



Concept Paper

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October 2013

Lao People's Democratic Republic: Road Maintenance Project

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 9 October 2013)

Currency Unit	–	kip (KN)
KN1.00	=	\$0.000127
\$1.00	=	KN7,849.00

ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
GDP	–	Gross Domestic Product
Lao PDR	–	Lao People's Democratic Republic

NOTES

- (i) The fiscal year (FY) of the Government of the Lao PDR ends on 30 September.
- (ii) In this report, "\$" refers to US dollars.

Vice-President	S. Groff, Operations 2
Director General	J. Nugent, Southeast Asia Department (SERD)
Director	M. Alam, OIC, Transport and Communications Division, SERD
Team leader	K. Leung, Finance Specialist, SERD
Team members	A. Alemania, Operations Assistant, SERD M. Buendia, Senior Safeguards Specialist (Resettlement), SERD P. Chanthirath, Senior Project Officer (Infrastructure), SERD A. Mabale, Associate Project Officer, SERD J. Nam, Safeguards Specialist (Environment), SERD M. Yao, Transport Specialist, SERD
Peer reviewer	L. Tai, Senior Transport Specialist, South Asia Department

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I. THE PROJECT

A. Rationale

1. The Lao PDR Road Maintenance Project seeks to cultivate sustainable and efficient road asset management practices by strengthening governance and capacity in planning, financing, and implementing routine and periodic road maintenance in selected provinces.¹ In close alignment with the Government of Lao PDR's decentralization policy, the project will (i) strengthen institutional capacity of the Ministry of Public Works and Transport (MPWT) and the provincial Departments of Public Works and Transport (DPWTs) in undertaking road maintenance responsibilities, and (ii) finance routine and periodic maintenance of selected national and provincial roads in the target provinces.

2. Lao PDR has a population of 6.2 million, of which 73% live in rural areas. Although Lao PDR has achieved relatively stable economic growth in recent years, it remains a low middle income country with GDP per capita of \$1,399 in 2012. About 25% of the population lives below poverty line, and the most poor predominantly reside in rural provinces.² Roads dominate the transport sector in Lao PDR, carrying approximately 93% of passenger traffic and 81% of freight traffic.³ As a landlocked country, Lao PDR depends heavily on road transport for economic development. The road system extends over 35,500 km, representing a road density of about 5.7 km per 1000 persons, which is one of the highest in the region. Although the high road density suggests that the country has an adequate road network, much of the road network in provinces is in poor condition due to lack of proper maintenance. The poor road condition effectively isolate those areas and constrain the movements of people and goods, impeding economic development at the provincial level. The lack of well managed and maintained roads constrains people's access to markets and basic services, and significantly contributes to the high rural poverty rate.

3. The road sector is under the overall jurisdiction of the MPWT. Following the decentralization policy initiated in 2000, MPWT has delegated road maintenance responsibilities to the DPWT of each province. As part of this devolution policy, the MPWT, with assistance from the World Bank and Swedish International Development Cooperation Agency (Sida), embarked on a long-term program in 2000 to improve road maintenance in the country, primarily by strengthening road maintenance capacity and capability at the provincial DPWTs. One of the key outputs of the program was the establishment of a road maintenance fund (RMF) and the development of an appropriate road maintenance management system (RMMS) to help allocate funds and prioritize the maintenance needs of Lao PDR road assets in support of this new financing mechanism. Between 2004 and 2010, the World Bank and Sida financed Road Maintenance Program Phase 1 and Phase 2 (RMP1&2) to further support road maintenance in the country. The primary objectives of the RMP1&2 were to (i) scale up the RMF financing mechanism to a sustainable level, (ii) operate efficient systems to manage road assets in all provinces; and, (iii) expand institutional capacity at both central and local levels. In general, RMP1&2 were able to realize much of their primary objectives and has provided a good

¹ Provinces of Sarvavan, Xekong and Attapeu are initially identified to be considered for the project. The 3 provinces are among the poorest in the country which have imminent need for maintenance to improve the poor road conditions. A project preparatory technical assistance (TA) for the Lao PDR Road Maintenance Project will be undertaken to confirm the selection. The details of the TA are in Appendix 4.

² ADB. 2011. *Country Partnership Strategy Lao People's Democratic Republic 2012-2016*. Manila

³ Lao Statistics Bureau. Transportation and Communication.

http://www.nsc.gov.la/index2.php?option=com_content&view=article&id=42&Itemid=44 (accessed 13 June 2013).

foundation towards the future goal of achieving sustainable road maintenance in Lao PDR, but much is left to be accomplished in terms of capacity development and financial sustainability.

4. The devolution of road maintenance responsibilities, however, has continued to be constrained by unclear institutional arrangements and weak coordination between central and local authorities. In addition to the inefficient decentralization of road maintenance responsibilities, the key challenges faced by MPWT and provincial DPWTs for undertaking road maintenance activities are inadequate procedures for road maintenance planning, financial management, procurement, and contract supervision, lack of staff's technical capacity and experience in road maintenance management, and financial constraints for undertaking road maintenance responsibilities. Weak institutional capacity, poor governance and inadequate financial resources contribute to MPWT and DPWT's inability to carry out necessary road maintenance work at the provincial level, resulting in poor road condition in provinces.

5. To support the government in addressing the continued lack of institutional capacity and financial resource for undertaking proper road maintenance at the provincial level, Japan International Cooperation Agency (JICA) currently finances a project entitled Improvement of Road Management Capability Project (2011-2016) to improve governance, planning and management for road maintenance in Vientiane and Savannakhet provinces to ensure a sustainable road asset management. In addition, the on-going World Bank-financed Lao Road Sector Project (2010-2017) supports road maintenance works of provincial network in Phongsaly and Houaphanh provinces. Though great efforts have been made from other development agencies to support road maintenance in Lao PDR, further development assistance particularly in the area of governance, capacity and financial support at the provincial level are required to realize sustainable and efficient road asset management.

6. Strengthening governance and institutional capacity for road maintenance activities and supporting physical maintenance work at the provincial level will facilitate efficient decentralization and effective delivery of road maintenance to achieve a sustainable road asset management in the country. The scope of the project are to (i) strengthen the governance and capacity in the areas of institutional coordination, planning, financial management, procurement, contract supervision, and staff capability for undertaking road maintenance responsibilities and (ii) provide financial support to meet with the demand for road maintenance. The project supports the recommendation in ADB's Transport Sector Assistance Program Evaluation (SAPE) for improved road maintenance and capacity building programs at the provincial level. The project also closely aligns with the prevailing government's policy and ADB's Country Partnership Strategy (CPS) for Lao PDR 2012 -2016, both of which support inclusive and sustainable economic growth and poverty reduction by focusing on rural areas. ADB's 2011 Transport Sector Assessment, Strategy, and Road Map (ASR) for Lao PDR recognizes the need to support road maintenance as a key component of ADB's future assistance to the Lao PDR transport sector. The proposed project captures the essence of ADB's Sustainable Transport Initiative (STI) which defines a transport system that is accessible, safe, environment-friendly, and affordable. The project will also complement the on-going development assistances from the World Bank and JICA to create synergy for realizing sustainable and efficient road asset management practices.

7. ADB's Country Operations Business Plan (COBP) 2013-2015 includes this project in the assistance pipeline for Lao PDR.

B. Impact, Outcome, and Outputs

8. The project's impact will be sustainable road asset management. The outcome will be properly maintained roads in the target provinces. The outputs will be: (i) improved road maintenance technical, financial management, procurement and supervision procedures, following good governance, management and transparent practices; (ii) strengthened capacity at the MPWT, Department of Roads, and the DPWTs in the target provinces in road maintenance planning, budgeting and implementation; and (iii) completed routine and periodic maintenance for approximately 100 km of roads in the selected provinces. Basic project information is in Appendix 1. The problem tree is in Appendix 2, and the preliminary design and monitoring framework is in Appendix 3.

C. Investment and Financing Plans

9. The tentative project cost is \$25 million. ADB will provide a loan amount equivalent to \$20 million financed through ADF. The government will provide \$5 million counterpart funds, which is expected to finance taxes and administration cost. Table 1 sets out the tentative financing plan.

Table 1: Tentative Financing Plan

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank (ADF)	20.0	80.00
Government	5.0	20.00
Total	\$25.0	100.00

Source: ADB estimates.

D. Indicative Implementation Arrangements

10. The executing agency (EA) will be MPWT. The implementing agency (IA) will be the Department of Roads (DOR). The DOR will have overall coordination responsibility and will work closely with provincial DPWTs to implement the project.

II. DUE DILIGENCE REQUIRED

11. Due diligence will be conducted in the following areas:

- (i) **Technical.** Viability with regard to the roads standards for maintenance, and compatibility with local capacity for operation and maintenance.
- (ii) **Economic and Financial.** Economic and financial viability and sustainability.
- (iii) **Governance.** Procurement, contract supervision, anticorruption policy, and other institutional issues and mechanisms for effective project implementation.
- (iv) **Poverty and social.** Poverty, gender and social impact assessments.
- (v) **Safeguards.** Impact assessments and safeguards documents for environment, involuntary resettlement and indigenous peoples. The project will unlikely entail land acquisition resulting in physical or economic displacement of people.
- (vi) **Private Sector Participation.** Involvement of private sector in operations of road maintenance.
- (vii) **Implementation Capacity.** Financial management assessment and procurement capacity assessment of the EA/IA will be undertaken.

12. Achievement of the project impact and outcome requires adequate resources and capacity during project implementation. MPWT has shown strong commitment to road maintenance by allocating sufficient staff resources to similar projects financed by the World Bank and JICA. The capacity strengthening component of this project will mitigate the risk of inadequate capacity during project implementation.

III. PROCESSING PLAN

A. Risk Categorization

13. The project is categorized as low risk because (i) the loan amount is below \$200 million; (ii) ADB has considerable transport experience in Lao PDR; (iii) the EA, MPWT has adequate capacity in terms of externally financed project administration; and (iv) safeguard categorizations are other than A.

B. Resource Requirements

14. The project team will comprise a finance specialist/mission leader, transport specialist, environment and social safeguards specialists, counsel, economist, associate project officer and operations assistant. About 20 person-months will be required for due diligence and processing of the loan. A project preparatory technical assistance (PPTA) of \$840,000 will be required to design the project. The PPTA requirements are provided in Appendix 4.

C. Processing Schedule

15. Major milestones include the following expected dates:

Table 2: Proposed Processing Schedule

Milestones	Expected Completion Date
Concept clearance	November 2013
PPTA inception	April 2014
Loan fact finding	September 2014
Staff review meeting	November 2014
Loan negotiations	January 2015
Board consideration	March 2015
Loan effectiveness	June 2015

PPTA = project preparatory technical assistance.

Source: ADB estimates.

IV. KEY ISSUES

16. Close coordination with other development agencies including the World Bank and JICA, will be pursued during the PPTA stage to ensure non-duplication and harmonization of development assistance for maximizing the impact of the project.

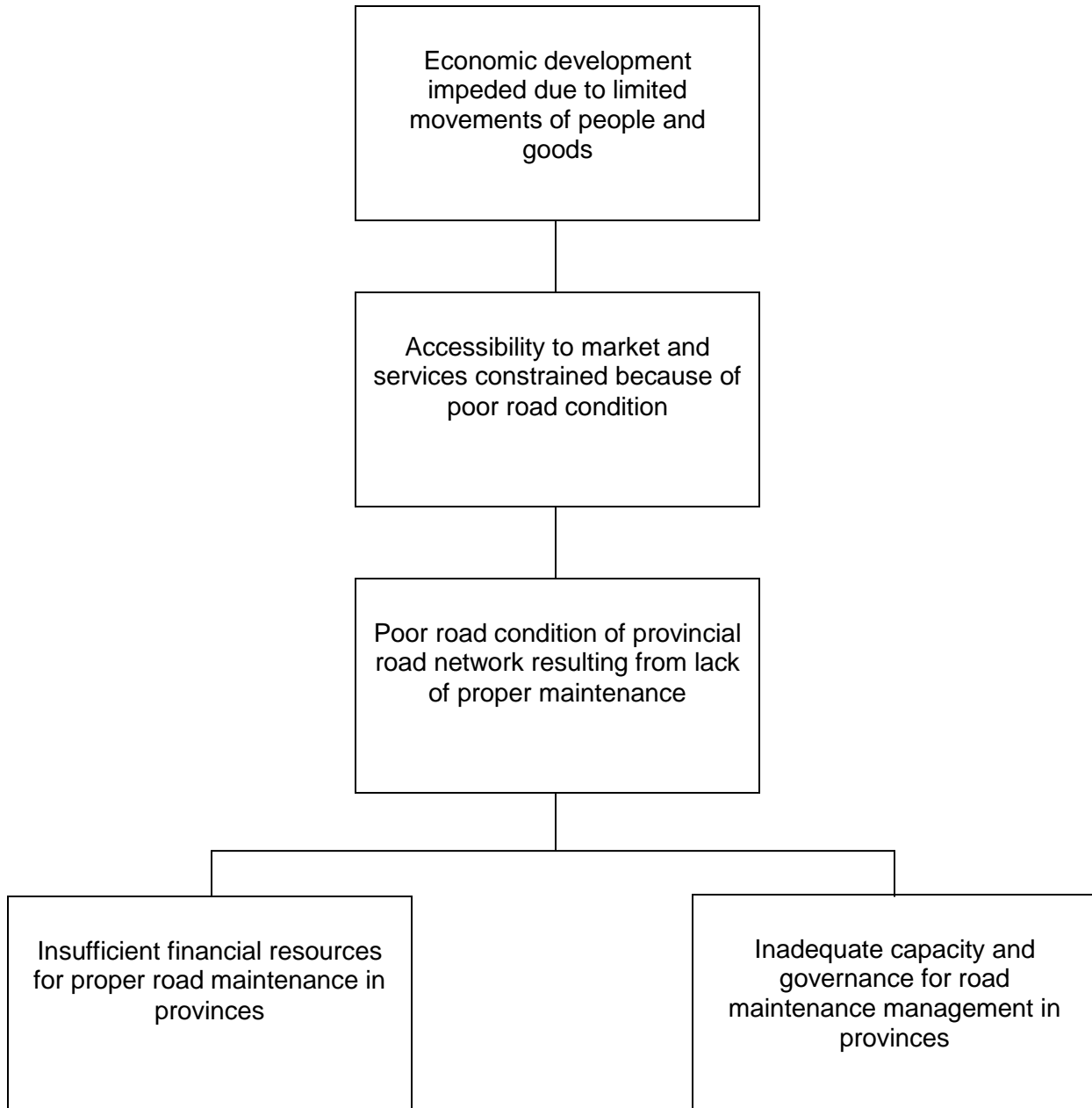
17. The project component of supporting physical maintenance work will be limited to routine and periodic maintenance primarily including general repair of structural sections, pavement resurfacing and patching, minor bridge repairs, drainage and slope protection improvements, and provision of road furniture. Such work can typically be performed within the confines of existing roads, causing minimal or no negative environmental impacts and will unlikely cause resettlement requirements.

BASIC PROJECT INFORMATION

Aspects	Arrangements
Modality	Project Loan
Financing	ADB loan of \$20 million from ADF and \$5 million from the government
COBP/RCOBP	COBP 2013-2015 for Lao PDR
Classification	<p>Sector (subsectors): Transport and ICT (Road Transport)</p> <p>Themes (subthemes): Economic Growth (widening access to markets and economic opportunities), Governance and Capacity Development</p> <p><i>Climate change: adaptation, mitigation</i></p> <p>Targeting classification: General Intervention</p> <p>Gender mainstreaming category: Some gender elements</p> <p>Location impact: urban (low), rural (high), national (high) and regional (medium).</p> <p>Safeguards: Environment (B), Involuntary Resettlement (C), Indigenous Peoples (B)</p>
Risk categorization	Low Risk
Partnership(s)	To be determined during the PPTA
Use of a PBA	No
Parallel PIU	No
Department and division	Southeast Asia Department , Transport and Communications Division
Mission leader and members	<p>K. Leung, Mission Leader/Finance Specialist, SETC</p> <p>M. Alemania, Operations Assistant, SETC</p> <p>M. Buendia, Senior Safeguards Specialist (Resettlement), SETC</p> <p>P. Chanthirath, Senior Project Officer (Infrastructure), LRM</p> <p>A. Mabale, Associate Project Officer, SETC</p> <p>J. Nam, Safeguards Specialist (Environment), SETC</p> <p>M. Yao, Transport Specialist, SETC</p> <p>L. Tai, Peer Reviewer, Senior Transport Specialist, SATC</p> <p>Counsel, OGC (TBD)</p> <p>Economist, (TBD)</p>

ADB = Asian Development Bank, COBP = country operations business plan, GEF = global environmental facility, OCR = ordinary capital resources, PBA = programmatic based approach, PIU = project implementation unit, TA = technical assistance, OGC = Office of the General Counsel, SETC = Transport and Communications Division, Southeast Asia Department, LRM = Lao PDR Resident Mission

PROBLEM TREE



PRELIMINARY DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators ⁱ	Data Sources and Reporting Mechanisms	Assumptions and Risks
Impact Sustainable road asset management	By 2022 Percentage of roads in good condition increased by xx% (baseline xx in 2013) Passenger and freight transport operating costs reduced by xx% in real terms (baseline yy in 2013)	Annual national and provincial economic and statistical reports	Assumptions <ul style="list-style-type: none"> Lao PDR remains stable and continues improvement in implementing decentralization policy for road asset management Risks <ul style="list-style-type: none"> Shift in government priorities and diminished support for sustainable road asset management
Outcome Roads properly maintained in the target provinces	By 2019 Project roads open to traffic on year round basis in all weather Population served by well-maintained road increased by xx% (baseline xx in 2013) Average traffic volumes on project roads increased by xx% (baseline yy in 2013)	Traffic analysis and survey reports by DOR/MPWT Provincial economic and statistical reports Traffic and transport costs data by DOR/MPWT	Assumptions <ul style="list-style-type: none"> Lao PDR continues commitment to support road maintenance and strengthen capacity of MPWT and DPWTs Effective coordination between MPWT and DPWTs Risks <ul style="list-style-type: none"> Lack of resources for project implementation Departure of trained staff from MPWT and DPWTs
Outputs 1. Improved road maintenance technical, financial management, procurement and supervision procedures 2. Strengthened capacity at MPWT/ DOR and DPWT staff in road maintenance planning, budgeting and implementation	By 2019 Guidelines and procedures taking into consideration disaster response, climate resilience and road safety features for effective road maintenance approved and fully implemented Training in road management and maintenance which includes disaster response, climate resilience and road safety	Supervision consultants' progress reports DOR/MPWT progress reports ADB review missions ADB project completion report	Assumptions <ul style="list-style-type: none"> Lao PDR commits to efficient and effective project implementation Risks <ul style="list-style-type: none"> Resistance to implementing new procedures Implementation delays Inadequate oversight

ⁱ Performance targets and baseline data for outcome and input levels will be determined during PPTA

3. Completed routine and periodic maintenance for roads in selected provinces	<p>provided to 120 MPWT/ DOR and DPWT staff</p> <p>Repaving/ regravelling of about 100km of road</p> <p>Bush cutting, drain and ditch cleaning and new road markings installation of about 100km of road</p> <p>Repair and cleaning of about 200 road signs and 500 culverts.</p> <p>Repair of minor damage to about 20 side slopes</p>		
<p>Activities with Milestones</p> <p>1 Implementation of improved road maintenance technical, financial management, procurement, and supervision procedures</p> <p>1.1 Consultants for improvement of technical, financial management, procurement, and supervision procedures for effective road maintenance recruited by December 2015</p> <p>1.2 Formulation, government approval and implementation of improved technical, financial management, procurement, and supervision procedures for effective road maintenance by June 2016</p> <p>2 Implementation of capacity building component</p> <p>2.1 Consultants for capacity building recruited by December 2015</p> <p>2.2 Training need analysis and development of training modules by June 2016</p> <p>2.3 Road management and maintenance skills trainings completed for MPWT, DOR, and DPWT by June 2017</p> <p>3 Implementation of physical road maintenance</p> <p>3.1 Consultants for detailed design and tendering assistance recruited by February 2016 and services completed by November 2017</p> <p>3.2 Detailed engineering designs completed by February 2017</p> <p>3.3 Project supervision consultants recruited by November 2017 and services completed by January 2020</p> <p>3.4 Civil works contracts awarded in November 2017 and construction completed by November 2019</p>		<p>Inputs</p> <p>ADB: \$20 million loan (ADF)</p> <p>Government of the Lao PDR: \$ 5 million</p>	

PPTA = project preparatory technical assistance.

Source: ADB estimates.

Munawar Alam
Officer-in-Charge, SETC

James Nugent
Director General, SERD

PROJECT PREPARATORY TECHNICAL ASSISTANCE

A. Justification

1. The Government of Lao PDR has requested the Asian Development Bank (ADB) for a project preparatory technical assistance (TA) to prepare the Road Maintenance Project. This project supports the government's transport sector priorities of increasing the capability of local Departments of Public Works and Transport to manage road assets that have been transferred to provincial control. The TA is included in the ADB's Country Operations Business Plan 2013-2015 for Lao PDR.

B. Major Outputs and Activities

2. The major activities will include: (i) finalization of nominated road sections for inclusion in the project; (ii) road/bridge maintenance condition surveys; (iii) cost estimates; (iv) economic and financial analyses; and financial management assessment; (v) environment and social safeguards due diligence; (vi) poverty and social analysis, including an analyses to assess the viability of creating a community-based maintenance groups; (vii) assessment of existing road maintenance funding mechanism and recommendation for revenue growth in road maintenance fund (RMF) for sustainable road asset management; (viii) design of capacity development components; (ix) preparation of a project implementation schedule; and (x) assistance in preparing the Report and Recommendation of the President (RRP) and linked documents.

3. The major outputs and activities are summarized in Table A4.1.

Table A4.1: Summary of Major Outputs and Activities

Major Activities	Expected Completion Date	Major Outputs	Expected Completion Date
1. Inception	April 2014	Inception report with tripartite meeting	April 2014
1.1 Stakeholder consultations			
1.2 TA methodology and work program			
2. Feasibility study	July 2014	Mid-term report with tripartite meeting	July 2014
2.1 Technical/ engineering study			
2.2 Economic analysis and FMA			
2.3 Environment and social safeguards			
2.4 Maintenance financing option assessment			
2.5 Capacity development components			
3. Project design	September 2014	Draft final report with tripartite meeting	September 2014
3.1 Prepare RRP			
3.2 Prepare PAM			

PAM= project administration manual; RRP= report and recommendation of the president; FMA=Financial Management Assessment
Source: ADB estimates.

C. Cost Estimate and Proposed Financing Arrangement

4. The TA is estimated to cost \$840,000 equivalent, of which \$750,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-V). The government will provide counterpart support in the form of counterpart staff, provision of office accommodation and other in-kind contributions. The detailed cost estimate is presented in Table A4.2.

Table A4.2: Cost Estimates and Financing Plan (\$'000)

Item	Total Cost
Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants (22 person-months)	447.7
ii. National consultants (17 person-months)	78.2
b. International and local travel	42.9
c. Reports and communications	25.9
2. Equipment ^b	20.0
3. Workshops, training, seminars, and conferences	18.3
4. Land Transport and Vehicle Hire ^c	18.0
5. Surveys	45.0
6. Miscellaneous administration and support costs ^d	18.0
7. Contingencies	36.0
Total	750.0

^a Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-V).

^b Equipment to be purchased and handed over to the executing agency and/or implementing agency upon completion of TA

Type	Quantity	Cost
Computer (desktop/ laptop)	8	\$10,000.0
Printer and copy machine	3	\$ 6,000.0
Software and related technical support	TBD	\$ 4,000.0

^c Leased vehicles for field investigations, data collections, interview with affected persons and project meetings.

^d Office operations, support and general administration

Source: ADB estimates.

D. Consulting Services

5. An international consulting firm will be engaged to implement the TA. The services will require 22 person-months of international consultants and 17 person-months of national consultants. ADB will recruit the consulting firm in accordance with *ADB's Guidelines on the Use of Consultants (2013, as amended from time to time)*. ADB will use the quality- and cost-based selection (ratio 80:20) with simplified technical proposal to select the consulting firm.

Table A4.3: Summary of Consulting Services Requirement

Positions (International)	Person-month	Positions (National)	Person-month
Team Leader /Road Maintenance Specialist	6.0	Deputy Team Leader	6.0
Pavement Design/Specification Specialist	2.0	Pavement Engineer	2.0
Road Maintenance Institutional Capacity	4.0	Construction Planning/ Cost Engineer	2.0
Procurement/Governance Specialist	3.0	Document/Procurement Specialist	2.0
Transport Economist	1.0	Transport Economist	1.0
Financial Specialist	1.0	Financial Specialist	1.0
Social Safeguards/Gender Specialist	2.0	Social Safeguards/ Gender Specialist	2.0
Environmental Specialist	1.0	Environmental Specialist	1.0
Private Sector Specialist	2.0		
Total	22.0		17.0

Source: ADB estimates.

6. The outline terms of reference for the project preparatory TA consultants are described in paragraphs 7 to 17. Further elaboration of other required tasks and required qualifications for the consultants will be defined in the detailed terms of reference.

7. The Team Leader shall have overall responsibility for the (i) management of the consultant TA team, and (ii) coordination and communication with the EA, the IA and the provinces concerned, ADB and other donor partners. Key tasks include: (i) carrying out the preliminary design of the project roads to include ADB's Sustainable Transport Initiative such as climate resilience and road safety features, and overall project design which will include capacity-building programs, (ii) finalizing all reports, organizing /chairing inception, interim and draft final report meetings/workshops and (iii) managing overall activities and ensuring required outputs of the TA.

8. The Deputy Team Leader will assist the Team Leader in carrying out the overall management of the TA; and will act as the primary liaison with the provinces concerned, other ministries and agencies of the Lao PDR Government, including primary responsibility for obtaining official data and information from the national and local governments; and in particular all information related to the maintenance. A key task will be to provide local technical expertise and translations (from English to Lao) for all materials, and for all project reports.

9. The Pavement Design/Specification Specialist and Pavement Engineer shall work as a 2-person team and shall (i) assess the load bearing capacity of the various existing pavement sections, including surfacing, base and subbase courses and subgrade, along project roads; (ii) based on these assessments, the team shall propose the most cost effective guidelines and procedures for undertaking periodic maintenance; and (iii) prepare the technical specifications.

10. The Road Maintenance Institutional Capacity Development Specialist shall (i) review and assess existing road maintenance management system presently used by MPWT/DPWTs, particularly the Provincial Road Maintenance Management System (PRoMMS) and the Road Maintenance System (RMS)⁶; (ii) coordinate with development partners and assess the system and procedures presently used on other projects; (iii) assess the existing road maintenance funding mechanism and recommend possible revenue growth options for sustainable road asset management . The specialist shall support the Team Leader to identify training needs for MPWT and DPWT staffs in road maintenance management and to design capacity building programs.

11. Construction Planning/Cost Engineer shall (i) prepare the construction methods for work items and construction sequence over the project duration; (ii) conduct survey and investigation of market condition including prices of materials, depreciation/operation cost of construction machines and equipment, wages, taxes and duties; and (iii) prepare bill of quantities and cost estimates.

12. Procurement/ Governance Specialist and Document/Procurement Specialist shall (i) make an overall assessment of the decision making processes at both the national and provincial level regarding funding, procurement, implementation and management of road maintenance, with an aim to promote good governance in the process; (ii) develop a realistic

⁶ The Lao MPWT version of RMS is based on the Highway Development and Management Model (HDM-4) originally developed by the World Bank, and is used in Lao PDR primarily for prioritization of improvements and maintenance interventions on the national road network. PRoMMS is significantly less sophisticated than the RMS, and is used by DPWT's to provide budget allocations for all local roads, primarily regarding periodic maintenance priorities.

program for increasing good governance in these processes; (iii) explore the feasibility of e-procurement for improving governance and transparency of procurement process; (iv) design the project’s procurement packages; (v) prepare the project’s procurement documents and other contracts; and (vi) prepare projections of contract awards and disbursements schedules.

13. Transport Economists shall work as a 2-person team in economic assessments of the project, taking into account typical road user benefits, and also other benefits not typically considered in road maintenance projects; and based on these assessments they shall prepare detailed economic viability analyses along homogeneous sections of project roads.

14. Financial Specialists shall work as 2-person team. They will undertake the financial analysis of the project and carry out financial management assessment on the EA/IA including assessments on budgeting, contracting, financial accounting and reporting; and auditing for implementation of road maintenance planning and operations at provincial level.

15. Social Safeguards /Gender Specialists shall work as a 2-person team in the assessment and analyses of all social safeguard issues including resettlement, indigenous people and social development in accordance with ADB and Government of Lao PDR guidelines and requirements. An examination of the gender impact of the project, including the potential to promote gender equality and/or women’s empowerment shall be carried out. They shall also work closely with the Team Leader and other PPTA team members to examine the feasibility of creating community based maintenance groups.

16. Environmental Specialists shall work as a 2-person team in determination of environmental category, analyses of environmental issues, assessment of baseline environmental conditions, and preparation of an initial environmental examination (IEE) including environmental management plan (EMP) for the overall project in accordance with the Government’s environmental policy and ADB’s Safeguard Policy Statement 2009 (SPS).

17. Private Sector Specialist shall examine the possibility for private sector participation (PSP) in the project, recommending the most appropriate PSP in road maintenance. The specialist shall work closely with other team members to explore private sector operations/ participation in community based maintenance.

E. Implementation Arrangements

18. The executing agency (EA) for the project preparatory TA will be the Ministry of Public Works and Transport (MPWT) and the implementing agency will be the Department of Roads (DOR). TA proceeds will be disbursed in accordance with Technical Assistance Handbook (May 2010, as amended from time to time).

19. The proposed TA processing and implementation schedule is listed in Table A4.4.

Table A4.4: Proposed PPTA Processing and Implementation Schedule

Major Milestones	Expected Completion Date
PPTA Consultant Selection	14 March 2014
PPTA Commencement	14 April 2014
PPTA Completion	30 November 2014
Financial Closure of PPTA Contract	28 February 2015

PPTA = project preparatory technical assistance
 Source: ADB estimates.

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Lao PDR	Project Title:	Road Maintenance Project
Lending/Financing Modality:	Project Loan	Department/Division:	SERD/SETC

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

The Country Partnership Strategy for Lao PDR (2012-2016) is aimed at supporting inclusive and sustainable economic growth and poverty reduction by focusing on rural areas.

B. Targeting Classification

General Intervention Individual or Household (TI-H) Geographic (TI-G) Non-Income MDGs (TI-M1, M2, etc.)

The project will support economic growth and reduce poverty by reducing travel and logistics costs, promoting local economic integration, increasing access to market, boosting trade and generating employment.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. [The communities living along the roads, and connecting roads will directly benefit from the project. They will have better access to road transport system. The project will provide easy access to economic opportunities, markets, schools, and health facilities.](#)

2. Impact channels and expected systemic changes. [The project will provide safe and efficient road connectivity for the movement of people and goods. The project will reduce poverty by \(i\) improving access to market, schools, and health facilities \(ii\) improving the livelihood of local residents through enhanced economic integration, and \(iii\) promoting greater mobility for both self-employed and wage earners.](#)

3. Focus of (and resources allocated in) the PPTA or due diligence. [Poverty and social assessment will be undertaken and there are social development and gender expert in the PPTA team.](#)

4. Specific analysis for policy-based lending. [Not applicable.](#)

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program? [Women's livelihoods, employment opportunities and access to social services are influenced by the quality and accessibility of transport services. Road construction poses increased risk of HIV/AIDS transmission and human trafficking. Women from ethnic groups are more disadvantaged and vulnerable.](#)

2. Does the proposed project or program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making? Yes No Please explain.

[The project design will include gender-inclusive features to enhance benefits to women \(for example, conditions to be included in the bidding and civil works contracts related to core labor standards and provision of equal pay for equal work, information campaigns on HIV/AIDS risk, gender training of executing/implementing agencies, and adherence to core labor standards, especially child labor\). The proposed community-based routine maintenance if found to be feasible will also bring income, and improve status of women in the communities.](#)

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

Yes No Please explain. [Risks associated with road construction will be mitigated through the social safeguards planning document and social action plan.](#)

4. Indicate the intended gender mainstreaming category:

GEN (gender equity theme) EGM (effective gender mainstreaming)
 SGE (some gender elements) NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design. [Central and local governments, local community and residents in the project area, civil society, NGOs, and the people to be affected by civil works.](#)

2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the project design require participation of the poor and excluded? [The project will have a consultation and participation plan to ensure meaningful consultation with all stakeholders. The consultation and participation plan will ensure timely information to communities, project affected households and all relevant agencies. The executing agency will disseminate information about the project.](#)

3. What are the key, active, and relevant civil society organizations in the project area? **It will be determined during PPTA.**

What is the level of civil society organization participation in the project design?

Information generation and sharing Consultation Collaboration Partnership

To be determined during PPTA

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? Yes No Please explain.

During PPTA, strategies will be identified to ensure participation of poor and vulnerable households. A consultation and participation plan will be prepared and implemented during PPTA.

IV. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category A B C FI

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? Yes No **Given the nature of project activities, the project will not likely entail land acquisition or restriction of access to land resulting to physical or economic displacement of people.**

2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?

Resettlement plan Resettlement framework Social impact matrix

Environmental and social management system arrangement None

B. Indigenous Peoples Category A B C FI

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? Yes No

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? Yes No **Given the nature of project activities, the project will not likely entail land acquisition or restriction of access to land resulting to physical or economic displacement of indigenous peoples.**

3. Will the project require broad community support of affected indigenous communities? Yes No **Given the nature of project activities, the project will not likely entail land acquisition or restriction of access to land resulting to physical or economic displacement of indigenous peoples.**

4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?

Indigenous peoples plan Indigenous peoples planning framework Social Impact matrix

Environmental and social management system arrangement None

The proposed project will result to better access to schools, markets, health facilities and job opportunities for indigenous peoples. The proposed community-based routine maintenance, if found to be feasible, will also bring income, and improve status of ethnic groups in the communities.

V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?

Creating decent jobs and employment - M Adhering to core labor standards - M Labor retrenchment
 Spread of communicable diseases, including HIV/AIDS - L Increase in human trafficking – L Affordability
 Increase in unplanned migration Increase in vulnerability to natural disasters Creating political instability
 Creating internal social conflicts Others, please specify _____

2. How are these additional social issues and risks going to be addressed in the project design? **Poverty and social analysis will be undertaken during PPTA.**

VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (vi) other social risks. Are the relevant specialists identified?

Yes No If no, please explain why.

3. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis, and participation plan during the PPTA or due diligence? **Social safeguards and social development/gender consultants will be part of the PPTA. Budget is allocated for surveys.**

