# Lao People's Democratic Republic: Northern Rural Infrastructure Development Sector Project

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Northern Rural Infrastructure Development Sector Project</th>
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<tbody>
<tr>
<td>Project Number</td>
<td>42203-022</td>
</tr>
<tr>
<td>Country</td>
<td>Lao People's Democratic Republic</td>
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<tr>
<td>Project Status</td>
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<tr>
<td>Project Type / Modality of Assistance</td>
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</table>
| Source of Funding / Amount | Grant 0235-LAO: Northern Rural Infrastructure Development Sector Project
concessional ordinary capital resources lending / Asian Development Fund
US$ 23.00 million |
| Strategic Agendas | Inclusive economic growth |
| Drivers of Change | Governance and capacity development |
| Sector / Subsector | Agriculture, natural resources and rural development - Irrigation - Land-based natural resources management - Rural market infrastructure - Water-based natural resources management - Transport - Road transport (non-urban) |
| Gender Equity and Mainstreaming | Effective gender mainstreaming |

## Description

The Project will address sector constraints by rehabilitating existing irrigation facilities and, where appropriate, developing new ones, as well as rehabilitating and upgrading rural access roads from district centers and village cluster centers to villages. To enhance the impact of subproject investments, the project will support (i) technical extension services to subproject beneficiaries, (ii) producer groups to coordinate supplies of agricultural produce to markets and/or processors, (iii) contracted agricultural production with price incentives based on quality, and (iv) initiatives to secure tenure and access to land for sedentary agricultural production and land rezoning to protect the integrity of watersheds and reservoirs above rehabilitated irrigation systems. This will contribute to improving agricultural productivity, diversifying crops, and commercializing the low-performing agriculture sector in the northern region. These investments will be complemented by (i) institutional capacity building for national, provincial, and district agencies towards a sector development approach and (ii) heightened awareness of gender issues and the participation of local communities in designing and efficiently implementing about 25 subprojects. The project will be implemented in the four northern provinces of Bokeo, Luang Namtha, Oudomxay, and Phongsaly, which have a combined population of 760,000 people, a third of whom are considered poor.

## Project Rationale and Linkage to Country/Regional Strategy

The Lao PDR is steadily increasing its exposure to international markets and commercial opportunities and reducing its dependence on traditional subsistence agriculture and logging. Its commitment to free trade and an improved transport network is transforming the northern region's participation in the market economy. Its abundant land resources and high agricultural potential have recommended the Lao PDR to neighboring countries as a potential supplier of agricultural goods, both food for consumption and raw materials for agro-processing. The development of higher-capacity transport corridors linking the Lao People's Republic of China and Thailand, as well as the smaller transport routes east to Vietnam, have enabled the supply of agricultural produce from northern Lao PDR to its neighbors. A significant transport network of national and international routes has been developed. However, the coverage of rural access roads connecting these corridors is limited and generally of poor quality, inflating transport costs and constraining Lao competitiveness in regional markets. The commercialization of agriculture is hampered not only by an underdeveloped rural road network but also by the limited opportunities to intensify agricultural production, the predominant livelihood. The northern region is still dominated by subsistence production on lowland rain-fed and irrigated lands, as well as upland cropping on sloping lands, usually under some form of shifting cultivation. In 2007, 60% of the rice area of 75,000 hectares in the four targeted provinces was planted in bunded paddies, of which only 3% were irrigated. Production systems use traditional varieties and few inputs because of limited access to higher-yielding varieties, irrigation, or other production inputs. With the predominance of smallholder and geographically dispersed subsistence production, value addition and marketing are limited to drying, packaging, and the small-scale production of items such as sauces and spices. The more suitable agricultural areas, often located around district centers, have the greatest potential for higher agricultural productivity, production surpluses, and increased participation in the market economy.

## Impact

- Improved rural household incomes in the four northern provinces of Bokeo, Luang Namtha, Oudomxay, and Phongsaly.

## Project Outcome

- Increased agricultural productivity in the four northern provinces of Bokeo, Luang Namtha, Oudomxay, and Phongsaly

## Progress Toward Outcome

- Project activities were completed since August 2017 and achieved all output targets. Final liquidation of the imprest account advance is on-going. The grant account will be closed by 31 March 2018.

## Implementation Progress

- Productivity-enhancing rural infrastructure constructed and/or rehabilitated
- Capacity of national, provincial, and district agencies strengthened to enable a sector development approach
- Efficient and effective delivery of subprojects and project management

## Description of Project Outputs
- Increased agricultural productivity in the four northern provinces of Bokeo, Luang Namtha, Oudomxay, and Phongsaly
- Improved rural household incomes in the four northern provinces of Bokeo, Luang Namtha, Oudomxay, and Phongsaly.
In the case of rural access road rehabilitation and upgrading, subprojects were limited to existing alignments and will most likely involve limited cut and cover works and minimal realignment. The main elements of the work was to construct road embankments, drainage, and culverts. Some construction works for 26 subprojects showing a total of 1,100 employees, among which 57 (5%) are women. Some 41 water user groups and six village road maintenance committees were established and registered for all the 26 completed PRI subprojects. The water user groups have 276 members (female: 38%) and the village road maintenance committees have 55 members (female: 33%).

The otherwise dominant Lao-Thai ethnic group is a minority in each of the four target provinces, where the main ethnic groups are Mon-Khmer in Bokeo and Oudomxay and Lao-Tibetan in Luangnamtha and Phongsaly. The principles followed in all subproject preparation include consultation, inclusion, and preferential access to employment opportunities for vulnerable minority groups. As with socioeconomic baseline surveys, all data collected were disaggregated by ethno-linguistic group, age (where appropriate), and gender to allow the monitoring and evaluation of beneficiary inclusion. The project is category B for indigenous peoples because (i) most people in the four provinces are ethnic minorities who generally have higher poverty rates than the nationally dominant Lao-Thai group and (ii) impacts are expected to be positive. The prescreening of subprojects and consultation processes excluded subprojects that would disadvantage any groups. Indigenous peoples plans for each approved subproject detailed requirements for inclusion, benefit measuring, and monitoring.

### Status of Implementation Progress (Outputs, Activities, and Issues)

Five key implementation consultants mobilized within 3 months of grant effectiveness; project performance and monitoring system disaggregated by gender and ethno-linguistic group operational within 12 months of effectiveness. Key implementation consultants were mobilized as planned. A total of 91 staft were assigned to the project. A functional project benefit monitoring and evaluation system was established and operationalized. The PBME data is disaggregated by gender and ethnic groups. A total number of NPMO, PPOs and DCOs staff is 91, out of which 30 are women (33% of total member). All the 24 PRI subprojects were completed, comprising a command area of 5,387 hectares (ha) (185% achievement). A total of 167.5 kilometers of roads and trails were improved. Male and female unskilled labors were paid equally. Construction works for 26 subprojects showing a total of 1,100 employees, among which 57 (5%) are women. Some 41 water user groups and six village road maintenance committees were established and registered for all the 26 completed PRI subprojects. The water user groups have 276 members (female: 38%) and the village road maintenance committees have 55 members (female: 33%).

### Geographical Location

Khoueng Bokeo, Khoueng Oudomxai, Khoueng Phongsali, Louangnamtha

### Safeguard Categories

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<tr>
<th>Category</th>
<th>Description</th>
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<tbody>
<tr>
<td>Environment</td>
<td>B</td>
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<tr>
<td>Involuntary Resettlement</td>
<td>B</td>
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<tr>
<td>Indigenous Peoples</td>
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### Summary of Environmental and Social Aspects

#### Environmental Aspects

In the case of rural access road rehabilitation and upgrading, subprojects were limited to existing alignments and will most likely involve limited cut and fill, minor widening, and slight realignment. In the catchment areas of reservoirs will minimize inappropriate land use and reduce the risk of siltation while assuring dry season flows. Flow management plans were prepared and implemented for each subproject.

#### Involuntary Resettlement

Only small land acquisition was identified in a few subprojects because all subprojects rehabilitation were on existing infrastructure. Further, subprojects were prescreened before grant effectiveness to ensure they do not entail significant resettlement. Only category B and C subprojects were eligible for financing under the project. Environmental assessments and management plans were prepared and implemented for each subproject.

#### Indigenous Peoples

The otherwise dominant Lao-Thai ethnic group is a minority in each of the four target provinces, where the main ethnic groups are Mon-Khmer in Bokeo and Oudomxay and Lao-Tibetan in Luangnamtha and Phongsaly. The principles followed in all subproject preparation include consultation, inclusion, and preferential access to employment opportunities for vulnerable minority groups. As with socioeconomic baseline surveys, all data collected were disaggregated by ethno-linguistic group, age (where appropriate), and gender to allow the monitoring and evaluation of beneficiary inclusion. The project is category B for indigenous peoples because (i) most people in the four provinces are ethnic minorities who generally have higher poverty rates than the nationally dominant Lao-Thai group and (ii) impacts are expected to be positive. The prescreening of subprojects and consultation processes excluded subprojects that would disadvantage any groups. Indigenous peoples plans for each approved subproject detailed requirements for inclusion, benefit measuring, and monitoring.

### Stakeholder Communication, Participation, and Consultation

#### During Project Design

Consultations with key stakeholders were undertaken during project formulation and processing.

#### During Project Implementation

Continuous consultations with stakeholders (villagers, women) are being conducted to ensure that subprojects are prioritized and safeguard awareness is ensured.

### Business Opportunities

Consulting Services

All consultants have been recruited according to ADB’s Guidelines on the Use of Consultants (2010 as amended from time to time). The Project has engaged a consulting firm to provide project implementation support including policy development at national level. Engagement of consultants for the preparation of subprojects and safeguard monitoring during implementation is ongoing.

Procurement

All procurement of goods and works are being undertaken in accordance with ADB’s Procurement Guidelines (2010, as amended from time to time).

### Responsible ADB Officer

Sisavanh Phanouvong

### Responsible ADB Department

Southeast Asia Department

### Responsible ADB Division

Lao Resident Mission

### Executing Agencies

- Ministry of Agriculture and Forestry-Irrigation Dep
- DIDMONPD@LAOTEL.COM
- DIDMP, Irrigation Department
- Ministry of Agriculture and Forestry
- P.O.Box 5192, Chao Anou Road

### Timetable

- Concept Clearance: 26 Jan 2011
- Fact Finding: 19 Aug 2010 to 07 Sep 2010
- MRM: 30 Apr 2010
- Approval: 26 Nov 2010
- Last Review Mission: -
Grant 0235-LAO

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<th>Approval</th>
<th>Signing Date</th>
<th>Effectivity Date</th>
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<tr>
<td>26 Nov 2010</td>
<td>08 Dec 2010</td>
<td>08 Mar 2011</td>
<td>31 Aug 2017</td>
<td>25 May 2018</td>
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