

## Project Implementation Monitoring Report (#10)

Reporting Period From 2023/11 To 2024/04

## Lao PDR : National Road 13 Improvement and Maintenance Project

## 1. Project Information

Project ID:	P000066	Instrument ID:	L0066A
Member:	Lao PDR	Region:	South-Eastern Asia
Sector:	Transport	Sub-sector:	Roads
Instrument type:	<input checked="" type="checkbox"/> Loan:40.00 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier (s):	World Bank
ES category:	A	Borrowing Entity:	Ministry of Finance, Lao PDR
Implementing Entity:	Department of Road, Ministry of Public Works and Transport, Lao PDR		
Project Team Leader:	Jin Wang		
Responsible DG:	Rajat Misra		
Responsible Department:	INF1		
Project Team Members:	Chang Tian, Team Member; Liu Yang, Project Counsel; Frances Larla Savella, OSD - Procurement Specialist; Victoriano Macasaquit, OSD - Social Development Specialist; David Rollinson, OSD - Environment Specialist; Nurul Mutmainnah, OSD - Financial Management Specialist		
Completed Site Visits by AIIB:	Jun, 2019 Nov, 2019 Jun, 2020 Virtual mission Dec, 2020 Virtual mission Jun, 2021 Virtual mission Jun, 2022 Virtual Mission Dec, 2022 Virtual Joint Mission Jul, 2023 A joint mission Mar, 2024 A mission completed in March 2024		
Planned Site Visits by AIIB:	Aug, 2024 A joint mission		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2023/10		

## 2. Project Summary and Objectives

## Project Implementation Monitoring Report (#10)

Reporting Period From 2023/11 To 2024/04

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.

The Project Objective is to improve the road condition, safety and climate resilience of critical sections of National Road 13. 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. 04, 2019	Signing:	Jun. 06, 2019
Effective:	Jul. 31, 2019	Restructured (if any):	Mar. 15, 2023
Orig. Closing:	May. 31, 2023	Rev. Closing (if any):	Mar. 31, 2025

### 4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	29.81	Latest disbursement (amount/date):	0.47/Feb. 28, 2024
Undisbursed:	10.19	Disbursement Ratio (%) <sup>1</sup> :	74.53

### 5. Project Implementation Update

**The project is on track, the construction of the original section (Sikeut-Phonhong) is substantially completed and maintenance phase has started since October 1, 2023.** The road improvement for the original Sikeut to Phonhong section (58 km) is substantially completed, with some pending punch list items to be completed. The implementation progress of road work contract for 6 km is 5%, which is 6.5% behind the schedule. To catch up with the delays, the contractor needs to mobilize more resources to increase its productivity, and the relocation of water supply utilities, which is one of the activities on the critical path, needs to be completed by the end of April 2024. It was agreed that the contractor will prepare a catch-up and additional resource mobilization plan. PMU and the ISWS will closely monitor the implementation of the catch-up plan.

**Improvement on road safety is needed for the 6-km section.** ISWS and the contractor need to make sure that the detailed design incorporated road safety audit recommendations. The contractor is required to install more signage and equipment (i.e. barricades, sign boards, warning signs, etc.) visible both day and night in the roadwork zones. The task force (contractor, ISWS, PMU, police, Department of Transport-DoT, local authorities) needs to improve coordination and communication with the public and road users on the timing of road work in each work zone, by-pass, and traffic management. All possible means of communication, including social media, radio, local speakers, etc., should be used. For the original sector ( Sikeuth-Phonhong), based on the pre-opening road safety audit, additional road safety furniture, especially for traffic signs, markings, and pedestrian crossings, is needed for the original section. Regular speed and alcohol control by the police is needed to be carried out regularly.

**The Operation and Maintenance (O&M) Phase of OPBRC.** The completion certificate has been issued, and the O&M phase has started. However, a number of punch list items remain incomplete. PMU needs to ensure

<sup>1</sup> Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

Project Implementation Monitoring Report (#10)

Reporting Period From 2023/11 To 2024/04

that the contractor successfully completes the punch list items before the O&M payment is made and not to transfer the construction activity to the O&M phase. The maintenance manual should be fully implemented. ISWS and PMU, including DPWT, need to work together in order to transfer knowledge from ISWS to Provincial Department of Public Work and Transport (DPWT), who will continue to monitor the O&M phase after the ISWS contract ends. PMU also need to complete the procurement of O&M monitoring equipment.

**Effective enforcement of overloading control is needed.** The overloading control study, which is being carried out by the World Bank, will be completed by April 2024. The consultant’s early findings showed damage from the overloading trucks to the Lao PDR road network, especially on NR13, is significant, and effective overloading control measures are necessary to preserve the road asset.

**PMU proposed the remaining savings amount of US\$2.36 million from the AIIB loan be used for additional works.** To further enhance road safety measures, climate resilience, and preserving road assets, it was agreed that PMU can use the savings for the following works: (i) additional road safety; (ii) drainage discharging outlets; and (iii) overloading control measures. PMU will prepare the detailed work plan and submit it to financiers.

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).	<p>The road improvement for the original Sikeut to Phonhong section (58 km) is substantially completed, with some pending punch list items to be completed. While the O&amp;M phase commenced in October 31, 2023, PMU needs to ensure that the contractor successfully completes the punch list before the O&amp;M payment is made and not to transfer the construction activity to the O&amp;M phase.</p> <p>The detailed design of the 6-km section, which is split into three milestones, was reviewed and approved on January 2, 2024. Construction activities for Milestone No. 3 started in mid-January 2024. However, the progress is only 5%,</p>	<p>Environmental. For the additional 6km, the Contractor-Environmental and Social Management Plan (C-ESMP), including the Traffic Management Plan (C-TMP) and Occupational Health and Safety Management Plan (OHSMP), were approved on December 22, 2023. Regular monitoring by ISWS and Public Works and Transport Institute (PTI) has shown no major non-compliance. improvement is needed in construction site management, work zone and traffic separation, use of Personal Protective Equipment (PPE), and effective dust control, especially on sunny days. The Contractor is requested to check the flooding areas and take action to relieve or solve to minimize or eliminate the impact from flooding as much as possible and expedite the completion of the improvement of drainage system. For O&amp;M of the 58 km section, drainage covers and garbage screening were found broken or missing in many locations. Side drains have been covered by vegetation and filled</p>	<p>Overall procurement performance is maintained as Satisfactory (S) and procurement risk remains low. The procurement process for additional 6km from Sykhai to Sykeuth section was completed, the Output Performance Based Road Contract (OPBRC) contract was signed on September 29, 2023. Site possession was handed over to the contractor on October 27, 2023. The contract with the ISWS was signed on November 15, 2023.</p>

Project Implementation Monitoring Report (#10)

Reporting Period From 2023/11 To 2024/04

	<p>which is delayed by 6.5% compared to the baseline schedule due to delays in the relocation of water supply pipes.</p>	<p>with sedimentation and garbage and need to be cleaned. Frequent inspection of drainage works and cleanliness of road surface, drainage and road shoulders according to the agreed service level for O&amp;M phase.</p> <p>Social. More efforts from contractors and parties concerned is needed especially to strengthen workers' and road users' safety. To reduce the risk of accident and traffic congestion and also to workers safety at the construction sites during the construction, all heavy and long truck won't be allowed to enter to the project road the Contractor was instructed to set up the detour route plan and install 3 visible sign boards and utilize the social media and other public announcement on the detour route or by-pass roads for vehicles. No accident or fatality was reported to date.</p>	
<p>Sub-component 1.2: Land Acquisition (USD 20.5 million) NDF: USD 6 million GOL: USD 14.5 million</p>	<p>For the original 58 km section, the RAP implementation was completed on December 2022 with all 4,617 PAHs, including the severely affected 23 households, provided with compensation and the support required. The EGDP for the Hmong community at km-52 was effectively implemented with no major issues reported.</p> <p>For the additional 6km section, the number of the affected households were 585 AHs. Approximately 97% of the affected households have been compensated, 1% is in the transfer process and 2% of the affected households are still in</p>	<p>For the relocation of public utilities of the 6-km, Relocation of the grid electric network along with telephone lines and closed circuit television (CCTV) is in progress with about 37% completed and it is expected that this relocation will be completed by April 2024. However, the relocation of the water supply has not yet started due to a disagreement on unit price between the contractor and the water supply utility state-owned enterprise. MPWT (PTI/PMU) and Vientiane Capital need to provide strong support to the contractor in coordination with the water supply state enterprise. The target date for the relocation of all three milestones to be substantially completed by May 31, 2024.</p>	<p>N/A</p>

## Project Implementation Monitoring Report (#10)

Reporting Period From 2023/11 To 2024/04

	the negotiation process.		
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).	N/A	N/A	N/A
Sub-component 2.3: Preparation of Future Investments (USD 1.1 million). AIIB: USD 0.6 million NDF: USD 0.5 million	The Client has proposed to reallocate the fund to road improvement activities. A Non-Material Project Change will be needed to formalize the request for the fund reallocation.	TBD	TBD
Component 3: Project Management (WB: USD 2.7 million).	N/A	N/A	N/A

**Financial Management:**

**The overall financial management performance remained Moderately Satisfactory (MS).** The majority of the recommended Financial Management actions from the previous mission have been implemented. The Audited Financial Statements for the year ended December 31, 2022, and the latest Interim Financial Reports were submitted on time with acceptable quality. However, some issues are noted, including the lengthy payment process has not been fully addressed. For FY2023 audit, the project should submit the audited financial statements for the year at the latest by June 30, 2024.

**6. Status of the Grievance Redress Mechanism (GRM)**

Under the 58 km section, the GRM accessible to people at all levels continues to function well. All 791 grievances received were settled including the latest three cases related to post-construction flood impacts. As of March 2024, the grievances and request received from Km6 was 59, including 10 cases recorded and resolved. These are mainly related to compensations, road design, business disturbance water supply, accessibility, damaged on electricity

**Project Implementation Monitoring Report (#10)**

Reporting Period From 2023/11 To 2024/04

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equipment. No case of gender base violence and child abuse has been reported.

As of March 2024, the grievances and request received from the additional 6-km section was 59, all grievances have been redressed. Majority of complaints are related to dissatisfaction with unit costs of compensation and comments on the road design and road safety measures. No case of gender base violence and child abuse has been reported.

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**7. Results Monitoring (please refer to the full RMF, which can be found on the last page of this PIMR)**

The results framework is updated to reflect the project implementation status.

**Remarks:**

N/A

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Project Objective Indicators	Indicator level	Unit of Measure	Cumulative Target Values																		Frequency	Responsibility	Comments			
			Baseline		2019		2020		2021		2022		2023		2024		2025		End Target							
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual		
Reduction in vehicle operating costs on the project road	Project	Percentage	2019	0	0	0	0	0	0	0	0	20	10	20	25									At the end of the road improvement works	MPWT	
Increase in average IRAP star rating of the project road	Project	Number	2019	1	1	1	1	1	1	1	1	3	1	3	3									At the end of the road improvement works	MPWT	
Project road sections upgraded and improved, with climate resilient measures	Project	Yes/No	2019	No	No	No	No	No	No	Yes	No	Yes	Yes	Yes	Yes									At the end of the road improvement works	MPWT	

Project Intermediate Indicators	Indicator level	Unit of Measure	Cumulative Target Values																		Frequency	Responsibility	Comments				
			Baseline		2019		2020		2021		2022		2023		2024		2025		End Target								
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual			
Reduction in average International Roughness Index (IRI) for finished sections	Project	Number	2019	7	7	7	3	7	3	7	3	3.5	3	3.3										After completion of the road improvement works	MPWT		
Kilometers of road upgraded from 2 to 4 lanes, with climate resilient measures	Project	km	2019	0	0	0	5	0	10	7	19	19	19	19										19	Annual	MPWT	
Kilometers of road improved on 2 lanes, with climate resilient measures	Project	km	2019	0	0	0	10	0	20	12	39	39	39	39										39	Annual	MPWT	
Roads constructed or	Project	km	2019	0	0	0	15	0	30	19	58	58	58	58										58	Annual	MPWT	

rehabilitated																											
Kilometers of roads transferred to performance-based O&M phase under OPBRC	Project	km	2019	0	0	0	0	0	0	19	58	46	58	58								58		Annual	MPWT		
Grievances registered related to delivery of the project addressed, with disaggregated data by gender	Project	Percentage	2019	0	0	0	90	0	90	99	90	99	90	99								90		Annual	MPWT		
Total number of MPWT staff received training on OPBRC and related topics	Project	Number	2019	0	0	0	10	0	25	98	40	98	40	98								40		Annual	MPWT		