



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 / Economy	Lao People's Democratic Republic				
Project Status	Active				
Project Type / Modality of Assistance	Grant				
Source of Funding / Amount	<table border="1"><tr><td>Grant 0606-LAO: Fourth Greater Mekong Subregion Corridor Towns Development Project</td><td></td></tr><tr><td>Asian Development Fund</td><td>US\$ 48.00 million</td></tr></table>	Grant 0606-LAO: Fourth Greater Mekong Subregion Corridor Towns Development Project		Asian Development Fund	US\$ 48.00 million
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Asian Development Fund	US\$ 48.00 million				
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration				
Drivers of Change	Gender Equity and Mainstreaming 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	Effective gender mainstreaming				
Description	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.				
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 was 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 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 Paksan and Thakhek improved				
Progress Toward Outcome	To date, seven (7) major civil works contracts have been awarded. An additional four (4) contracts are expected for award in Q2 2024. Due to delays in awarding the main civil works packages and implementing the capacity building activities of the projects due to COVID-19 related restrictions, an extension of the grant closing date for two years has been approved to have sufficient time to complete all project activities.				
Implementation Progress					
Description of Project Outputs	Urban environmental infrastructure improved Institutional effectiveness improved				

Status of Implementation Progress (Outputs, Activities, and Issues) Being implemented. The Paksan and Thakhek Stormwater Drainage have been awarded on 29 Nov 2021 and 1 Sep 2022, respectively. As of end Oct 2023, physical progress for Paksan and Thakhek are 100% and 61%, respectively. The Paksan DEWATS was awarded on 2 Aug 2023, with initial works ongoing. Thakhek DEWATS was awarded on 29 Nov 2022, with actual construction progress of 37%. The Paksan DEWATS was awarded on 2 Aug 2023, with initial works ongoing. Thakhek DEWATS was awarded on 29 Nov 2022, with actual construction progress of 37%. The Paksan and Thakhek Municipal Solid Waste have been awarded on 29 Jan 2021 and 24 Dec 2021, respectively. As of end Oct 2023, physical progress for Paksan and Thakhek are 100% and 60%, respectively. The Paksan Riverbank Protection subproject was awarded on 3 Apr 2023, with actual construction progress of 6% as of end Oct 2023. The public consultation meeting and DED presentation to local authorities/people was completed in May 2023. For Thakhek Riverbank Protection subproject, non-Zone B /LOT 2 is the under bidding process and for the Zone B, the target final BD submission to ADB from the EA is end of Jan 2024. Not yet due. Subprojects are still under construction. Project training master plan has been developed. PIC has supported to conduct 12 on-the-job training courses for PCU, PIUs, and Contractors. Achieved gender targets. PCU has 15 staff, including 8 women (53.3%). Achieved. PIUs have 29 staff, including 15 women (51.7%). Women's representation in Thakhek and Paksan are 53.8% (7/13) and 50.0% (8/16), respectively. Being implemented. The Urban Development Master Plans (UDMP) consultant contract was signed on 11 Nov 2022. The updated inception report was completed and submitted on 28 Mar 2023 by the consultants. The topographic survey is completed. Consultant is preparing the draft Master Plan and the 1st consultation workshop was held from 27 Nov to 1 Dec 2023. The survey for collecting data for tariff roadmap, O&M, and CP was conducted in July 2022. The Tariff Road Map and Corporate Plan (including for O&M fund) preparation are ongoing.

Geographical Location Muang Pakxan, Thakhek

Safeguard Categories

Environment	B
Involuntary Resettlement	B
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	A total of 10 (10) IEEs/EMPs for both Paksan and Thakhek reflecting DED have already been submitted, cleared, and disclosed on the ADB website. Thakhek Riverbank Protection was split into two packages (Zone B and Non-Zone B). Preparation of the updated IEE/EMP for the Thakhek Riverbank subproject (Zone B) is finalized in Jan 2024. The IEE/EMP for the Thakhek Urban Renewal Heritage Conservation (TK-CW05) is pending preparation and submission to ADB. Once cleared the due diligence will be disclosed to the ADB website. The government will oversee EMP implementation with the 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 is in place and will continue to help to facilitate resolution of any unforeseen environment related complaints regarding project performance. 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. It is expected that the project sites will experience short-term, localized impacts during construction, which will be site-specific and reversible (such as surface water quality deterioration, noise, dust, traffic, and waste generation), and can be avoided, minimized, or mitigated to an acceptable level with good construction practices and mitigation measures as defined in the EMPs and the corresponding site-specific construction EMPs (CEMPs) to be prepared and implemented by the contractors.
Involuntary Resettlement	A total of ten (10) RPs have been finalized and disclosed to date. 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 (m ²) of residential land (12,213 m ² in Pakxan and 27,505 m ² in Thakhek) and 107,339 m ² of agriculture land (50,348 m ² in Pakxan and 56,955 m ² 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.
Indigenous Peoples	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.

Stakeholder Communication, Participation, and Consultation

During Project Design	Consultation activities under the project involve strategic corridor towns development plan (urban master plan and development priorities), disaster risk management, and socioeconomic surveys 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 consultations and participation meetings were also conducted for informing and finalizing the IEE and RPs.
During Project Implementation	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. Safeguards consultations will continue throughout implementation as required per the IEEs, EMPs and RPs, and for any confirmation of final design, project variations and updated safeguards due diligence documents and in case of any major grievances.

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) Shopping5 contracts \$420,000

Responsible ADB Officer	Thu, Kyaw
Responsible ADB Department	Sectors Group
Responsible ADB Division	Water and Urban Development Sector Office (SG-WUD)
Executing Agencies	Ministry of Public Works and Transport

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	-

Grant 0606-LAO

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
14 Sep 2018	16 Oct 2018	13 Dec 2018	30 Jun 2024	30 Jun 2026	-

Financing Plan		Grant Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	54.06	Cumulative Contract Awards			
ADB	48.00	24 Jan 2024	28.07	0.00	58%
Counterpart	6.06	Cumulative Disbursements			
Cofinancing	0.00	24 Jan 2024	14.26	0.00	30%

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	Satisfactory	Satisfactory	Satisfactory	Satisfactory	-	Satisfactory

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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