

## Project Summary Information (PSI)

Project No: 000066

Project Name	National Road 13 Improvement and Maintenance Project
Country	Lao People's Democratic Republic
Sector	Transport
Project No	000066
Borrower	Ministry of Finance
Implementation Agency	Ministry of Public Works and Transport
Environmental and Social Category	Category A
Date of PSI prepared or updated	December 30, 2017
Estimated Date of Board Consideration	September, 2018
Concept Decision	Approved on December 19, 2017

### I. Introduction

The National Road 13 (NR13) North-South corridor (1,500 km) is the backbone network that links the northernmost province of Luang Namtha (bordering China) through the capital city of Vientiane and all the way to the southernmost province of Champasak (bordering Cambodia). The main sections of the road were completed in 1997 and have not been rehabilitated since, receiving only periodic and emergency maintenance. Its upgrade, rehabilitation and maintenance will result in better connectivity for the country.

Strong economic growth and trade expansion in recent years have led to rapid increase in traffic volume on NR13. Traffic in some sections are expected to reach their full capacity in the next five years. The proposed Project will finance road improvement in the priority sections of NR 13 to serve growing demand by reducing travel time and vehicle operating costs, increasing accessibility of enterprises, increasing labor productivity and reducing road accidents.

As NR 13 sections to be supported by the Project are located in the central part of the country which is flood-prone, the proposed Project will also help ensure climate-resilient design of road improvement. Moreover, fatalities from road accidents are of national concern especially on NR 13 which lacks road safety measures. Women and children who are using the road as pedestrians for daily short trips are facing serious safety risks. The proposed Project will improve road safety for NR 13 for both motorists and pedestrians by incorporating road safety measures in the road design.

### II. Project Objective and Expected Results

The objective of the Project is to improve road condition, road safety and climate resilience of critical sections of the National Road 13 through innovative contracting model (Output- and Performance-based Road Contract - OPBRC). The road design will also be strengthened to meet ASEAN standards.

### III. Project Description

The Project consists of the following components:

**Component 1: Road Improvement and Maintenance.** This component will finance road improvement, maintenance and land acquisition required for road works, including: (i) upgradation of 18 km of road section from Sikeut to Songpeuay Market (km 12 to km 31) from 2 to 4-lane road; (ii) improvement of 38 km of road section from Songpeuay Market to Phonhong (km 31 to km 70) along the existing 2-lane road; and (iii) land acquisition required for road works.

**Component 2: Supervision and Capacity Building.** This component will support supervision of road improvement during construction and post-construction period, environment and social monitoring, capacity building on OPBRC, traffic safety enhancement and preparation for future investments on other sections of NR13.

**Component 3: Project Management.** This component will support project management, including project management consultancy, monitoring and evaluation, financial audits, training, vehicle and office equipment and incremental operating costs.

### IV. Environmental and Social

The proposed project will be co-financed with the World Bank. The Bank has decided to use the World Bank's Environmental and Social Safeguard Policies (Safeguard Policies) since: (i) they are consistent with the Bank's Articles of Agreement and materially consistent with the provisions of the Bank's Environmental and Social Policy and relevant Environmental and Social Standards; and (ii) the monitoring procedures that the World Bank has in place to ascertain compliance with its Safeguard Policies are appropriate for the Project. Under the World Bank's Safeguard Policies, the Project has been assigned Category A. The World Bank's Safeguard Policies that are triggered under the proposed Project are Environmental Assessment (OP/BP 4.01), Natural Habitats (OP/BP 4.04), Physical Cultural Resources (OP/BP 4.11) and OP4.12 Involuntary Resettlement.

The Project's main environmental issues include adverse impacts during construction such as noise, vibration and air emission induced by increased traffic flows, borrow pit management, siltation of surface water bodies, blockage of drainage system, construction noise and dust, combustion emissions from equipment, waste management and disposal, contractor camp site effluents and other forms of pollutants potentially induced by unplanned events (e.g. spill or leakage).

The Project will result in land acquisition, disruption of agricultural and livelihood activities, and relocation of residential and commercial structures, primarily due to the upgrade from 2 to 4-lanes. The Project's main social issues relate to the impacts of land acquisition, disruption during construction (restrictions on access to properties/schools and other buildings along the alignment, interruptions to water and power supply) as well as the potential influx of workers. The ethnic groups who live in villages along the route, may be disproportionately impacted.

To address these impacts, the Ministry of Public Works and Transport (MPWT) has conducted an Environmental and Social Impact Assessment (ESIA), which includes an Environmental and Social

Management Plan (ESMP). Impacts on the local population will be managed according to the ESMP, Resettlement Action Plan (RAP) and Ethnic Group Engagement Plan (EGEP). The Initial Environment Evaluation (IEE) approval from the Provincial Office of Natural Resources and Environment (PONRE) is required and shall be obtained before construction commences. The draft ESIA including ESMP, RAP and EGEP were disclosed on the MPWT’s website and can be found in the web link below:

<http://www.mpwt.gov.la/en/projects-en/0201-projectnr13-en/safe-guard-nr13-menu-en>

## V. Estimated Project Cost and Financing Source (USD million)

The Project cost is estimated to be USD128.0 million. The financing sources are as follows (in USD million):

For Loans/Credits/Others	Amount (USD million)
AIIB Loan	40
World Bank IDA Credit	40
Nordic Development Fund (EUR8.0 million)	9.5
Government of Lao PDR	38.5
Total	128.0

## VI. Implementation

The Project will be implemented by the Department of Road, Ministry of Public Works and Transport.

The World Bank will be the lead co-financier, and its policies and procedures will be applicable to the Project. The procurement will be conducted in accordance with the World Bank’s Procurement Regulations for Investment Project Financing (IPF) Borrowers of July 2016 and revised in November 2017.

The Project implementation period (Start Date - End Date) will be August 2018 – May 2023.

### Contact Points

#### **Asian Infrastructure Investment Bank**

Pajnapa Peamsilpakulchorn  
 Project Team Leader / Infrastructure Sector Economist  
 Tel: +86 10 8358 0381  
 E-Mail: [pajnapa.peam@aiib.org](mailto:pajnapa.peam@aiib.org)

#### **World Bank**

Sombath Southivong  
 Task Team Leader /Senior Infrastructure Specialist

Tel: +856 21 266 228

E-Mail: [ssouthivong@worldbank.org](mailto:ssouthivong@worldbank.org)

### **Borrower and Implementing Agency**

#### **Borrower**

Angkhansada Mouangkham

Deputy Director General, External Finance Department, Ministry of Finance

Tel: +865 21 412 142

E-Mail: [angkhansada@yahoo.com](mailto:angkhansada@yahoo.com)

#### **Implementing Agency (MPWT)**

Pheng Douangneun

Director General, Department of Road, Ministry of Public Works and Transport

Tel: +865 2055779188

E-Mail: [pheng\\_dng@yahoo.com](mailto:pheng_dng@yahoo.com)