

SBF Project Implementation Monitoring Report

Lao People's Democratic Republic: Lao National Road 13 Improvement and Maintenance Project

1. Project Information

Project ID:	000066	Investment Number:	40
Member:	Lao People's Democratic Republic	Region:	South-Eastern asia
Sector:	Transport	Sub-sector:	Urban transport
AIB Financing Type:	Loan: 40 USD million	Co-financier(s):	WB-led (IDA)
E&S category:	A	Borrower:	Lao People's Democratic Republic
Red Flags Assigned:	0	Monitoring Regime:	Regular Monitoring
Implementing Agency:	Ministry of Public Works and Transport		
Project Team Leader:	Wenyu Gu		
Project Team Members:	Michaela Bergman, Principal Social Development Specialist Zhixi Zhu, Environment Specialist Mohammad Omar Khalid, Senior Safeguard Consultant Xiaowei Guo, Senior Procurement Specialist Shonell Robinson, Financial Management Specialist Haiyan Wang, Senior Finance Officer Liu Yang, Legal Counsel Chang Tian, Project Assistant		
Completed Site Visits by AIB:	Nov, 2019		
Planned Site Visits by AIB:	Mar, 2021 if condition allows		

2. Project Summary and Objectives

The project will support national strategy and socio-economic development of Lao PDR by enhancing its road connectivity of the most critical sections of the backbone road network of the country. Specifically, the project will widen the 19 km high traffic section close to Vientiane capital city (Sikeut to Songpeuay market) from the existing two-lane to a four-lane road; and an improvement/strengthening of a 39-km section of two-lane road (Songpeuay market to Phonhong) with Portland cement concrete pavement. The project will use an innovative contracting model, an Output- and Performance-based Road Contract (OPBRC).

3. Key Dates

Approval:	Apr. 1, 2019	Signing:	Jun. 6, 2019
Effective:	Jul. 31, 2019	Restructured (if any):	
Orig. Closing:	May. 31, 2023	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

a) Committed:	40	b) Cancellation (if any):	
c) Disbursed:	2.742	d) Most recent disbursement: (amount / date)	2.742, Apr. 7, 2020
e) Undisbursed:	37.258	f) Disbursement Ratio(%) ¹ :	6.9

¹ Disbursement Ratio is defined as the volume (i.e. the dollar amount) of total disbursed amount as a percentage of the net committed volume, i.e., $f = c / (a - b)$

5. Project Implementation Update

Both the consulting firm and the contractor have been mobilized, with good progress achieved. About 11 months, 30.55% of the Construction Period, has so far been elapsed. The work progress is ahead of schedule 0.49% of Lot 1 and 1.05% of Lot 2.

The Government announced to end lockdown on May 3, 2020, but social distancing is remained in order and borders of country are still close.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Road Improvement, Maintenance and Operation (USD 120.5 million).	see below	see below	see below
Sub-component 1.1: Road Improvement, Maintenance and Operation (USD 100 million, in which USD 39.4 million financed by AIIB).	2.52% of Lot 1 and 9.69% of Lot 2	Site Specific Environmental and Social Management Plan (SSESMP) has been prepared and is under implementation.	The contract was signed on October 18, 2019, commenced on October 28, 2019.
Sub-component 1.2: Land Acquisition (USD 20.5 million) NDF: USD 6 million GOL: USD 14.5 million	As of the end of September, there are 2420 and 2062 AHs by the conceptual design and detailed design phase respectively. Approximately 99% of the AHs during the conceptual design phase have compensated and 86% of the AHs during the detailed design phase have compensated.	Implementation of original RAP is almost complete; a few remaining cases are under process. Additional resettlement impacts have been identified because of changes in the detailed design. PMU has engaged LCG to implement RAP for these additional impacts. The payment of compensation to the additional PAPs is more than 85% complete Relocation of public utilities is in progress with electricity 95%, telecom 80%, CCTV 95% and water supply about 99% complete. Only fiber optic relocation works have not been started and will be carried out after the completion of civil works.	N/A
Component 2: Technical Assistance and Supervision (USD 4.8 million).	N/A	N/A	N/A
Sub-component 2.1: Traffic Safety, Overloading Control and Safeguards Monitoring (WB: USD 0.7 million).	N/A	N/A	N/A
Sub-component 2.2: Management and Supervision of the OPBRC Implementation (NDF: USD 3.0 million).	The Consultant Site office is functioning with 18 consultants on site.	N/A	The contract was signed on August 30, 2019, commenced on September 5, 2019
Sub-component 2.3: Preparation of Future Investments (USD 1.1 million). AIIB: USD 0.6 million NDF: USD 0.5 million	0	REOI (including ToRs) for ESIA and RP for the remaining 6-km stretch of NR-13N ihas been updated based on AIIB's comments.	TOR for hiring a consulting firm is under preparation.
Component 3: Project	N/A	N/A	N/A

Management (WB: USD 2.7 million).			
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Financial Management:

The audit report for the period ended December 31, 2019, was submitted by the extended due date of September 30, 2020. The report is deemed to be acceptable by the Bank, as the AIIB financing per the financial statements reconciles with the Bank's records. In addition, the Auditors issued an unqualified audit (clean) opinion on the financial statements. The main control deficiency however noted by the auditors, includes (i) improper classification of expense, (ii) project budget not amended to reflect delays and the current pace of implementation, and (iii) long delays in clearing travel advances.

Overall, from prior missions, the Bank recommends enhancements to the payment process to enable timely payments to consultants.

6. Status of the Grievance Redress Mechanism (GRM)

GRM is in place and currently PTRI is managing it since most of the complaints are related to compensation and associated issues. ISWS has initiated monitoring the segregated GRM data and as of now almost all of them are related to resettlement impacts and compensation payments while some are construction-related complaints.

7. Results Monitoring

N/A

Baseline Year: Oct. 1, 2019 End Target Year: May. 31, 2023

Project Objective Indicators	Year	Target	Actual	Others, if any
Road condition:Reduction in vehicle operating costs on the project road	Dec. 31, 2020	0	N/A	
Road condition:Reduction in vehicle operating costs on the project road	Dec. 31, 2021	0	N/A	
Road condition:Reduction in vehicle operating costs on the project road	Dec. 31, 2022	20	N/A	
Road condition:Reduction in vehicle operating costs on the project road	May. 31, 2023	20	N/A	
Road safety:Increase in average IRAP star rating of the project road	Dec. 31, 2020	1	1	
Road safety:Increase in average IRAP star rating of the project road	Dec. 31, 2021	1	N/A	
Road safety:Increase in average IRAP star rating of the project road	Dec. 31, 2022	3	N/A	
Road safety:Increase in average IRAP star rating of the project road	May. 31, 2023	3	N/A	
Climate resilience:Project road sections upgraded and improved, with climate resilient measures	Dec. 31, 2020	no	N/A	
Climate resilience:Project road sections upgraded and improved, with climate resilient measures	Dec. 31, 2021	no	N/A	
Climate resilience:Project road sections upgraded and improved, with climate resilient measures	Dec. 31, 2022	yes	N/A	
Climate resilience:Project road sections upgraded and improved, with climate resilient measures	May. 31, 2023	yes	N/A	

Intermediate Result Indicators	Year	Target	Actual	Others, if any
Component 1: Road Improvement and	Dec. 31, 2020	3	N/A	

Maintenance Reduction in average International Roughness Index (IRI) for finished sections				
Component 1: Road Improvement and Maintenance Reduction in average International Roughness Index (IRI) for finished sections	Dec. 31, 2021	3	N/A	
Component 1: Road Improvement and Maintenance Reduction in average International Roughness Index (IRI) for finished sections	Dec. 31, 2022	3	N/A	
Component 1: Road Improvement and Maintenance Reduction in average International Roughness Index (IRI) for finished sections	May. 31, 2023	3	N/A	
Component 1: Road Improvement and Maintenance Kilometers of road upgraded from 2 to 4 lanes, with climate resilient measures	Dec. 31, 2020	5	N/A	
Component 1: Road Improvement and Maintenance Kilometers of road upgraded from 2 to 4 lanes, with climate resilient measures	Dec. 31, 2021	10	N/A	
Component 1: Road Improvement and Maintenance Kilometers of road upgraded from 2 to 4 lanes, with climate resilient measures	Dec. 31, 2022	19	N/A	
Component 1: Road Improvement and Maintenance Kilometers of road upgraded from 2 to 4 lanes, with climate resilient measures	May. 31, 2023	19	N/A	
Component 1: Road Improvement and Maintenance Kilometers of road improved on 2 lanes, with climate resilient measures	Dec. 31, 2020	10	N/A	
Component 1: Road Improvement and Maintenance Kilometers of road improved on 2 lanes, with climate resilient measures	Dec. 31, 2021	20	N/A	
Component 1: Road Improvement and Maintenance Kilometers of road improved on 2 lanes, with climate resilient measures	Dec. 31, 2022	39	N/A	
Component 1: Road Improvement and Maintenance Kilometers of road improved on 2 lanes, with climate resilient measures	May. 31, 2023	39	N/A	
Component 1: Road Improvement and Maintenance Roads constructed or rehabilitated	Dec. 31, 2020	15	N/A	
Component 1: Road Improvement and Maintenance Roads constructed or rehabilitated	Dec. 31, 2021	30	N/A	
Component 1: Road Improvement and Maintenance Roads constructed or rehabilitated	Dec. 31, 2022	58	N/A	

Component 1: Road Improvement and Maintenance Roads constructed or rehabilitated	May. 31, 2023	58	N/A	
Component 1: Road Improvement and Maintenance Kilometers of roads transferred to performance-based O&M phase under OPBRC	Dec. 31, 2020	15	N/A	
Component 1: Road Improvement and Maintenance Kilometers of roads transferred to performance-based O&M phase under OPBRC	Dec. 31, 2021	30	N/A	
Component 1: Road Improvement and Maintenance Kilometers of roads transferred to performance-based O&M phase under OPBRC	Dec. 31, 2022	58	N/A	
Component 1: Road Improvement and Maintenance Kilometers of roads transferred to performance-based O&M phase under OPBRC	May. 31, 2023	58	N/A	
Component 2: Technical Assistance and Supervision Grievances registered related to delivery of the project addressed, with disaggregated data by gender	Dec. 31, 2020	90	N/A	
Component 2: Technical Assistance and Supervision Grievances registered related to delivery of the project addressed, with disaggregated data by gender	Dec. 31, 2021	90	N/A	
Component 2: Technical Assistance and Supervision Grievances registered related to the delivery of the project addressed, with disaggregated data by gender	Dec. 31, 2020	90	N/A	
Component 2: Technical Assistance and Supervision Grievances registered related to delivery of the project addressed, with disaggregated data by gender	May. 31, 2023	90	N/A	
Component 2: Technical Assistance and Supervision Total number of MPWT staff received training on OPBRC and related topics	Dec. 31, 2020	10	N/A	
Component 2: Technical Assistance and Supervision Total number of MPWT staff received training on OPBRC and related topics	Dec. 31, 2021	25	N/A	
Component 2: Technical Assistance and Supervision Total number of MPWT staff received training on OPBRC and related topics	Dec. 31, 2022	40	N/A	
Component 2: Technical Assistance and Supervision	May. 31, 2023	40	N/A	

Total number of MPWT staff received training on OPBRC and related topics				
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Remarks: N/A