DICTs and other relevant stakeholders, where relevant through the Destination Management Network, with the preparation of implementation plans for, and subsequent implementation of, the ASEAN Clean Tourist City Standard, ASEAN Public Toilet Standard, ASEAN Homestay Standard and ASEAN Community-based Tourism Standard in Champasak, Luang Prabang and Vientiane Provinces;
- (xi) Support PCU with the implementation of the ASEAN Sustainable Tourism Awards.

National tourism industry standards tasks

- (i) Work closely with the PCU and PIU tourism teams in carrying out this component of the assignment;
- (ii) Review existing national industry standards for tourism activities and services;
- (iii) Through the mechanism of the destination management network where appropriate, identify gaps and opportunities for developing additional standards;
- (iv) Support MICT to work closely with industry stakeholders on the development of agreed national tourism standards, where appropriate in alignment and/or collaboration with international tourism standards and certification systems (e.g. Global Sustainable Tourism Council, Travelife, Earthcheck).

26. Preferred Qualifications and Experience: A tourism specialist with an advanced university degree and 10 years of experience with developing tourism standards and certification systems, a high percentage of which in GMS countries. Experience with ASEAN Tourism Standards, working in Lao PDR and with ADB project implementation will be advantages.

3. International Gender Specialist (2 person-months)

27. The International Gender and Social Development Specialist (IGSDS) will review and operationalize the Gender Action Plan (GAP), the Consultation and Participation Plan, and the Stakeholder Communication Strategy and support the PCU and provincial PIUs to develop the skills and mechanisms to carry these out. Specific tasks include:

- (i) Review and support PCU and PIUs in operationalization of the GAP including gender in Resettlement Plan, Consultation and Participation Plan and Stakeholder Communication Strategy so that GAP can be implemented satisfactorily;
- (ii) Lead the design and deliver training modules on gender sensitization for various stakeholders and capacity development programs under institutional strengthening activities (Output 2 & 3);
- (iii) Lead and guide the National Gender and Social Development Specialist to facilitate community consultation during detailed design and provide inputs in the detailed design to ensure that design elements maximize benefits and minimize negative impacts to women;
- (iv) In coordination with the National Gender and Social Development Specialist prepare and deliver training modules on inclusion of women from ethnic groups in tourism activities as part of the training and capacity development programs under institutional strengthening activities (Output 2 & 3);
- (v) Provide guidance and training on effective participatory methods and develop communication techniques to effectively realize the plans' objectives;

- (vi) Work with the Capacity Building Support consultants in designing training programs that are: (a) gender sensitive in content and methodology, (b) relevant to the livelihood needs and priorities of women and ethnic groups, and (c) targeting women participants, maximizing their economic benefits with the least addition to labor time;
- (vii) Lead the development of a sex and ethnic-disaggregated monitoring system, including reporting templates (together with Monitoring & Evaluation Specialists) for inclusion in the project performance management system and project baseline report and support PIUs to monitor and report on GAP and DMF gender targets implementation and achievements;
- (viii) Guide and work with the National Gender and Social Development specialist to collect and write human interest stories on gender impacts of the project;
- (ix) Support preparation of gender inputs for the project completion report according to ADB and government requirements;
- (x) Provide other gender related inputs as required.

28. Preferred Qualifications and Experience: An advanced degree in the social sciences, familiarity with ADB's *Safeguard Policy Statement 2009* (SPS 2009), ADB Gender and Development Policy (1998) and the related laws and policies of Lao PDR and 8 years of experience implementing GAPs, Consultation and Participation Plans and Stakeholder Communication Strategies in similar projects. Experience with ADB project implementation in Lao PDR will be an advantage.

4. International Financial Management & Procurement Specialist (5 person-months)

29. The International Financial Management and Procurement Specialist (IFMPS) will work closely with the PCU and liaise with the ADB to ensure that financial management and procurement guidelines of the ADB and the government are applied and implemented efficiently and effectively. The consultant will work closely with the PCU Financial Controller and Chief Accountant to:

- (i) Review, develop and complete the terms of reference (TOR) for audit institution as required by the ADB;
- (ii) Coordinate with the PCU to develop suitable accounting systems, chart of accounts, procure if necessary, accounting software that is acceptable to the ADB and the government to ensure effective and efficient accounting, monitoring and reporting of all financial transactions;
- (iii) Develop a financial management manual for the project;
- (iv) In consultation with the PCU, develop bid evaluation criteria and tender documents for the procurement of goods, works and services in accordance with ADB guidelines;
- (v) Establish a system for safekeeping of tender documents, minutes of committee meetings, contracts and financial and audit reports;
- (vi) Assist the PCU with first year procurement, including procurement of PCU and PIU vehicles, office equipment and furniture and recruitment of the Project Management and Civil Engineering Support consultant and (firm) and other Capacity Building Support consultants (individuals);
- (vii) Based on the financial management needs assessment prepared by the national consultant, carry out a financial management, procurement and disbursement training program for PCU and PIU staff to improve their capability to implement internationally acceptable accounting systems and procedures, internal controls, and financial planning and reporting.

30. Required Qualifications and Experience: A post graduate degree in public

administration, finance or other relevant field with 10 years relevant work experience supporting ADB financed procurement of works and goods. The consultant will be a professionally certified accountant with credentials recognized by the Association of Chartered Certified Accountants. Experience with ADB or other internationally financed project implementation in Lao PDR will be an advantage.

5. International Monitoring and Evaluation Specialist (3 person-months)

31. The International Monitoring and Evaluation Specialist (IMES) will be responsible for working closely with the PCU-based National Project Manager, Co-Team Leaders, Deputy Team Leader and safeguards consultants on establishing and building the capacity among relevant PCU, PIU staff to implement a Project Performance Management System (PPMS) to monitor and evaluate the project during implementation. Specific tasks include:

- (i) Review all relevant project documents, especially the Design and Monitoring Framework (DMF) and safeguards plans;
- (ii) Verify and confirm baseline data and targets for project DMF outcomes and outputs, and specific safeguards indicators as stated in the relevant safeguards plans and confirm data sources;
- (iii) Lead the preparation of the PPMS, including monitoring and evaluation procedures, tools and implementation arrangements and schedules and reporting protocols;
- (iv) Lead the preparation of a project baseline report for indicators identified in the PPMS and safeguards and gender and social development documents;
- (v) Contribute to the project's mid-term review and preparation of the EA's project completion report;
- (vi) Provide training for concerned PCU and PIU staff in data collection, analysis and reporting under the PPMS.

32. Preferred Qualifications and Experience: Relevant technical experience and background to advise and assist the PCU plan and implement project monitoring and evaluation and 8 years professional experience in developing and implementing project monitoring and evaluation systems. Experience with M&E of tourism-related projects, working in Lao PDR and ADB PPMS development and implementation will be advantages.

6. National Tourism Specialist / Deputy Team Leader (54 person-months)

The National Tourism Specialist / Deputy Team Leader (NTS/DTL) will support the International Tourism Specialist/Co-Team Leader (ITS/CTL) in project management tasks and all aspects of the project's destination management capacity building support under Output 3. In undertaking the assigned tasks, the consultant will coordinate with appropriate PCU/PIU staff and other CBS consultants. Specific tasks include:

33. Project management tasks

- (i) Assist with the preparation of the five-year and annual project activity plans and budgets and monitoring of activity implementation;
- (ii) Assist with the finalization and implementation of a Project Performance Monitoring System (PPMS);
- (iii) Ensure that information about the project such as procurement and consultant recruitment notices, information on contract awards, work plans, progress reports, knowledge products, social and environmental safeguards documents and monitoring and grievance redress procedures are regularly uploaded to the project website;

- (iv) Assist with the organization of regular project management team meetings including the international and national consultants and PCU;
- (v) Assist the ITS/CTL with consolidating PMCES and CBS consultant submissions into integrative high-quality reports in accordance with agreed reporting schedules, including quarterly and annual progress reports and project completion report;
- (vi) Assist international and national CBS consultants as requested by the ITS/CTL;
- (vii) Undertake other specific technical management inputs where these may be required.

Destination management capacity building tasks

- (i) Participate in a comprehensive review of all project documentation including detailed activity descriptions and budget allocations, and safeguard requirements as they pertain to destination management capacity building;
- (ii) Ensure good coordination between the PCU, PIU Tourism Teams and CBS consultants on all aspects of the destination management capacity building project component;
- (iii) Assist with coordinating the establishment of destination planning and management frameworks for destination planning;
- (iv) Assist with the development and implementation of specific capacity strengthening activities at destination level that will ensure the effective implementation of destination management plans (DMPs);
- (v) Provide hands-on assistance to the PIU Tourism Teams and DMNs in the preparation of DMPs at project supported destinations;
- (vi) Assist with capacity building within the DMNs to research policy issues affecting the tourism industry and the preparation of proposals to relevant authorities for policy change;
- (vii) Assist the PCU and PIU tourism teams regarding marketing and promotion activities;
- (viii) Assist the PIU Tourism Teams with the implementation of the heritage interpretation program;
- (ix) Provide hand-on support to SMEs with support provided by the project, such as: (i) business planning, management and marketing training; (ii) hospitality services training; (iii) support for product diversification, quality and safety enhancement; (iv) support for public-private tourism marketing and business networking; and (v) equipment; etc.;
- (x) Assist the DMNs maintain internet-based tourism knowledge repositories;
- (xi) Participate in national fora to report results, share project implementation experiences and compare lessons learnt regarding the destination management component of the project;
- (xii) Undertake other specific tourism development inputs and training activities where these may be required.

ASEAN Tourism Standards tasks

- (i) Assist International Tourism Standards Specialist (ITSS) and PCU Tourism Team with national rollout of ASEAN Tourism Standards, including establishing and strengthening certification bodies and assessment frameworks, promoting and facilitating adoption of the standards by the tourism sector, and establishing sustainable financing mechanisms;
- (ii) Assist with the implementation of selected ASEAN Tourism Standards and the ASEAN Sustainable Tourism Awards.

34. Preferred Qualifications and Experience: A tourism specialist with a university degree in a relevant field, 8 years professional experience working on international projects, a high percentage of which in the tourism sector. Specific experience with destination management capacity building and developing and implementing training programs will be advantages.

7. National Gender and Social Development Specialist (12 person-months)

35. The National Gender and Social Development Specialist (NGSDS) will support the International Gender and Social Development Specialist (IGSDS) to review and operationalize the Gender Action Plan (GAP), the Consultation and Participation Plans, and the Stakeholder Communication Strategy and assist with capacity development of PCU and provincial PIUs to carry them out. Specific tasks include:

- (i) Support the project management team to operationalize the GAP by working with the PCU and PIU to prepare annual work plans that integrate the actions into project implementation cycle;
- (ii) Conduct gender training based on modules developed jointly with IGSDS to support various capacity development programs under institutional strengthening components (Output 2 & 3);
- (iii) Assist with facilitating community consultation and providing inputs in the detailed design to ensure that design elements maximize benefits and minimize negative impacts to women and ethnic groups and consider the points raised by these groups during consultations;
- (iv) In coordination with the IGSDS prepare and deliver training modules on inclusion of women from ethnic groups in tourism activities as part of the training and capacity development programs under institutional strengthening activities (Output 2 & 3);
- (v) Support the National Capacity Building Support consultants to design training programs that are gender sensitive in contents and methodology, targeting women participants as GAP required, and relevant to the livelihood needs and priorities of women and ethnic groups; particularly tourism products that provide women with the maximum economic benefits with the least addition to their labor time;
- (vi) Assist with developing a sex-disaggregated monitoring system including templates for collecting information and data (together with Monitoring & Evaluation specialist) for inclusion in the GAP reporting into project performance management system and project baseline report and quarterly progress report;
- (vii) In coordination with PIUs, support the set up and/or strengthening /or restructuring DMNs, community tourism development groups, ASEAN tourism standard boards, etc. in subproject sites to ensure female participation targets are met;
- (viii) Support the development of sex and ethnic-disaggregated monitoring system, including reporting templates (together with IGSDS and Monitoring & Evaluation Specialists) for inclusion in the project performance management system and project baseline report and support PIUs to monitor and report on GAP and DMF gender targets implementation and achievements;
- (ix) Work under the guidance of the IGSDS to collect and write human interest stories on gender impacts of the project;
- (x) Support preparation of gender inputs for the project completion report according to ADB requirements;
- (xi) Provide other gender related inputs as required.

36. Preferred Qualifications and Experience: An advanced degree in the social sciences, familiarity with ADB's *Safeguard Policy Statement 2009* (SPS 2009), ADB Gender and Development policy 1998, and the related national laws and policies and 8 years of experience on supporting GAP, Consultation and Participation Plans, and Stakeholder Communication

Strategy implementation, preferably on ADB financed projects.

8. National Financial Management & Procurement Specialist (6 person-months)

37. The International Financial Management and Procurement Specialist will work closely with the PCU and liaise with the ADB to ensure that financial management and procurement guidelines of the ADB and the government are applied and implemented efficiently and effectively. The consultant will work closely with the PCU Financial Controller to:

- (xii) Review and complete the terms of reference (TOR) for the external audit institution as required by the ADB;
- (xiii) Coordinate with the PCU to develop suitable accounting systems, chart of accounts, procure if necessary, accounting software that is acceptable to the ADB and the government to ensure effective and efficient accounting, monitoring and reporting of all financial transactions;
- (xiv) Develop a financial management manual for the project;
- (xv) In consultation with the PCU, develop bid evaluation criteria and tender documents for the procurement of goods, works and services in accordance with ADB guidelines;
- (xvi) Establish a system for safekeeping of tender documents, minutes of committee meetings, contracts and financial and audit reports;
- (xvii) Assist the PCU with first year procurement, including procurement of PCU and PIU vehicles, office equipment and furniture and recruitment of the Project Management, Civil Engineering and Capacity Building Support consultant;
- (xviii) Based on the financial management needs assessment prepared by the national consultant, carry out a financial management, procurement and disbursement training program for PCU and PIU staff to improve their capability to implement internationally acceptable accounting systems and procedures, internal controls, and financial planning and reporting

38. Required Qualifications and Experience: A post graduate degree in public administration, finance or other relevant field with 10 years relevant work experience and experience supporting ADB financed procurement of works and goods. The consultant will be a professionally certified accountant with credentials recognized by the Association of Chartered Certified Accountants. Experience with ADB or other internationally financed project implementation will be an advantage.

9. National Monitoring and Evaluation Specialist (12 person-months)

39. The National Monitoring and Evaluation Specialist (NMES) will provide assistance to the International Monitoring and Evaluation Specialist (IMES) including preparation of the Project Performance Management System (PPMS), project baseline report preparation and preparation for the project's midterm review, and work closely with the PCU-based National Project Manager, Co-Team Leaders, Deputy Team Leader and safeguards consultants on building the capacity among relevant PCU, PIU staff to implement the PPMS to monitor and evaluate the project during implementation. Specific tasks include:

- (i) Review all relevant project documents, especially the Design and Monitoring Framework (DMF) and safeguards plans;
- (ii) Assist with verifying baseline data for project DMF outcomes and outputs, and specific safeguards indicators as stated in the relevant safeguards plans and confirm data sources;

- (iii) Assist in the preparation of the PPMS, especially by coordinating with the National Project Manager on confirming proposed monitoring and evaluation procedures, tools and implementation arrangements and schedules and reporting protocols;
- (iv) Assist with the preparation of a project baseline report with indicators identified in the PPMS and safeguards and gender and social development documents, with emphasis on compilation and presentation of the baseline data;
- (v) Contribute to the project's mid-term review and preparation of the EA's project completion report by working closely with the National Project Manager, PCU Office Manager and PIUs to on data collection, analysis, and report preparation;
- (vi) Assist the IMES with the preparation and conduct of training for concerned PCU and PIU staff in data collection, analysis and reporting under the PPMS.

40. Preferred Qualifications and Experience: A university degree and technical experience needed to advise and assist the PCU plan and implement project monitoring and evaluation and 5 years professional experience. Experience with working on monitoring and evaluation of ADB or other internationally financed projects in the tourism sector and with ADB PPMS development and implementation will be advantages.

41. In addition to the position specific outputs described in the detailed tasks, each individual consultant shall produce and submit to the PCU and International Tourism Specialist/Co-Team Leader (ITS/CTL) the following progress reports using agreed templates: (i) an inception report, including a detailed workplan for the duration of the contract within 0.5 month of mobilization; (ii) brief monthly progress reports to the PCU and ITS/CTL summarizing progress achieved, difficulties encountered, and issues to be resolved; and (iii) a final report to be submitted within one month of completion of the assignment.

DESIGN AND MONITORING FRAMEWORK

Impacts the Project is Aligned with: Sustainable, inclusive, and more balanced tourism development achieved. (ASEAN Secretariat. <i>ASEAN Tourism Strategic Plan 2015–2025</i> . Jakarta.)			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
Outcome Tourism competitiveness of secondary towns in Cambodia and the Lao PDR increased	By 2025: a. Cambodia and Lao PDR's share of ASEAN international visitor arrivals increased to 8.3% (2016 baseline: 8.0%) b. Annual international visitor arrivals in project areas increased to 1.99 million (2016 baseline: 1.28 million) c. Aggregate annual visitor expenditure in project areas increased to \$0.91 billion (2016 baseline: \$0.55 billion) d. Women comprise at least 55% of tourism workers in project areas (2016 baseline: Cambodia=54%, Lao PDR=50%)	a-c. Government tourism statistics reports and project completion report	Governments reverse supportive policies for travel and tourism Governments and other development partners reduce support for tourism vocational training and capacity building
Outputs 1. Urban-rural access infrastructure and urban environmental services improved	By 2024: 1a. 73 km of access roads to tourist sites improved (2017 baseline: 0) 1b. 4 ferry ports constructed (2016 baseline: 0) 1c. 30 m ³ /day wastewater treatment capacity constructed (2017 baseline: 0) 1d. Flood protection and drainage constructed for 25-hectare catchment (2017 baseline: 0) 1e. Solid waste management services improved for 5,700 households and businesses (2017 baseline: 2,596 households) 1f. At least 50% of people consulted to optimize project infrastructure design inclusiveness and gender responsiveness are women (2017 baseline: 0)	1a-f. Project progress reports and project completion report	Qualified counterparts are unavailable to support financial management, procurement, and safeguards implementation
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) 2b. 107 hotels in target provinces ASEAN Green Hotel Standard certified (2017 baseline: 45) 2c. 148 homestays ASEAN Homestay Standard certified (2017 baseline: 38) 2d. At least 6 towns ASEAN Clean City Standard certified (2017 baseline: 2)	2a-d. Project progress reports and project completion report	Private enterprises are not interested in achieving ASEAN tourism standards

<p>3. Institutional capacity for tourism destination management and infrastructure O&M strengthened</p>	<p>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)</p> <p>3b. 8 destination management plans and 8 infrastructure O&M plans implemented (2017 baseline: 4)</p> <p>3c. At least 5,000 residents and tourism workers (50% women) participated in destination management training and awareness-raising activities</p> <p>3d. At least 500 entrepreneurs (60% women) received SME support services (2017 baseline:0)</p> <p>3e. 2 internet-based tourism knowledge repositories developed (2017 baseline: 0)</p>	<p>3a-e. Project progress reports and project completion report</p>	<p>Insufficient public funds allocated for infrastructure O&M and tourism site management</p> <p>Increased tourist volumes overwhelm infrastructure and environmental services causing negative environmental impacts</p>
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Key Activities with Milestones

1. Urban-rural access infrastructure and environmental services improved

- 1.1 Prepare civil works design and bidding documents: Q2 2018–Q4 2019
- 1.2 Safeguards document approval: Q4 2018–Q4 2019
- 1.3 Complete land acquisition and resettlement: Q1 2020
- 1.4 Civil works procurement: Q4 2018–Q4 2020
- 1.5 Civil works construction, supervision, and supply equipment: Q1 2019–Q1 2023

2. Capacity to implement ASEAN tourism standards strengthened

- 2.1 Establish ASEAN tourism standards assessment frameworks and certification boards: Q1 2019–Q1 2020
- 2.2 Prepare national certification boards and assessor operations manuals: Q2 2019–Q4 2021
- 2.3 Train standards assessors (e.g. Green Hotel, Homestay, Clean City, etc.): Q3 2019–Q2 2022
- 2.4 Promote ASEAN tourism standards adoption by service enterprises and cities: Q3 2019–Q4 2023
- 2.5 Standards inspection and certification: Q4 2019–Q4 2023

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
- 3.2 Prepare and approve infrastructure O&M plans with sustainable finance mechanisms: Q3 2020–Q4 2021
- 3.3 Design and implement training programs for infrastructure O&M: Q3 2021–Q4 2023
- 3.4 Design and implement SME training and public awareness programs Q2 2021–Q2 2023
- 3.5 Establish and maintain Internet-based tourism knowledge repositories: Q1 2019–Q4 2023

Project Management Activities

- Establish project steering committees, PCUs, and PIUs: Q2 2018
- Advance actions for consultant recruitment and procurement: Q2 2018–Q1 2019
- Financial management training for PCU and PIU staff: Q1 2019–Q3 2019
- Implement sex-disaggregated PPMS, safeguards, and gender action plans: Q1 2019–Q4 2023

Inputs

- Cambodia: ADB = \$30 million; Government = 0.89 million.
- Lao People's Democratic Republic: ADB = \$47 million; Government = 1.80 million.
- Assumptions for Partner Financing: Not applicable.

ADB = Asian Development Bank; ASEAN = Association of Southeast Asian Nations; km = kilometer; m³ = cubic meter; O&M = operations and maintenance; PCU = project coordination unit; PIU = project implementation unit; PPMS = project performance management system; Q = quarter; R-PPTA = regional project preparatory technical assistance; SME = small and medium-sized enterprises.

Source: Asian Development Bank.

TOR FOR ANNUAL AUDIT OF PROJECT FINANCIAL STATEMENTS

Standardized Terms of Reference for External Financial Audit Services (Auditor) of Annual Project Financial Statements³¹

A. Project Background

1. Please refer to Annex 1 (attached to this TOR), the following information:
 - a. Project Background
 - b. Project Description
 - c. The Executing and Implementing Agencies (EA/IAs)

B. Accounting and Financial Management

2. A financial management manual shall be developed by the international financial management specialist in close coordination with EA staff within the first three months of the project implementation period.

C. Objective

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

D. Scope of Work ³²

D.1. APFSs: Financial Statement to be audited³³:

4. The EAs/IAs is responsible for preparation and consolidation of APFSs. The Auditor is to express an opinion on the accompanying statements based on the audit. The accounting standard adopted should be specified in the annual audited financial statements. The content of the financial statements is expected to include, as a minimum (refer to: Annex 4-part B, attached to this TOR for a sample list of requested documents):
 - a. A Summary of all sources of funds, as well as expenditures against a classification system that is responsive to the project's objectives both for the current fiscal year and cumulative to date, showing ADB funds and counterpart fund and funding from other sources separately;

³¹ This template of TOR is appropriate for APFS audit. It should be completed by the borrower, Executing Agency (EA) or Implementing Agency (IA) and provided to ADB for comments before implemented. This template can be applied to the audit of either a revenue-earning or non-revenue-earning project.

³² The auditor should be sufficiently clear with the scope of the audit to properly define what is expected of the auditor. The EA should not restrict the audit procedures or the techniques the auditor may wish to use to form an opinion. The TOR will not generally have to be customized to a particular audit situation. The list of issues outlined in the TOR is not exhaustive, nor should all matters be addressed in every project. The scope and detail of an audit are likely to be unique for each project.

³³ The form of the APFS and supporting documentation that will be supplied to the auditor, and on which they are to give an opinion and a report, should be specified. In practice, the form and content of APFS will vary among countries and projects. For instance, the APFS may comprise a Statement of Receipts and Payments only on project transactions. Other schedules may include cumulative work-in-progress, assets and inventories, and summarized bank reconciliation. The estimated time for providing these documents to the auditor should be stated (e.g., one month after financial year-end). This schedule helps the auditee and the auditor plan for the accounts-preparation and the audit process

- b. A Summary of Expenditures shown under the main project components and by main categories of expenditures, both for the current fiscal year and accumulated to date;
- c. A Balance Sheet showing Accumulated Funds of the Project, bank balances, other assets of the project, and liabilities, if any;
- d. Supporting schedules to the financial statements which at least include: (i) a reconciliation of the amounts shown as "received by the project from the ADB" with those shown as being disbursed by ADB; and (ii) Statement of Expenditures (SOE) procedure (if applicable) listing individual SOE withdrawal applications by specific reference number and amount.

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

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

- a. Deposits and replenishments received from ADB;
- b. Payments substantiated by withdrawal applications;
- c. Interest that may be earned from the balances and which belong to the Borrower
- d. The remaining balances at the end of each fiscal year.

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

8. The Accounting Policies adopted and Explanatory notes. A Management Assertion that ADB funds have been expended in accordance with the intended purposes. Request for form of Annual Project Financial Statements (extracted from PAI 5.07 revised on Jun.2012) including, but not limited to:

- a. Annual project financial statements should normally be presented in the local currency, with the basis for conversion of any foreign exchange transactions or commitments explicitly stated.
- b. The annual project financial statements should be presented in the English language and should reflect the operations supported by ADB financing, including ADB-administered funds.
- c. The project expenditures should be presented following the expenditure categories contained in the legal agreement and/or the PAM, and revisions thereto.

- d. The annual project financial statements should include comparative figures for the preceding reporting year and cumulative figures from the grant effectiveness date to the end of the current reporting year. For projects that receive funding from other sources, the annual project financial statements should include all sources of funds (both ADB-provided and otherwise).
- e. The accompanying Notes to Financial Statements should provide sufficient explanation and information on the financials in narrative form or appropriate supporting schedules, including description of key financial reporting policies.
- f. For projects where separate and distinct components are being administered by the EA and/or several implementing agencies (IAs) each agency should prepare separate project financial statements reporting on the funds they are administering.
- g. Financial statements should be prepared in accordance with accrual based financial reporting standards.
- h. The agreed financial reporting and auditing arrangements will be set forth in the legal agreement and detailed in the PAM.

D.2. Specific additional audit opinions:

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

- a. Use of grant proceeds - to confirm whether the borrower or EA has utilized all proceeds of ADB's grant only for purposes of the project;
- b. Compliance with financial covenants: (Please refer to: Annex 3 attached to this TOR, where applicable) - to confirm or otherwise, that the borrower or EA followed the financial covenants of the grant agreement.
- c. Compliance with the advance fund procedure which includes advance account(s) and sub-account(s) (where applicable) - to confirm or otherwise, whether the advance account (and sub-accounts) gives a true and fair view of the receipts collected and payments made and supports advance and sub-account-liquidations and replenishments during the year.
- d. Compliance with the Statement of Expenditure (SOE) procedures (where applicable) - to confirm or otherwise, whether adequate supporting documentation has been maintained to support claims to ADB for reimbursement of expenditures incurred and that the expenditures are eligible for financing under the grant agreement.

D.3. Management Letter

10. ADB requires the EA/IAs to provide a copy to provide a copy of the auditor's Management Letter, together with the APFS/AFS. At the minimum, this should include:

- a. a general overview of the internal control systems of the project and the EA, or an opinion on the management systems;
- b. an identification of material deficiencies or weaknesses in the project or EA/IAs' internal controls over financial reporting or on the overall system of internal control;
- c. the auditor's recommendations for improvements or for rectification of identified weaknesses;
- d. the client's comments on the findings and recommendations; and
- e. follow-up action/s or status to previously identified issues and findings, if any.

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

- a. A description of specific internal control weaknesses noted in the financial management and recommendations to resolve/eliminate the internal control weaknesses;
- b. Inappropriate accounting policies and practices and effectiveness of the accounting
- c. records system in providing useful and timely information for proper management of the program/and project;
- d. Issues regarding general compliance with broad covenants on each financing agreement and give comments, if any, on internal and external matters affecting such compliance;
- e. Report significant matters raised in previous reports which have not been dealt with effectively
- f. Any other matters that the auditor considers should be brought to the attention of the borrower.
- g. A time bound actions plan that have been agreed with the management to address each of the individual issue, including date of completion, and person(s) responsible for implementation of the action plan.

E. Locations to be Audited:

12. ADB funded projects in Lao PDR often include central level, provincial and even lower levels. The auditors may have to travel to all lower levels to do the audit. If it is the case, the TOR should specify the provinces where Auditors must visit.

F. Phasing of the Audit:

13. The TORs must specific in the following table when the report will be submitted in draft and in final format:

Month of fiscal year (FY) and report submission

Period	FY start	FY End	Report Submission	Remarks
1				
2				

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

G. Auditing Requirements:

15. The audit will be carried out in accordance with International Standards of Auditing including:

- a. planning and conducting the audit in accordance with a risk-based framework with a detailed audit work program which is sufficiently extensive in its coverage of the project's FS to support the opinion given.
- b. the auditor will gather evidence and prepare working papers to properly documents the evidence seen in support of the opinion given, sufficient audit evidence will be gathered to substantiate in all material respects the accuracy of the information contained in supporting schedules attached to the FS.
- c. the auditor will review and evaluate the system of internal controls in effect, including internal audit procedures, to determine the degree of reliance that may be placed upon them and to determine the extent of testing of actual transactions needed to assure the auditor of the accuracy of the accounting records,
- d. the audit coverage will consider the risk of material misstatement(s) because of fraud or error. The audit program should include procedures that are designed to provide reasonable assurance that material misstatements (if any) are detected.
- e. the auditor must obtain an understanding of the design and operation of internal control over compliance with requirements that could have a direct and material financial effect on the funding agreements. The auditor's work in this area is in addition to the consideration of internal control over financial reporting that is part of the FS audit. Specifically, the auditor must obtain an understanding of the internal control over compliance that is sufficient to plan the audit to support a low assessment level of control risk for donor program. The auditor needs to test the internal control unless the internal control is likely to be ineffective in preventing or detecting noncompliance.

16. The auditor need also review the following:

- a. ADB financing (and expand to all external financing where ADB is not the only financier) shall be used in accordance with the conditions of the relevant financing agreement, with due attention to economy and efficiency, and only for the purposes for which the financing was provided, as detailed in the supporting documents

- b. Counterpart funds shall be provided and used in accordance with the relevant grant agreements, with due attention to economy and efficiency, and only for the purposes for which they were provided;
- c. Goods, works and services financed shall be procured in accordance with the relevant financing agreements including specific provisions of the ADB Procurement Policies and Procedures and relevant laws of Borrower. However, in case there are conflicts between ADB policies and procedures with Borrower's relevant laws, ADB policies and procedures will prevail. Fixed assets procured by all financiers shall be reviewed;
- d. The expenditures submitted to ADB shall be eligible for financing and all necessary supporting documents, records, and accounts in support of credit withdrawals have been adequately maintained with clear linkages between the books of account and reports presented to ADB;
- e. Funds disbursed through SOEs shall be utilized for the purposed defined in the funding agreements. Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed against, these should be separately noted by the auditor;
- f. Advance Accounts and sub-accounts, (if used) shall be maintained in accordance with the provisions of the relevant financing agreements and funds disbursed out of the account were used only for the purpose intended in the financing agreement and other supporting documents.

H. Accounting Policies and Changes.

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

I. Compliance with laws, regulations and funding agreements:

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

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

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

J. Responsibility to Consider Fraud in an Audit:

21. The primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and with management. It is important that management, with the oversight of those charged with governance, place a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place, and fraud

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

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

K. Audit Report

23. The auditor should become familiar with the following documents: Guideline for the financial governance and management of investment projects financed by the Asian Development Bank; and the Loan Disbursement Handbook. The Auditor's reports on the projects financial statements should be prepared in 08 copies (04 in English and 04 in Khmer)³⁴ and mentions the following matters:

- a. A title identifying the person or persons to whom the report is addressed;
- b. An introductory paragraph identifying the financial statements audited;
- c. Separate sections, appropriately headed dealing with respective responsibilities of directors (or equivalent persons),
- d. The basis of the Auditor's opinion,
- e. The Auditor's opinion on the financial statements, SOEs and IAs/SAs;
- f. The manuscript or printed signature of the Auditor; and
- g. The date of the Auditor's report.

24. The audit report is required to include separate audit opinions on the Financial Statements (as described in part D. the Scope). This would include at least the following:

- a. the audit report will state the purpose of the report and its intended use,
- b. the audit report will state which/whose generally accepted accounting standards have been applied and indicate the effect of any deviations from those standards,
- c. the audit report will state that the audit was conducted in accordance with ISAs,
- d. the audit opinion will cover the current period,
- e. the audit opinion will state if the financial statements presents fairly in accordance with the adopted accounting policies for the project and that the funds were utilized for the purposes defined by the funding agreements,
- f. the audit opinion will cover in all material respects the supporting schedules,
- g. the auditor should provide an opinion on whether the Project complied with applicable laws, regulations and the Procurement procedures and other provisions of the funding agreements that have a direct and material financial effect on the Project's financial report,

³⁴ The auditing firm must take note that audited financial statements, audit report and the management letter prepared by the Auditor, should be received by ADB no later than six months after the end of the accounting period (i.e., normally no later than June 30). The Auditor should therefore submit, on a timely basis, audit report, management letter and the relevant documentation to the EAs/IAs to meet this requirement. The EAs/IAs will be responsible for forwarding two copies of the audited project financial statements, audit report and management letter to the ADB.

- h. the auditor should provide an opinion on the effectiveness of internal control over compliance with requirements that could have a direct and material financial effect on the financial statements as well as internal control over financial reporting.

L. Available Information and Services to be Provided to the Auditor:

25. Please refer to: Annex 4 attached to this TOR for a sample list of requested documents by Auditor. These include:

- a. The auditor should have access to all legal documents, correspondences, and any other information associated with the project and deemed necessary by the auditor. The auditor will also obtain confirmation of amounts disbursed and outstanding at ADB. Available information should include copies of the relevant: project appraisal document; financing agreement; financial management assessment reports; supervision mission reports and implementation status reports.
- b. The Auditor shall have the right of access to banks and depositories, consultants, contractors and other persons or firms engaged by the project. In case access has been restricted, the auditor must note this in the management letter.
- c. ADB can request access to the auditors unedited audit working papers. If necessary, the auditing company can be requested, free of charge, to participate in a wrap-up session for the Ministry of Finance (MOF), the EA/IAs and ADB to share common findings across projects being audited and provide recommendations for addressing bottlenecks in preparation for the next audit.

M. Services to be Provided to the Auditor:

26. The following services will be provided by the EA/IAs without cost to the Auditor. The PCU should coordinate with the EA/IAs and the Auditor to ensure the following services are adequately and timely provided to the Auditor:

- a. **Data:** Provide the Auditor with access to all available data, information, legal documents, correspondence and any other information considered necessary by the Auditor and shall be returned at the completion of the assignment or earlier, or as may be requested by the EA/IAs.
- b. **Access:** The PCU and the EA will arrange for access by the Auditor to the sites which the Auditor deems necessary to visit and conduct investigations about performing their duties. Access to the key officials in the Government, the project provinces and agencies concerned with subjects related to the assignment will also be arranged by the EA/IAs, as appropriate.

N. Auditor Qualification

27. Please refer to: "Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers" - Part 1: Introduction and Policies for further instruction on general consultant qualification. The following are the requirements on the qualification of auditing firms for auditing ADB funded projects in Lao PDR. It must be authorized to practice in Lao PDR and capable to apply the agreed auditing standards. The detailed requirements on the qualification of auditing company are:

- a. Be a legal entity with business license granted by the competent authority, as requested by Lao law;
- b. Must be impartial and independent from all aspects of management or financial interests in the EA/IA being audited.
- c. Be included in the most updated list of authorized auditing companies and auditors which is approved by Ministry of Finance and published on website: www.mof.gov.vn;
- d. Have adequate staff, with appropriate professional qualifications and suitable experience in finance/financial management in Official Development Assistance (ODA) funded projects or Government projects/ programs, including experience in auditing the Enterprise Financial system (EFS) comparable in nature, size and complexity to the entity whose audit they are to undertake;
- e. Notify and get written endorsement of the EA every time a staff member is substituted; and
- f. Subcontracting of audit services is not permitted.

28. The following are the requirements on the qualification of Individual auditor for each proposed position in the firm. The TOR must indicate clearly how many international and national experts the assignment will include. General requirements on the Qualification of Individuals are as follows: Auditors shall hold relevant professional qualifications with in-depth experience in conducting audits of project FSs. Auditors should hold a fair opinion on, and be independent of, control of the submitting entity and the employer by whom they were appointed. The auditor should follow procedures and methodology that conform to International Standards on Auditing (ISA). The following are the outline TOR of each position:

N.1. Audit Director (AD):

As head of the audit team, the Director will be responsible for:

- a. Keeping lines of communication open with staff and clients.
- b. Ability to manage within budgetary and time constraints while providing a high-level of client satisfaction
- c. Anticipating and addressing client concerns and escalating problems as they arise.
- d. Keeping abreast of latest developments as they affect GAAP and the Firm's standards and policies
- e. Developing an understanding of client's business and becoming a "functional expert" in the area.

Minimum Qualifications/Experience:

- a. A university graduate (preferably with a post-graduate degree) in Accounting, finance, Certified auditor certificate by the MOF or international certificate (ACCA or other recognized international accounting/ auditing certificate),
- b. At least 15 years or above experience working in auditing services; At least 4 years of experience in management of auditing teams; and at least 8 years actual working years in auditing since being granted with Lao or international auditor certificate;
- c. Should have worked as Audit Director for at least 3 audit contracts on ADB, the World Bank or other international donors funded projects;
- d. Fluent English is compulsory;
- e. Experience working for a Big 4 or large regional accounting firm is a plus.

N.2. Audit Managers (AM)

The Manager will be responsible for:

- a. Receive the instructional directives from Directors and give detailed guidance to all team members;
- b. Monitor the audit fieldwork of engagement team, reviews staff work and ensure that it meet professional standards and the internal audit department's guidelines;
- c. Take responsibility for the quality of the audit before submitting to Director;
- d. To be the contact point with Client's Management and Chief Accountant regarding key issues identified, audit adjustments; and
- e. Monitor the progress of the audit and monitor the adherence to the deadline committed with Client.

Minimum Qualifications/Experience:

- a. A university graduate (preferably with a post-graduate degree) in Accounting, finance, Certified auditor certificate by the MOF or international certificate (ACCA or other recognized international accounting/ auditing certificate),
- b. At least 10 years or above experience working in auditing services; Audit seniors who are the team leader shall have 5 years' experience in their profession;
- c. Audit experience for ADB/World Bank funded projects in Lao PDR would be an advantage;
- d. Ability to work within budgetary and time constraints while providing a high-level of client satisfaction;
- e. Certified auditor certificate by the MOF or international certificate (ACCA or other recognized international accounting/ auditing certificate).

N.3. Senior Auditors/ Team leaders: (SA/TL)

The Senior Auditors will be responsible for:

- a. Follow the instructions from Director and Engagement Manager;
- b. Keep AD and AM being updated with the key issues or key audit adjustments day to day;
- c. Being responsible for the audit quality of the whole team in front of AM;
- d. Being responsible for the compliance with auditing firm quality standards and procedures and with the requirements of Clients/ Projects.

Minimum Qualifications/Experience:

- a. Senior Auditors are required to be graduates of a recognized university in the fields of Commerce, Economics, Accounting and Auditing or equivalent;
- b. At least 05 years or above experience working in auditing services;
- c. Preferably to whom holding Certified auditor certificate by the MOF or international certificate (ACCA or other recognized international accounting/ auditing certificate);
- d. Preferably should have worked as Auditor for audit contracts on ADB's, the World Bank's on other international donors' funded projects; and
- e. English proficiency would be preferable.

N.4. Auditor:

The Auditors will be responsible for:

- a. Implementing professional work, auditing assigned sections in the agencies, be responsible for the data and issues related to the auditing activities.
- b. Supporting to release the official report; draft minute of audit; report to the Team leader of the rising issues related to the audit in the agencies.

Minimum Qualifications/Experience:

- a. A university graduate (preferably in recognized university in the fields of Commerce, Economics, Accounting and Auditing or equivalent);
- b. At least 03 years or above experience working in auditing services Preferably to whom holding Certified auditor certificate by the MOF or international certificate (ACCA or other recognized international accounting/ auditing certificate);
- c. Should have worked as Auditor for audit contracts on ADB's, the World Bank's on other international donors' funded projects would be preferable).
- d. English proficiency would be preferable.

O. Involvement of Technical Experts:

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

P. Reporting Relationships:

30. The audit services will be contracted by EAs/IAs or project management units. The Auditor shall report to the Project manager and Chief Accountant. The Auditor should maintain and file the work papers and provide them to ADB and/or the Government when required.

Q. Contract and Procurement Mode

31. Please refer to: Annex 5 attached to this TOR.

Project Background, Executing and Implementing Agencies

A. The Project to be Audited:

1. Project No:
2. Grant No:
3. Project Name:
4. Executing Agency:
5. Implementing Agencies:
6. Total Project Costs: (from all financiers)

B. Project Description:

Describe the project here, in the context of its contribution to achievement of the EA's economic goals. The auditor must understand the "purpose for which the funds are intended" in the context of the broad project objectives as well as in terms of the specific project budget.

C. The Executing and the Implementing Agencies (EA/IAs):

A detailed description—both legal and generally informative—should be provided here to enable the auditor to understand fully the nature, location and objective of the executing and implementing arrangements among agencies (EA/IAs), and the entities under audit. Geographic characteristics should be described, together with organization charts; names of senior managers.

Financial Management Manual (FMM)

A. General framework for financial management

1. Objective of the FMM:

To enhance the transparency in project financial management procedures to ensure the proper and effective use of project resources;

Provide guidelines concerning the Financial Management procedures and project systems facilitating the monitoring and evaluation tasks required by ADB and relevant government agencies;

Provide clear requirements, processes and project management procedures to facilitate project implementation.

2. Financial roles and responsibilities of relative agencies/organization

3. Detail responsibilities and qualification of each personnel in Finance management team – such as: functional and duties: Director, Internal Controller, Accountant, Chief Accountant, and Cashier.... etc.

B. Project planning and budgeting:

Description of how to develop and control planning and budgeting

Summary responsibilities of involved parties in the project

Description of forms for planning and supervising purposes, such as general project implementation, procurement, disbursement etc.

C. Disbursement process:

Based on ADB Disbursement guidelines (Loan Disbursement Handbook).

Disbursement process: responsibilities of each involved parties in the process, disbursement types and applicable disbursement procedure (such as statement of expenditure) in the project, fund-flow illustration etc.

D. Project accounting system reporting and liquidation

General regulation, basic accounting policy, financial reporting, and project accounting (indicate clearly which accounting policy is used) and reporting system (list all reports, names, contents, prepared by whom, deadline to submit etc.)

E. Internal control (IC)

1. IC Objectives:

The IC forms part of the financial and accounting policies for the management of the Project. The objectives of the internal controls are to:

- (a) ensure adherence to Government's and donors' regulations and guidelines, project policies and procedures;
- (b) achieve clear and transparent financial practices;
- (c) promote operational efficiency;
- (d) provide controls to safeguard the project assets;
- (e) facilitate the early detection of errors and problems.

2. **Internal control principles:** The basic principles of the internal controls are as follows:
 - 1) monitoring, checking and approving, by an upper level, of expenditures and procurements executed by the lower level;
 - 2) defining responsibilities of project staff commensurate with position and level of authority;
 - 3) separating specific responsibilities of staff;
 - 4) using appropriate method to ensure proper custody of assets;
 - 5) ensuring full and appropriate documentation;
 - 6) using internal procedures for cross-checking of accounts, payments and transaction entries for timely detection of errors; and
 - 7) preparing annual inventory of assets.

3. **IC requirement:** Key internal controls to be implemented by PCU/PMU must satisfy the below requirements:
 - a. **Competent and Reliable Personnel:** The internal control system relies on the people running it. Employees should be adequately trained and properly supervised to enable them to carry out their duties and responsibilities effectively.
 - b. **Separation of Functional Responsibilities:** A person should not have complete control of a transaction from beginning to end. There should be clear understanding as to who will approve, what is to be approved and the limitations of authorization. The approving officers should not have responsibility for posting or the ability to change accounting records.
 - b. **Assignment of Responsibility for Every Function:** Employee responsibilities should be clearly defined to avoid overlapping or unassigned areas of responsibility (e.g. an organization chart should be prepared). Staff must know their responsibilities and whom they report to.
 - c. **Separation of Asset Custodianship and Accounting:** The accounting function should be separated from the custody of assets (e.g. an employee who is entrusted to receive cash should not have access to the cash journals or ledgers).
 - d. **Security Measures:** Techniques, procedures and measures should be employed to protect assets and ensure reliable accounting data and reports (e.g. use of mechanical devices such as vaults and cash registers; use of control accounts and subsidiary ledgers).
 - e. **Supervision:** Internal regulations should include the supervision of staff. For example, the supervision of the director or manager of a DPMU for example on setting up of annual estimated expenditures, approving of the annual reports, or the supervision of chief accountant to the process of setting, recording of transactions made by assistants, and the preparation of financial statements.
 - f. **Regular Independent Review:** Internal auditors should regularly review and evaluate the system of internal controls to determine whether it is functioning effectively as planned (e.g., internal auditors' findings and recommendations should be submitted to senior management for action).
 - g. **Control of Transactions:** Every transaction should be authorized, approved, executed and recorded according to prescribed procedures (e.g. staff are not free to procure without the approval of the manager).
 - h. **Serially Numbered Documents:** Organization documents should be serially numbered to check completeness of transactions (e.g. checks, invoices and vouchers should be serially numbered).
 - i. **Sequencing:** Accounting control system should be set up in such a manner that proper sequencing is followed with regards to payments, posting of transactions to ledgers etc. For example, payments should not be authorized or made before the goods or services for which the payment relates to has been received by the project.
 - j. **Duration of documentation archiving:** Full documentation of project transactions will be managed and recorded in accordance with existing regulations. The records should be kept for 10 years in good condition to avoid damage and ensure easy access when

needed. Document disposal (if necessary) shall be done with prior approval of competent authority.

4. Content of IC:

Must ensure that the FMM covers all important IC matters: such as cash control, bank account control, procurement, assets management, contract management and receivables, and payables etc.

5. IC system:

The auditor shall assess the adequacy of the project financial management systems, including internal controls. The assessment includes whether:

- a. Proper authorizations are obtained and documented before transactions are entered;
- b. Accuracy and consistency are achieved in recording, classifying, summarizing and reporting transactions;
- c. Reconciliations with internal and external evidence are performed on a timely basis by the appropriate level of management;
- d. Balances can be confirmed with external parties;
- b. Adequate documentation and an audit trail is retained to support transactions;
- c. Transactions are allowable under the agreements governing the project;
- d. Errors and omissions are detected and corrected by project personnel in the normal course of their duties, and management is informed of recurring problems or weaknesses;
- e. Management does not override the normal procedures and the internal control structure; and
- f. Assets are properly accounted for, safeguarded and can be physically inspected.

Financial covenants, financial assurances and

How to confirm the compliance?

- 1. Financial Covenants:** The financial covenants that are applicable to projects are included in grant agreements. The Auditor should list, describe and fully reference all applicable financial covenants, review and comment on the compliance.
- 2. Compliance with Financial Covenants.** The auditor will confirm compliance with each financial covenant contained in the project legal documents. Where present, the auditor should indicate the extent of any noncompliance by comparing required and actual performance measurements for each financial covenant for the financial year concerned.
- 3. Financial Assurances Applicable to Projects:** The financial assurances that are applicable to the EA—such as a commitment to employ suitably-qualified accounting personnel—will be included in project legal documents. The auditor should list, describe and fully reference all applicable financial assurances, review and comment on the compliance.
- 4. Compliance with Financial Assurances.** The auditor will confirm compliance with all financial assurances contained in the project legal documents. Where present, the auditor should indicate the extent of any noncompliance by comparing required and actual performance of the borrower in respect of these ADB requirements for the financial year concerned.

A sample for list of required documents

A. General project documents

1. Report and Recommendations of the President
2. Grant Agreement
3. Project Administration Manual
4. Documents on appointments of Project Management Units (Director, Deputy Director, Chief Accounts) and delegation of authorities
5. Documents on registration of VAT codes with local authorities
6. Documents on registration of authorized signatories with the banks
7. Annual budget and work plans, including all revisions, if any
8. Annual procurement plans, if any
9. Quarterly and annual progress reports
10. Comparison between actual expenses and budgets, if any, prepared by Project management,
11. A summary of key financial covenants as indicated in the Grant/Financing Agreements and the self-assessment of the Project management on these financial covenants
12. Copies of all meeting minutes of Project Steering Committee and Project management unit, if any
13. Internal audit reports, prior year audited reports and management letter, if any External review reports.

B. Accounting books/records

1. Annual Financial Statements for the year subject to audit, including the financial statements of the Central PMU and all PPMU (Summary sources of funds, Summary of expenditures, Balance sheet, IA statement...etc.).
2. Accounting books and all original supporting documents (hard and soft copies)
3. Confirmations of fund received from the ADB during the year
4. Disbursements and payment vouchers with original supporting documentation
5. Bank statements, cash count minutes, periodic bank reconciliation documents (signed by authorized personnel of the Project)
6. Reports and supporting documents for counterpart expenditure for the year subject to audit
7. Documents on monthly VAT declaration and periodic VAT refund claims, if any
8. List of outstanding advances at the year end and the related aging report, if any. The total of this list should be reconciled to the advances of the balance sheet
9. Summary of procurement contracts signed and ongoing during the year
10. Bidding documents (if any)
11. Consultant contracts (local and international), minutes of evaluation board, consultant reports (if any)
12. Record of training courses, attendance lists and course evaluations (if any)
13. Fixed asset registers
14. Minutes recording annual physical checking of equipment (including all minutes completed by PPMU)
15. Logbooks for vehicles (if any)
16. Access to the Programme's/Projects' computers and other office equipment under the supervision of responsible Programme/ Project personnel (strictly for audit purposes only)

C. Personnel

1. List of all contracted staff and their related recruitment documents, personnel records
2. Documents on PIT, Social Insurance and Health Insurance calculations and monthly declaration and payments

**Procurement Mode and requested document to be submitted by
Audit firms:**

1. The procurement method agreed for auditor recruitment will follow “Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers” (available at: <http://www.adb.org/documents/guidelines-use-consultants-asian-development-bank-and-its-borrowers>) The contract will be on lump sum in accordance with annual based performance.
2. To meet with the working plan and schedule report delivery as requested, the auditing firm must submit a Description of Approach, Methodology and Work Plan for Performing the Assignment including:
 - (i) **Technical Approach and Methodology:** explain the understanding of the objectives of the assignment, approach to the services, methodology for carrying out the activities and obtaining the expected output, and the degree of detail of such output. Should also highlight the problems being addressed and their importance and explain the technical approach would adopt to address such problems. Explain the methodologies you propose to adopt and highlight the compatibility of those methodologies with the proposed approach.
 - (ii) **Work Plan.** Propose the main activities of the assignment, their content and duration, phasing and interrelations, milestones (including interim approvals by the Client), and delivery dates of the reports. The proposed work plan should be consistent with the technical approach and methodology, showing understanding of the TOR and ability to translate them into a feasible working plan. A list of the final documents, including reports, drawings, and tables to be delivered as final output, should be included here. The work plan should be consistent with the Work Schedule.
 - (iii) **Organization and Staffing.** Propose the structure and composition of your team. Should list the main disciplines of the assignment, the key expert responsible, and proposed technical and support staff.
3. Submitted Document must indicate: How many Team Leaders and Senior auditors/auditors allocated for the assigned audit with suitable qualification and experience by each position.
4. For each audit period, how many are expected person-months to fulfill auditing works of each auditor position: for example, Audit Director: (how many) person-months; Team Leader: (how many) person-months; ...etc.
5. The person-months are only as an estimate since the auditing company will be recruited on lump sum-based performance for each annual package. The auditing company should provide to the Government project management unit details in the followings: working schedule, management and execution method together with allocated man power implementing auditing activities in project’s financial reports for a good contract performance.

BASELINE INFORMATION AND ASSUMPTIONS

A. Introduction

1. Project performance will be monitored using the indicators and targets in the design and monitoring framework (DMF). This annex provides baseline information, assumptions and targets for the outcome and output indicators included the DMF. Baseline provided is for 2016, project output targets for 2024 and outcome targets for 2025.

B. Outcome Indicators Baseline and Performance Targets

2. Performance of the project outcome is measured using four indicators: (i) increase in Cambodia and Lao PDR's share of ASEAN's international visitor arrivals; (ii) increase in international visitor arrivals in the project target areas; (iii) increase in aggregate annual visitor expenditure in the project target areas; and (iv) proportion of women tourism workers in the project areas.

3. **Outcome performance indicator 1: Increase in Cambodia and Lao PDR's share of ASEAN's international visitor arrivals.** International visitor arrivals in ASEAN totaled 116 million in 2016 (Table 1). Arrivals in Cambodia and Lao PDR totaled 9,251,000 that year, representing an 8.0% share of total ASEAN arrivals. Individual shares of Cambodia and Lao PDR were 4.3% and 3.7%, respectively. In the "without project" scenario, growth of international arrivals is assumed 5.8% for 2017-2019 and 4.3% for 2021-2025, in line with UNWTO forecasts for Southeast Asia.³⁵ An incremental growth of 1.5% from 2023 is assumed for the "with project" scenario. Based on this, it is forecasted that Cambodia and Lao PDR's share of ASEAN international arrivals will remain 8.0% in the "without project" scenario, while in the "with project" scenario, their share will increase to 8.3% by 2025. Individual shares of Cambodia and Lao PDR are forecasted to increase to 4.5% and 3.8% respectively.

Table 1: Cambodia and Lao PDR's share of ASEAN's international visitor arrivals

	Baseline			Without Project		With Project	
	2016 (‘000)	CAGR '12- '16 (%)	ASEAN Share (%)	2025 (‘000)	ASEAN Share (%)	2025 (‘000)	ASEAN Share (%)
Cambodia	5,012	8.7	4.3	7,641	4.3	7,976	4.5
Lao PDR	4,239	6.2	3.7	6,463	3.7	6,746	3.8
Subtotal CAM+LAO	9,251	7.5	8.0	14,104	8.0	14,722	8.3
Total ASEAN	116,121	6.8		177,041		177,041	

ASEAN = Association of Southeast Asian Nations; CAGR = compound annual growth rate; CAM = Cambodia; LAO = Lao PDR; Lao PDR = Lao Peoples' Democratic Republic.

Source: ASEAN Secretariat, Asian Development Bank projections

4. **Outcome performance indicator 2: increase in international visitor arrivals in the project target areas.** International visitor arrivals in the project target provinces of Kep and Preah Sihanouk in Cambodia and Champasak, Luang Prabang and Vientiane Province in Lao PDR totaled 1.28 million in 2016 (Table 2). As described in the *Tourism Demand Analysis and Forecasts: Cambodia and the Lao People's Democratic Republic*, forecasts for the "without project" scenario are based on UNWTO forecasts for Southeast Asia and historic growth in the respective provinces, and for the "with project" scenario a 0.30% higher growth is assumed for the period 2023-2025 than the "without project" scenario. Based on this, it is forecasted that by 2025 in the "without project" scenario international arrivals in the project target areas increase to 1.977 million and in the "with project" scenario to 1.994 million.

³⁵ United Nations World Tourism Organization. 2016. *UNWTO Tourism Highlights*. Madrid.

Table 2: Annual international visitor arrivals in project target areas ('000)

	Baseline		Without Project	With Project	Incremental arrivals	
	2016 ('000)	CAGR '12- '16 (%)	2025 ('000)	2025 ('000)	2025 ('000)	
Cambodia						
Preah Sihanouk Province	404.9	17.5	641.0	646.5	5.5	0.9%
Kep Province	53.7	8.6	83.7	84.5	0.7	0.9%
Lao PDR						
Champasak Province	133.6	1.0	199.1	200.8	1.7	0.9%
Luang Prabang Province	469.6	12.4	748.2	754.7	6.5	0.9%
Vientiane Province	216.9	-8.9	305.0	307.6	2.6	0.9%
Total	1,278.7	6.6	1,977.0	1,994.1	17.1	0.9%

CAGR = compound annual growth rate; Lao PDR = Lao Peoples' Democratic Republic.

Source: National and provincial tourism offices, Asian Development Bank projections

5. Outcome performance indicator 3: increase in aggregate annual visitor expenditure in the project target areas. Visitor expenditure in the project provinces totaled \$550 million in 2016 (Table 3). As described in the *Tourism Demand Analysis and Forecasts*, forecasts for the “without project” scenario assume that average length of stay and average daily expenditure remains at the 2016 level throughout the project period, while for the “with project” scenario length of stay increases with 0.1 day in 2023. Based on this, it is forecasted that by 2025 in the “without project” scenario visitor expenditure in the project target areas increases to \$860 million. Because of increased arrivals and length of stay, in the “with project” scenario expenditure increases to \$907 million.

Table 3: Annual visitor expenditure in project target areas

	Baseline		Without Project	With Project	Incremental expenditure	
	2016 (\$ mln)	CAGR '12- '16 (%)	2025 (\$ mln)	2025 (\$ mln)	2025 (\$ mln)	
Cambodia						
Preah Sihanouk Province	96.0	23.5	154.8	166.3	11.5	7.4%
Kep Province	90.3	9.6	141.6	151.8	10.1	7.1%
Lao PDR						
Champasak Province	64.1	15.9	96.5	99.8	3.3	3.5%
Luang Prabang Province	200.4	12.2	318.9	335.2	16.3	5.1%
Vientiane Province	99.4	9.5	148.5	154.0	5.5	3.7%
Total	550.2	13.2	860.4	907.1	46.7	5.4%

CAGR = compound annual growth rate; Lao PDR = Lao Peoples' Democratic Republic; mln = million.

Source: National and provincial tourism offices, Asian Development Bank projections

6. Outcome performance indicator 4: proportion of women tourism workers in the project areas. In 2016, women comprised on average 53% of all tourism workers in the participating countries. The project aims to increase this to 55% by 2025. The breakdown by country is shown below. Country percentages are used as a proxy for project areas.

	2016			2025		
	Workers	% Women	No. Women	2025	% Women	No. Women
Cambodia	988,200	54	533628	1988200	55	1093510
Lao PDR	118,000	50	59000	318000	55	174900
	1,106,200	53	592628	2306200	55	1268410

Source: Adapted from ADB. 2017. *Tourism Sector Assessment, Strategy, and Road Map for Cambodia, Lao People's Democratic Republic, Myanmar, and Viet Nam (2016–2018)*. Manila.

C. Output Indicators Baseline and Performance Targets

a. Output 1: Urban-rural access infrastructure and urban environmental services improved

7. Output 1 uses five indicators to measure performance: (i) length of access roads to tourist sites improved; (ii) number of passenger ports improved; (iii) wastewater treatment capacity constructed; (iv) catchment area of flood protection and drainage improvement; and (v) number of households and businesses served by improved solid waste management.

8. **Indicator 1.a: Length of access roads to tourist sites improved.** Table 4 shows the length of access roads the project targets for improvement as part of each subproject. Total target length is 73.0 km, out of which 10.4 km in Cambodia and 62.6 km in Lao PDR.

Table 4: Length of access roads to tourist sites improved

Subproject	Length (km)
Cambodia	
K1. Kep Solid Waste Management Improvements	3.0
S1. Sihanoukville Seaside Access and Environmental Improvement	7.4
S2. Sihanoukville–Koh Rong Passenger Piers Improvements	0.0
Subtotal Cambodia	10.4
Lao PDR	
C1. Nakasang Access Road and Port Rehabilitation	3.4
C2. Don Det/Don Khone Access Improvements	11.0
V1. Nam Ngum Reservoir Access Improvements	5.9
V2. Kaeng Yui Waterfall Access Improvements	6.0
V3. Western Loop Rural Access Road and Bridge Improvements	29.0
V4. Vang Vieng Urban Renewal	6.5
V5. Vang Vieng Solid Waste Management Improvements	0.8
Subtotal Lao PDR	62.6
Total	73.0

km = kilometer; Lao PDR = Lao Peoples' Democratic Republic
Source: Asian Development Bank estimates

9. **Indicator 1.b: Number of passenger ports improved.** The project will improve a total of four passenger ports, out of which two in Cambodia (Sihanoukville and Koh Rong in Preah Sihanouk Province) and two in Lao PDR (Nakasang in Champasak Province, and Nam Ngum Reservoir Recreational Area in Vientiane Province).

10. **Indicator 1.c: Volume of wastewater treatment capacity constructed.** The project will construct two managed landfills, one in Kep Province, Cambodia, and one in Vang Vieng, Vientiane Province, Lao PDR. It is estimated that the combined capacity to treat septage sludge at the two landfill sites will be 10,000 m³/year, or an average of 27.4 m³/day, equally divided between the two sites.

11. **Indicator 1.d: Catchment area of flood protection and drainage improvement.** Flood protection and drainage improvement measures are part of four subprojects, targeting a total catchment area of 25.0 ha, out of which 0.5 ha in Cambodia and 24.5 in Lao PDR (Table 5).

Table 5: Catchment area of flood protection and drainage improvement

Subproject	Catchment area (ha)
Cambodia	
S2. Sihanoukville–Koh Rong Passenger Piers Improvements	0.5
Subtotal Cambodia	0.5
Lao PDR	
C1. Nakasang Access Road and Port Rehabilitation	0.5
V3. Western Loop Rural Access Road and Bridge Improvements	11.0

V4. Vang Vieng Urban Renewal	13.0
Subtotal Lao PDR	24.5
Total	25.0

ha = hectare; Lao PDR = Lao Peoples' Democratic Republic
Source: Asian Development Bank estimates

12. **Indicator 1.e: Number of households and businesses served by improved solid waste management.** The project will construct two managed landfills, one in Kep Province, Cambodia, and one in Vang Vieng, Vientiane Province, Lao PDR. Target areas for solid waste collection services include Sangkhat Kep and half of Sangkhat Prey Thum in Kep Province, comprising 1,825 households and 147 businesses, and Vang Vieng Town's urban and peri-urban areas, comprising 4,800 households and 269 businesses (Table 6). Current collection services reach 37% of the targeted households (45% of in Kep and 28% in Vang Vieng) and 100% of the businesses. The project targets a coverage of 80% of all households in the target areas and retain 100% coverage of businesses.

Table 6: Households and businesses served by improved solid waste management

Landfill site	Target area	Solid waste collection coverage					
		Baseline		Target		Incremental	
		HHs	%	HHs	%	HHs	%
Kep Landfill							
Households	1,825	821	45%	1,460	80%	639	78%
Businesses	147	147	100%	147	100%	0	0%
Subtotal Kep	1,972	968		1,607		639	
Vang Vieng Landfill							
Households	4,800	1,359	28%	3,840	80%	2,481	183%
Businesses	269	269	100%	269	100%	0	0%
Subtotal Vang Vieng	5,069	1,628		4,109		2,481	
Total	7,041	2,596	37%	5,716	81%	3,120	120%

HHs = households

Source: Asian Development Bank estimates

b. Output 2: Capacity to implement ASEAN tourism standards strengthened

13. Output 2 uses four indicators to measure performance: (i) number of national ASEAN tourism standards certification boards and assessment frameworks established, and percentage of women certification board members; (ii) number of enterprises that meet ASEAN Green Hotel Standard; (iii) number of homestay service providers that meet ASEAN Homestay Standard; and (iv) number of towns that achieve the ASEAN Clean City Standard. Output 2 target provinces for Cambodia are the coastal provinces of Kampot, Kep, Koh Kong and Preah Sihanouk and for Lao PDR Champasak, Luang Prabang and Vientiane Province.

14. **Indicator 2.a: Number of national ASEAN tourism standards certification boards and assessment frameworks established and percentage of women certification board members.** The project will assist the Ministry of Tourism (MOT), Cambodia, and the Ministry of Information, Culture and Tourism (MICT), Lao PDR, each establish an ASEAN Tourism Standards national certification board, comprising at least 30% women members. Within each country, additional entities and/or task forces may be established to manage individual ASEAN Tourism Standards as appropriate.

15. **Indicator 2.b: Number of enterprises that meet ASEAN Green Hotel Standard.** As of 2016, in the target provinces of Kampot, Kep, Koh Kong, and Preah Sihanouk in Cambodia, and Champasak, Luang Prabang, and Vientiane Province in Lao PDR, 45 hotels (21% of total) have obtained the ASEAN Green Hotel Standard (16 in Cambodia and 29 in Lao PDR) (Table 7). The project targets to increase hotel certification in the target provinces to 107 (50% of total).

Table 7: ASEAN Green Hotel Standard certification

Target Province	Hotels Total	Certified Hotels			
		Baseline	Target		
Cambodia					
Kampot	10	1	10.0%	5	50.0%
Kep	8	0	0.0%	4	50.0%
Koh Kong	4	1	25.0%	2	50.0%
Preah Sihanouk	64	14	21.9%	32	50.0%
Subtotal target provinces Cambodia	86	16	18.6%	43	50.0%
Lao PDR					
Champasak	59	9	15.3%	30	50.0%
Luang Prabang	49	17	34.7%	25	50.0%
Vientiane province	20	3	15.0%	10	50.0%
Subtotal target provinces Lao PDR	128	29	22.7%	64	50.0%
Total target provinces Cambodia + Lao PDR	214	45	21.0%	107	50.0%

Lao PDR = Lao Peoples' Democratic Republic

Source: Ministry of Tourism Cambodia, Ministry of Information, Culture and Tourism Lao PDR; Asian Development Bank estimates.

16. **Indicator 2.c: Number of homestay service providers that meet ASEAN Homestay Standard.** As of 2016, in the target provinces of Kampot, Kep, Koh Kong, and Preah Sihanouk in Cambodia, and Champasak, Luang Prabang, and Vientiane Province in Lao PDR, 38 homestay service providers (7.6% of total) have attained certification under the ASEAN Homestay Standard (15 in Cambodia and 23 in Lao PDR) (Table 8). The project targets to increase certification of homestays in the target provinces to 148 (29.7%), of which 35 (75%) in Cambodia, and 113 (25%) in Lao PDR.

Table 8: ASEAN Homestay Standard certification

Target Province	Homestay service providers Total	Certified Homestay Service Providers			
		Baseline	Target		
Cambodia	23	1	4.3%	17	75.0%
Kampot	0	0	-	-	-
Kep	24	14	58.3%	18	75.0%
Koh Kong	0	0	-	-	-
Preah Sihanouk	47	15	31.9%	35	75.0%
Subtotal target provinces Cambodia					
Lao PDR					
Champasak	301	14	4.7%	75	25.0%
Luang Prabang	0	0	-	0	-
Vientiane province	150	9	6.0%	38	25.0%
Subtotal target provinces Lao PDR	451	23	5.1%	113	25.0%
Total target provinces Cambodia + Lao PDR	498	38	7.6%	148	29.7%

Lao PDR = Lao Peoples' Democratic Republic

Source: Ministry of Tourism Cambodia, Ministry of Information, Culture and Tourism Lao PDR; Asian Development Bank estimates.

17. **Indicator 2.d: Number of towns that achieve the ASEAN Clean City Standard.** As of 2017, one city in Cambodia (Kep) and one city in Lao PDR (Luang Prabang) are ASEAN Clean City Standard certified. The project will support an additional four cities to attain certification, namely Kampot and Sihanoukville in Cambodia and Pakse and Vang Vieng in Lao PDR.

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

18. Output 3 uses four indicators to measure performance: (i) number of public works and tourism site managers that have the skills, equipment, and budget needed to effectively

develop and implement tourism management plans and infrastructure O&M, and percentage of women among them; (ii) number of destination management plans implemented; (iii) number of residents and tourism workers participate in destination management training and awareness-raising activities, and percentage of women among them; and (iv) number of operational internet-based tourism knowledge repositories. Destination management activities target national level, the Coastal Zone, and Kep Preah Sihanouk provinces in Cambodia; and the national level, Southern Laos (which includes Champasak Province), Luang Prabang Province and Vientiane Province in Lao PDR.

19. **Indicator 3.a: Number of public works and tourism site managers that report increased knowledge on developing and implementing tourism management and infrastructure O&M plans, and percentage of women among them.** The project targets an average of 30 public works and tourism site managers in each of the five target provinces to participate in capacity building activities related to tourism management and infrastructure O&M, out of which at least 30% are women.

20. **Indicator 3.b: number of destination management plans implemented.** The ongoing GMS Tourism Infrastructure for Inclusive Growth Project (TIIGP) supports the preparation and implementation of a DMP for Kep Province in Cambodia, and a national DMP and provincial DMPs for Champasak/Southern Laos and Luang Prabang in Lao PDR. The baseline for this indicator is 4. The project will support updating of these existing DMPs and preparation of a national level DMP and DMPs for the Coastal Zone and Preah Sihanouk Province in Cambodia and for Vientiane Province in Lao PDR, and subsequently the implementation of DMPs in all 8 target destinations.

21. **Indicator 3.c: Number of residents and tourism workers participate in destination management training and awareness-raising activities, and percentage of women among them.** The project targets an average of 1,000 residents and tourism workers in each of the five target provinces to participate in destination management training and awareness-raising activities, out of which at least 50% are women.

22. **Indicator 3.d: Number of operational internet-based tourism knowledge repositories.** The project will support MOT Cambodia and MICT Lao PDR each establish and operate an internet-based knowledge repository.