Lao People's Democratic Republic: Water Supply and Sanitation Sector Project

Project Name: Water Supply and Sanitation Sector Project
Project Number: 45301-002
Country: Lao People's Democratic Republic
Project Status: Active
Project Type / Modality of Assistance: Grant, Loan
Source of Funding / Amount:
- Grant 0363-LAO: Water Supply and Sanitation Sector Project
  ADB Co-financed Assistance Fund
  US$ 6.00 million
- Loan 3041-LAO: Water Supply and Sanitation Sector Project
  concessional ordinary capital resources lending / Asian Development Fund
  US$ 35.00 million

Strategic Agendas:
- Environmentally sustainable growth
- Inclusive economic growth

Drivers of Change:
- Governance and capacity development

Partnerships:
- Sector / Subsector: Water and other urban infrastructure and services - Urban policy, institutional and capacity development - Urban sanitation - Urban water supply
- Gender Equity and Mainstreaming: Effective gender mainstreaming

Description:
The project will improve the performance of provincial water utilities and expand access to safe piped water supply and sanitation for urban residents in small towns in the Lao PDR. The project will contribute to the government’s urban sector targets - 90% coverage for piped water supply and 100% coverage for sanitation by 2030 by improving sector coordination and policy implementation in corporatization, improving nonrevenue water management and expanding water supply in provincial towns, developing new water supply systems in small towns, enhancing community action in urban water supply and sanitation and strengthening capacity for project implementation and operation and maintenance.

The project impact will be expanded access to quality and reliable piped water supply and sanitation services for the urban population in the Lao PDR. The outcome will be improved performance of participating water utilities in delivering sustainable water supply and sanitation services.

Project Rationale and Linkage to Country/Regional Strategy:
The Lao PDR population in 2011 was estimated as 6.4 million, of whom a third reside in five large urban centers and 150 small towns in 144 districts. Urban centers in the Lao PDR are increasingly important to its economy. Gross domestic product was estimated at $1,270 per capita in 2011 and $1,422 in 2012. The Lao PDR is beginning to realize gains from investments in infrastructure, economic and social development. The poverty rate declined to 28% in 2008 and is projected to fall by 1% per annum.

2. The development of small district towns with 4,000-20,000 population as key administrative and economic centers is an important step to improve living conditions and public health, strengthen urban rural linkages, generate employment, and narrow regional income disparities.

Infrastructure development and service delivery improvements in towns, particularly along the Greater Mekong Subregion transport corridors or in the vicinity of significant tourism attractions, help to transform them into economic and tourism hubs. Increased access to safe, piped urban water supply and improved sanitation systems and enhanced provincial water utilities, called provincial nam papas (PNPs) service delivery play a vital role in the small towns by supporting economic development and improving the health profiles of urban residents.

Impact:
Expanded access to quality and reliable piped water supply and sanitation services for the urban population in Lao PDR.

Project Outcome:
Description of Outcome: Improved performance of participating provincial nam papas (provincial water utilities) in delivering sustainable water supply and sanitation services.

Progress Toward Outcome: Batch I subprojects are all awarded works ongoing in Long, Luang Namtha and Pha Oudom, Bokeo. Phase II subprojects are undergoing bidding and expected to be awarded by Q2 2018.

Implementation Progress:
Description of Project Outputs:
1. Improved sector coordination and policy implementation.
2. Improved nonrevenue water management and water supply development.
3. Developed new water supply systems in small towns.
4. Enhanced community action in urban water supply and sanitation.
5. Strengthened capacity for project implementation and O&M.
The sector review completed by JICA showed a population of 6.3 million of which 30% is urban coverage in the end of 2016. The Department of Water Supply and Infrastructure Working Group coordinated water supply sector activities and a Project Steering Committee met on 26 May 2017. Three-year corporate plans were updated and service agreements were established between the Provincial Governor and nam papas for Batch 1 and sanitation regulations were introduced at the district level. A water partnership program between World WaterNet and Luang Namtha PNP is being implemented since April 2017 to improve asset management systems and reduce NRW. There is no detailed water balance established as NRW levels are high, estimated to be from 25% to 35%. A total of 34 village development committees are included in Batch 1 and 2 subproject towns with a total of 498 members of which 41% are women. Community Action Plans are prepared where 6,000 persons are participating of which 44% are women. Village environmental improvement works for Batch 1 and 2 subprojects are prioritized. The final selection has yet to be done due to reduced budget to USD10 from USD 25. There are too many activities initially discussed and need to be reduced. Sanitation is a priority but environmental improved communal spaces could be considered. The proposed water partnership with regional water utility from Thailand will not be hired for WSSP. The PIAC carried out an assessment of the existing water treatment plants and is preparing a training program based on their findings. The national IT Support and Services contract signed in Q3 2017. It may be worth to explore partnerships with a regional water utility for Bokeo and Luang Namtha provinces on STP operation. Asset management practices could be also supported with an expert recruitment.

Geographical Location
Nation-wide, Ban Boten, Ban Boten, Ban Houayxay, Ban Phamuang, Ban Sopbao, Dakcheung, Lamam, Muang Kasi, Muang Long, Muang Louang Namtha, Muang Pakxan, Muang Pha Oudom, Muang Phon-Hong, Muang Phonsavan, Muang Thathom, Sainyabuli, Sanaxy, Xam Nua

Safeguard Categories
Environment
B
Involuntary Resettlement
B
Indigenous Peoples
B

Summary of Environmental and Social Aspects
Environmental Aspects
Involuntary Resettlement
The National External Monitor (Resettlement) has been recruited and is assisting the executing agency in preparing Safeguard Monitoring Reports.

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation
During Project Design
During Project Implementation

Responsible ADB Officer
Swain, Wei Kim

Responsible ADB Department
Southeast Asia Department

Responsible ADB Division
Urban Development and Water Division, SERD

Executing Agencies
Ministry of Public Works and Transport Dept of Housing and Urban Planning, Lao PDR, Lane-Xang Ave., Vientiane Lao PDR P.O. Box 206

Timetable
Concept Clearance
05 Sep 2012

Fact Finding
03 Jul 2013 to 12 Jul 2013

MRM
01 Aug 2013

Approval
09 Oct 2013

Last Review Mission
-

Last PDS Update
24 Jan 2018

Grant 0363-LAO
## Loan 3041-LAO

### Milestones

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### Financing Plan

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### Status of Covenants

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