



Project Summary Information

November 05, 2024

Project Name	National Road 13 South Extension Improvement and Maintenance Project
Project Number	P000618
AIIB member	Lao People's Democratic Republic (PDR)
Sector/Subsector	Transport Roads (non-urban)
Alignment with AIIB's thematic priorities	Green infrastructure; cross-border connectivity; and technology-enabled infrastructure.
Status of Financing	Approved
Objective	To enhance connectivity by improving the road condition, safety, and climate resilience of targeted critical sections of the National Road 13 (NR13).
Project Description	<p>The project aims to improve, rehabilitate, and maintain a critical 50 km section of NR13, which serves as the sole access route from the South to the capital city of Vientiane. This section begins at KM21 in the suburban area of Vientiane Capital and extends southwards to KM71 in Xaysavang village, located in Thaprabath District, Bolihamxay province.</p> <p>The first 20 km of this section will be expanded from two to four lanes and the following 30 km will undergo rehabilitation. The road improvement and maintenance will be carried out through a 10-year Output- and Performance-Based Road Contract (OPBRC) under the Design, Build, Maintain, Operate, and Transfer (DBMOT) method.</p> <p>The project will also carry out capacity-building activities to strengthen the Ministry of Public Works and Transport (MPWT) staff's capacity in managing road assets. This includes designing and implementing OPBRC, addressing road safety and climate resilience issues, and preparing future projects for improving and maintaining other critical sections of NR13.</p> <p>The components and their financing sources are as follows: Component 1 (financed jointly by AIIB, Abu Dhabi Fund for Development (ADFD) and Government of Lao PDR (GoL)). Road Improvement, Rehabilitation, Maintenance and Operation. Component 2 (financed by AIIB). Provision of Monitoring, Technical assistance, and preparation of future investments.</p>

Expected Results	Reduced travel time.
Environmental and Social Category	Category B
Environmental and Social Information	<p>Applicable Environmental and Social Policy. AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Standards (ESSs), and Environmental and Social Exclusion List (ESEL), is applicable under the project. ESS 1 (Environmental and Social Assessment and Management) and ESS 2 (Involuntary Resettlement) will apply to the project. No Indigenous Peoples/Ethnic Minority groups are collectively attached to the project area. Therefore, ESS 3 Indigenous Peoples is not applicable, as per the Bank's ESP.</p> <p>E&S Categorization and Rationale. Based on the available information, including several site missions by the project team and the studies associated with the robust assessments to prepare the E&S instruments, the project has been categorized as Category B. This is because the anticipated project Environmental and Social (E&S) risks and impacts are expected to be localized and of a temporary nature. The E&S risks and impacts are not unprecedented to the project area and can be mitigated through effective E&S management.</p> <p>Instruments. In 2019, MPWT prepared an Environmental and Social Management Framework (ESMF), a Resettlement Planning Framework (RPF), and an Ethnic Groups Engagement Framework (EGEF) for the NR13 South project in accordance with AIIB safeguard policies. Considering that this project is located on the same road as the NR13 South project, these frameworks, and the latest version of the AIIB's ESP (November 2022) were the basis for the Department of Roads to prepare the ESIA, Environmental and Social Management Plan (ESMP), Resettlement Plan (RP) and Stakeholder Engagement Plan (SEP) for this project. The E&S instruments were prepared and disclosed by the MPWT and AIIB in their websites in August and September 2023 respectively.</p> <p>Environment Aspects. During the rehabilitation stage, there will be some negative environmental impacts in the 20 km section where the road will be expanded from two to four lanes. On the other hand, the impacts are expected to be minimal in the remaining 30 km section, as the existing alignment will be utilized. The construction phase is likely to have negative environmental impacts, including noise, dust, and gas emissions. It may also involve the disposal of solid and hazardous wastes, water contamination, siltation of water bodies, blockage of drainage, soil erosion and contamination, and removal of vegetation. Additionally, the ESIA has identified the need to fell at least 458 trees as part of the site preparation works. The trees are not considered part of a natural habitat and are mainly planted in private land lots or for ornamental purposes. The ESMP includes mitigation measures for the identified risks and adverse impacts including the preparation of a stand-alone OHS Management Plan for the project prior to the work commencement. The ESMP provides provision of tree</p>

transplantation, where possible, as well as compensatory planting. The ESMP also includes a monitoring plan, environmental code of practices, reporting mechanism, and roles and responsibilities of the key institutions for its implementation. A site-specific ESMP will be prepared by the contractor prior to the construction (C-ESMP).

Land Acquisition and Resettlement. The project will not involve any physical relocation of permanent structure and/or involve major resettlement of people. The Detailed Measurement Survey (DMS) was conducted based on the confirmed COI from 16 January 2023 to 16 February 2023. The DMS indicates that the Project will affect 556 Project Affected Households (PAHs) comprising 3,078 Project Affected Persons (PAPs), including 1,371 females, across 21 villages in three districts and two provinces. However, during the Post Appraisal Mission conducted from September 16 to 20, 2024, the Department of Roads (DoR) and the Public Works and Transport Institute (PTI) reported that the number of PAHs decreased from 556 to 344. The PAHs for housing structures and shops will construct their new housing and/or shops within the existing land plot area covered in the land title/certificate. Other impacts involve secondary structures like porches of shops, gates, fences, signs, and drainage systems. A safety or buffer zone of 1.5 meters will be established.

Occupational Health and Safety, Labor and Employment Conditions. The ESMP has identified OHS risks during the entire OPBRC contract period. The OHS requirements will be included in the contractor's site-specific ESMP. Additionally, the ESMP addresses various other issues such as labor influx, working conditions, labor payments, inadequate sanitation facilities for women, labor disputes or grievances, Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH), and code of conduct. The client will ensure that the bidding documents include clauses pertaining to these requirements. Furthermore, the client will oversee the contractors' compliance with applicable labor laws and regulations, as well as the adoption and enforcement of codes of conduct for all workers.

Gender Equality and Social Inclusion (GESI). Aligned with GoL's efforts, a GESI Framework has been developed for the project with the aim to: (i) enhance the participation of women and vulnerable groups in project-related activities through public consultations at each phase of the project; (ii) provide women and vulnerable groups with road safety and accessibility measures; (iii) promote equal opportunities for female employment; and (iv) strengthen the technical capacity of MPWT staff. The GESI Framework outlines guiding principles for the effective incorporation of GESI considerations as an integral part of the proposed project.

Stakeholder Consultation and Information Disclosure. Consultations were carried out during the conduct of E&S studies, the development of the ESMP; RP and SEP including the update of the ESIA. During the construction phase, the project implementation unit is required to regularly conduct consultations with local communities and report monthly. The E&S documentation including the information of established GRMs and AIIB's Project-affected People's Mechanism (PPM)

	<p>were disclosed in English and Lao language at the MPWT website https://mpwt.gov.la/en/singleProjectDetail/168 on August 30, 2023 and Bank's website on September 08, 2023.</p> <p>Project-level Grievance Redress Mechanism (GRM). A multi-tier Grievance Redress Mechanism (GRM) has been in operation and functioning since the implementation of the NR13 South project financed by AIIB. It will be further improved during the implementation of this project. The GRM covers four types of grievances and has been in place from pre-construction to the construction and operation of the project. These include grievances from: a) community members, including the public and other stakeholders; b) households affected by land acquisition, both those with land titles and those without; c) SEA/SH victims; and d) contractor's workers. Additionally, the project will utilize the existing GRM of the MPWT through the MPWT website, which allows for online feedback or complaint submission in Lao and English languages at https://www.mpwt.gov.la/complaint.</p> <p>Reporting and Monitoring. The PCU is responsible for the implementation of the project. This includes supervising the effective implementation of the ESMP with support from the OPBRC Monitoring Consulting firm. PCU will submit annual E&S monitoring report to the Bank for review based on the agreed format. In addition, the Bank team will conduct regular project implementation monitoring and support missions, typically twice per year, though this may be adjusted as needed to assist the PCU in implementing the project.</p>
Cost and Financing Plan	<p>Project Cost: USD74.3 million Financing Plan:</p> <ul style="list-style-type: none"> • AIIB: CNY280,500,000 (equivalent to USD40 million) • Abu Dhabi Fund for Development (ADFD) (Co-financier): USD20 million • Government of Lao PDR (GoL): USD12 million • Multilateral Cooperation Center for Development Finance (MCDF): USD0.7 million • Project Preparation Special Fund (PPSF): USD1.6 million
Borrower/Investee Company/Counter party/Guaranteed entity	Lao PDR.
Implementing Entity/Sponsor	Ministry of Public Works and Transport.
Estimated date of loan closing	June 30, 2031.

Contact Points:	AIIB	ADFD	Borrower	Implementation Organization
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Date of Concept Decision	February 15, 2023			
Date of Appraisal Decision	December 14, 2023			
Date of Financing Approval	November 6, 2024			

Independent Accountability Mechanism	The Project-affected People's Mechanism (PPM) has been established by the AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its Environmental and Social Policy in situations when their concerns cannot be addressed satisfactorily through Project-level GRM or AIIB Management's processes. For information on how to make submissions to the PPM, please visit https://www.aiib.org/en/policies-strategies/operational-policies/policy-on-the-project-affected-mechanism.html
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