



Lao People's Democratic Republic: Fourth Greater Mekong Subregion Corridor Towns Development Project

Project Name	Fourth Greater Mekong Subregion Corridor Towns Development Project	
Project Number	50099-003	
Country	Lao People's Democratic Republic	
Project Status	Approved	
Project Type / Modality of Assistance	Grant	
Source of Funding / Amount	Grant 0606-LAO: Fourth Greater Mekong Subregion Corridor Towns Development Project concessional ordinary capital resources lending / Asian Development Fund US\$ 48.00 million	
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration	
Drivers of Change	Governance and capacity development Knowledge solutions	
Sector / Subsector	Water and other urban infrastructure and services - Other urban services - Urban flood protection - Urban sanitation - Urban solid waste management	
Gender Equity and Mainstreaming	Effective gender mainstreaming	
Description	<p>The project will support the government of the Lao PDR in improving urban environmental services and enhance regional economic connectivity in the towns of Paksan and Thakhek, two towns located along the North-South Economic Corridor in the Greater Mekong Subregion (GMS). It will finance: (i) sewage networks and eight small-scale wastewater treatment facilities to improve sanitation; (ii) two controlled landfills and solid waste collection vehicles for municipal waste to improve waste collection and management, (iii) improved drainage and riverbank protection, (iv) rehabilitation of the old-town center to promote regional tourism in Thakhek, and; (v) city master plans to promote regional economic connectivity. The project will accelerate urban node development along the GMS North-South Economic Corridor in Lao PDR.</p>	
Project Rationale and Linkage to Country/Regional Strategy	<p>Macroeconomic context. The Lao PDR has had a strong track record in sustaining a high level of economic growth. During 2011-2016, the average gross domestic product (GDP) rate was 7.5% and the per capita GDP was \$2,027 in 2016. Despite the high rate of recent growth, 23.2% of Lao citizens live below the official poverty line. According to Laos' Five-Year National Socio-Economic Development Plan (2016-2020), a significant outstanding issue from the previous five-year plan is a lack of inclusive socio-economic development and environmental protection. The current plan highlights the need to address challenges pertaining to rapid urbanization, such as waste management, traffic safety, migration and other socio-economic issues. A key strategy priority of the Government of Laos is the objective to promote economic diversification, profound structural change and enhance competitiveness.</p> <p>Project in a regional context. ADB assistance will build on its long-standing institutional support for the Greater Mekong Subregion (GMS) Economic Cooperation Program. Urban development in the GMS focuses on economic corridor development and spatial and urban systems as part of spatial planning on a regional basis that links urban areas. Bolikhamxay Province and Khammoune Province are Lao PDR's gateways between the regional economies of Thailand and Viet Nam, and Paksan and Thakhek specifically are situated on the GMS North-South Economic Corridor, along the routes which link Vientiane with its closest seaport, Vung Anh in Viet Nam, and with the other regional capital city Ha Noi. The GMS Program's near and medium project pipeline, the GMS Regional Investment Framework 2022, includes projects in the roads and bridges, rail, inland waterways, and tourism sectors which also have linkage with these projects in Paksan and Thakhek. This includes the planned Vientiane-Ha Noi Expressway, Mekong Bridge at Bunkan-Paksan, Port Construction and Improvement (in Vientiane, Paksan, Thakhek, and Savannakhet), and the recently endorsed expansion of the GMS Economic Corridors. ADB will generate synergies among its operations and complement other development partner assistance.</p>	
Impact	Balanced regional and local development achieved	

Project Outcome

Description of Outcome	Urban services in Pakxan and Thakhek improved
Progress Toward Outcome	
Implementation Progress	
Description of Project Outputs	Urban environmental infrastructure improved Institutional effectiveness improved
Status of Implementation Progress (Outputs, Activities, and Issues)	
Geographical Location	Muang Pakxan, Thakhek
Safeguard Categories	
Environment	B
Involuntary Resettlement	B
Indigenous Peoples	C
Summary of Environmental and Social Aspects	
Environmental Aspects	<p>Two initial environmental examination reports (IEEs) and two environmental management plans (EMPs), one per town, have been prepared based on preliminary designs. The IEEs and EMPs were disclosed on the ADB website on 5 July 2018. Ministry of Natural Resources and Environment approval will be obtained prior to awarding civil works contracts. The EMPs define mitigation and monitoring measures for identified impacts, institutional arrangements and budget for implementation. The government will oversee EMP implementation with support of consulting services. Baseline and periodic environmental monitoring of environmental receptors have been included in the costs. Public and stakeholder consultations informed project design and will continue during implementation. A grievance redress mechanism will help to facilitate resolution of complaints regarding project performance.</p> <p>All project sites have been selected to avoid impacts on sensitive environmental receptors. The construction of wastewater treatment plants and controlled landfills and closure of existing dumpsites, improved drainage, flood protection and improved amenity facilities will have significant environmental and health benefits. During construction there will be short-term, localized impacts such as surface water quality deterioration, noise, dust, traffic, and waste generation. During operation, key risks are effluent and leachate management. All discharges will be treated to the required national standards and will be closely monitored. Construction and operational environmental impacts and risks can be prevented or minimized to an acceptable degree through effective implementation of the EMP and capacity building.</p>
Involuntary Resettlement	<p>A resettlement plan (RP) has been prepared for each town following consultations with affected households. The RPs will be uploaded onto the ADB website and will be updated at the detailed design stage. An external monitor has been allocated to monitor implementation. The RPs also set out the grievance redress mechanism and institutional mechanisms for the implementation of the RPs. In total, 507 HHs (219 HHs in Pakxan and 288 HHs in Thakhek) will be affected, however, the impacts to the majority of HHs (468 HHs) will be minor. 39 HHs are identified as severely affected, either needing relocation (24 HHs from the riverbank and 6 HHs from the solid waste facility component) or losing more than 10% of their income due to land acquisition (9 HHs). A total of 39,718 square meters (m²) of residential land (12,213 m² in Pakxan and 27,505 m² in Thakhek) and 107,339 m² of agriculture land (50,348 m² in Pakxan and 56,955 m² in Thakhek) will be acquired by the project from 219 HHs in Pakxan and 288 HHs in Thakhek. Upon completion of detailed engineering design, a rapid evaluation shall be conducted to confirm categorization and, should the project severely affect 200 people, rendering the project as a category A, a comprehensive social impact assessment will be conducted to further develop the resettlement plan.</p>
Indigenous Peoples	<p>The Lao PDR encompasses multiple ethnic groups, but the subprojects do not cause any adverse impacts on their identity, social customs, culture, or areas of spiritual importance or interfere with their socio-cultural beliefs and livelihood systems.</p>
Stakeholder Communication, Participation, and Consultation	
During Project Design	<p>Consultation activities under the project involves with strategic corridor towns development plan (urban master plan and development priorities), disaster risk management and socioeconomic survey for project design. Particularly for gender aspect, women's priorities for the project, based on extensive consultations, include reduced local flooding, improved urban services, and affordable urban services. The safeguards consultation and participation meeting also conducted for finalizing the IEE and RPs.</p>
During Project Implementation	<p>Communities will be informed of project benefits and responsibilities through public awareness campaigns. The project will cooperate with the Lao Women Union to ensure women's participation and benefits. Empowerment of poor and vulnerable people will be strengthened through enhanced security of employment measures.</p>
Business Opportunities	

Consulting Services PISCB consultants (QCBS, 90:10, full technical proposal)*
 *ADB funded consultants will be recruited in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).
 341 person-months
 \$ 3.66 million

Procurement Procurement:
 International competitive bidding
 9 contracts
 \$ 43.16 million
 All procurement under the ADB grant will be in accordance with ADB's Procurement Guidelines (2015, as amended from time to time)
 Shopping 5 contracts \$420,000

Responsible ADB Officer	Vemuri, Sasank
Responsible ADB Department	Southeast Asia Department
Responsible ADB Division	Urban Development and Water Division, SERD
Executing Agencies	<i>Ministry of Public Works and Transport 4th Floor Eastern Building Corner Norodom Boulevard Street 106 Phnom Penh, Cambodia Ministry of Public Works and Transport Dept of Housing and Urban Planning, Lao PDR, Lane-Xang Ave., Vientiane Lao PDR P.O. Box 206</i>

Timetable

Concept Clearance	30 Sep 2016
Fact Finding	03 Apr 2018 to 10 Apr 2018
MRM	23 Jul 2018
Approval	14 Sep 2018
Last Review Mission	-
Last PDS Update	14 Sep 2018

Grant 0606-LAO

Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
14 Sep 2018	-	-	30 Jun 2024	-	-

Financing Plan

Grant Utilization

Financing Plan		Grant Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	54.06	Cumulative Contract Awards			
ADB	48.00	14 Sep 2018	0.00	0.00	0%
Counterpart	6.06	Cumulative Disbursements			
Cofinancing	0.00	14 Sep 2018	0.00	0.00	0%

Project Page	https://www.adb.org/projects/50099-003/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=50099-003
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