

ADB GEF PROJECT IMPLEMENTATION REPORT (PIR)
(This report covers implementation period from July1,2023 to 30 June 2024
including recently closed projects covering the reporting period)

ADB Official Project Title: Vientiane Sustainable Urban Transport Project
ADB Project Number: 45041-002

I. GEF PROJECT SUMMARY

Project Ratings: Satisfactory (S) – implementation of components financed by the GEF grant (e.g., procurement of e-pedicab vehicle) is progressing well v/s. plan, except physical progress of the civil works due to late completion of the detailed engineering designs.

Development Objective Rating (DO):

Satisfactory (S) – The project is expected to achieve most of its major global environmental objectives at completion.

Implementation Progress Rating (IP):

Moderately Satisfactory (MS) – Project implementation has been delayed for more than three years v/s original schedule – the stoppage is mainly due to the: (i) late effectiveness of L3250 and G 0471; (ii) delayed mobilization of the PIC, financed under the EIB loan and EU-AIF cofinancing; (iii) low PIC's performance caused by the partial mobilization of the experts because of the pandemic of the coronavirus disease (COVID-19). The executing agency (Ministry of Public Works and Transport) is now working with Ministry of Finance to request for loans and grant closing dates extensions, from 31 December 2024 – 31 December 2026 because there is no room to absorb the initial delays.

Risk Rating:

Low Risk (L) – The target to complete the project is revised to 31 December 2026. Among the causes of delays prescribed above, the persistent payment issue between the PIC's JV partner and subconsultants, the progress with the detailed engineering design (DED) and the preparation of bidding documents of four civil works contracts were also delayed. In addition, the application of the government taxes exemption conditions for the consultants, contractors, and suppliers under the VSUT project has affected the performance of PIC and Urban Transport Advisor (UTA) consultants, as there was misinterpretation of the tax exemption provisions between consultants and the Tax Department of Ministry of Finance.

As of 31 March 2024, all contracts for goods, works, and consulting services listed in the original procurement plan have been signed and started. GEF grant financed e-pedicab package (\$0.45 million), and 9.3% of the civil works contracts.

Information on Progress, challenges and outcomes on project implementation activities

ADB approved the Vientiane Sustainable Urban Transport Project (the project) on 10 March 2015, a concessional loan (Loan 3250-LAO: SDR23.474 million equivalent to \$35.0 million at loan approval). The project is also co-financed by a \$20 million credit from the EIB; a 5 million Euro (\$6.9 million equivalent) grant from the European Union's Asia Investment Facility (EU-AIF); a \$15.0 million loan from OPEC Fund for International Development (OPEC Fund, L8303); a \$1.84 million grant from the Global Environment Facility (GEF, G0471); and \$6.4 million from the private sector¹, and \$14.55 million from the Government of Lao PDR. For ADB

¹ The private sector funding had been reduced, due to delays in starting the VSUT and the "electronic vehicle registration (EVR) system" that planned to be implemented by the private sector, was executed by the government. This was recorded and endorsed at ADB MTR in November 2019.

administered –the ADB loan was signed on 12 March 2015, with original loan closing date was 31 December 2020; the OPEC Fund loan was signed on 9 October 2015 with original loan closing date of 31 January 2020; and the GEF grant was signed on 3 March 2016, with original grant closing date was 31 December 2020. The EIB loan was signed on 30 November 2015 with original closing date on 30 November 2020. The EU-AIF grant was signed on 21 June 2016 with original closing date on 28 June 2022. The closing dates of ADB loan 3250, GEF grant and EIB loan were extended to 31 December 2024. The OPEC Fund loan 8330 was extended to 30 April 2025. But the EU-AIF grant was fully disbursed and closed within original closing date. ADB administered loan 3250-LAO, OPEC Fund loan 8330-LAO and GEF grant 0471-LAO.

As of 30 June 2024, the cumulative physical progress is estimated at 62% compared to 95% elapsed time, from the effectiveness date to the extended project closing date of 31 December 2024. The project progress has been improved significantly since January 2024, after major civil works contracts were awarded.

Achievement of the project targeted DMF outcome and outputs indicators are progressing well after ADB review mission in February 2024, and the team is confident that, all intended outcome and outputs indicators will be delivered at completion, provided that extension of the loans and grant closing dates can be secured till 31 December 2026.

The supply of Bus-Rapid-Transit (BRT) electric buses and associated equipment (financed by EIB) is progressing well –contract has been signed on 18 August 2023 and buses would be delivered to Lao PDR from the first/second quarter 2025 . Likewise, the civil works for bus lanes, stations, depots, control and maintenance centers, and traffic signaling are experiencing delays compared to the planned schedules. One contributing factor is that Lao PDR chairs ASEAN for 2024, resulting in frequent meetings near the construction sites, which hinders contractors' full mobilization.

Operators for BRT Buses, E-Pedicabs , and Parking are scheduled to be contracted in first quarter 2024, provided that the project closing date extension is secured till 31 December 2026.

Information on Progress, challenges and outcomes on Environment and Social Sageguards

The updated Initial Environmental Examination (IEE) and Environmental Management Plan (EMP) reflecting the final detailed engineering designs were approved by ADB and disclosed in May 2024.

The first Semi-annual Environmental Safeguards Monitoring Report (SEMR) covering July-December 2023 has also been endorsed by ADB and disclosed in May 2024.

The project has 3 resettlement plans and all of them were approved and disclosed in April 2023.

The first Semi-annual Social Safeguards Monitoring Report (SSMR) covering July-December 2023 has been accepted and disclosed on 30 May 2024.

The EA has completed compensation payments to the affected peoples, following approved resettlement plans (approximately: \$57,279). The compensation payment completion reports had been prepared and endorsed by ADB, and these reports were disclosed on 22 May 2024.

Information on Progress, challenges and outcomes on stakeholder engagement

The establishment of Urban Transport Management Section (UTMS) was completed, and nomination of staff to work with UTMS will be completed within 2023 as well.

The PCU, with support from the Mayor Office of Vientiane Capital, and the Ministry of Public Works and Transport work closely with the Ministry of Planning and Investment, and Ministry of Finance to secure counterpart funding to finance (i) LAR costs, (ii) land and project operation, and (iii) taxes and duties. Although the government is facing fiscal difficulties, stakeholders has been putting their efforts on the budget allocation to maintain good project implementation momentum.

EIB loan finance the PIC consultants and buses. EIB cooperates well with government and ADB to implement the project. EIB official often attended the ADB review mission virtually, and provided necessary guidance, and support.

Information on Progress on gender-responsive measures

Project Gender action plan implementation satisfactorily. As of 30 June 2024: (i) out of 28 activities, 4 were delivered, 20 are ongoing, and 4 are not yet due; and (ii) out of 11 targets, 3 has been delivered, 4 are ongoing, and 4 are not yet due.

Grievances Redress Mechanism (GRM)

The PCU have established the implementation task force led by the DPWT of Vientiane Capital, to serve as the GRM implementation task force to address concerns and complaints promptly at project and village level. The GRM committee composes of 3 levels, namely: District Grievance Committee; Vientiane Capital Grievance Committee; Ministry of Natural and Environment, MONRE.

As of 30 June 2024, there were two cases reported – and have been resolved in January 2024 and this was recorded in the disclosed SSMR. Detailed below.

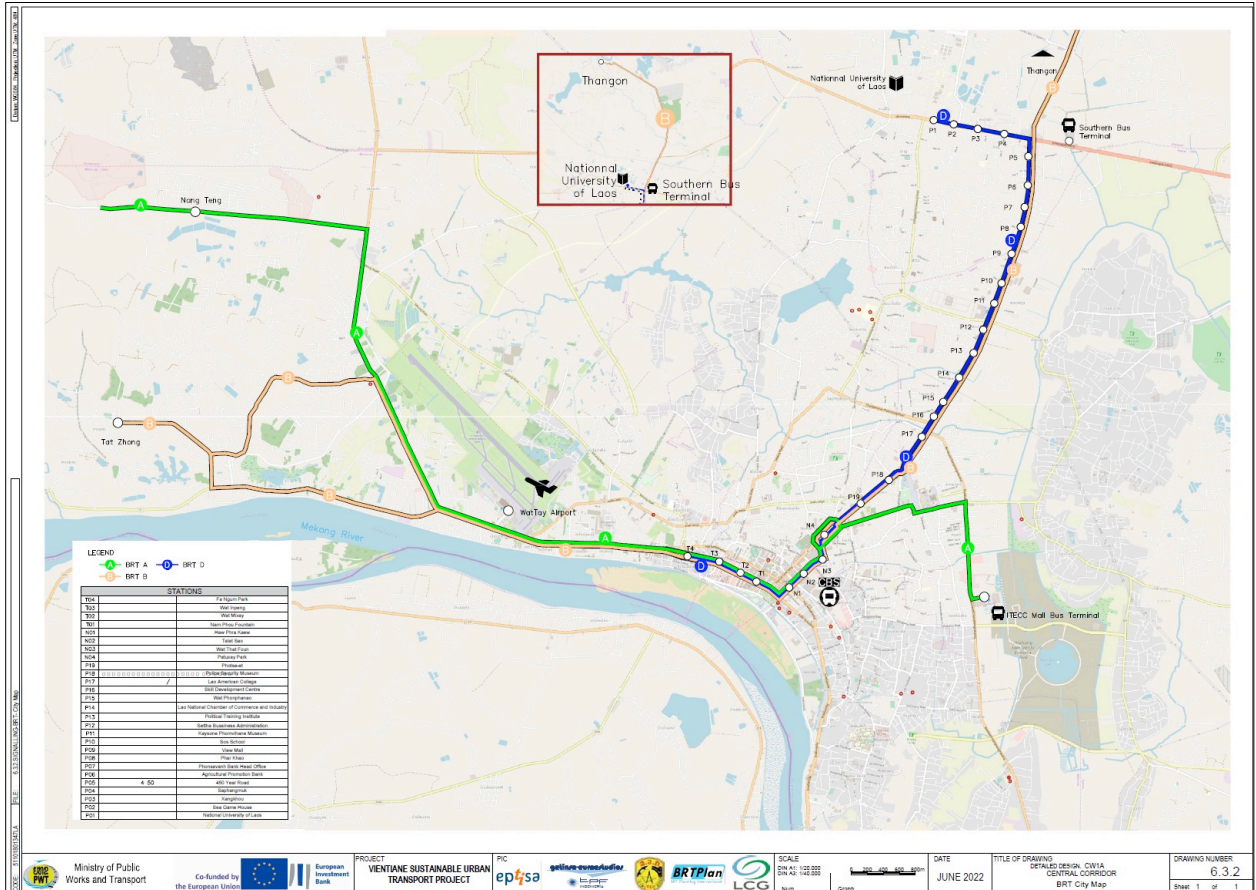
Case ID	Date Received	Issue/Complaint	Outcome of Investigation	Date Resolution
GRV-CW1D-01	19/11/2023	Concern about limited curbside parking in front of shops and business	Parking layout has been adjusted to accommodate business needs	16/01/2024
GRV-CW1D-02	18/12/2023	Concern about limit parking outside the hotel	Parking layout has been adjusted as requested.	09/01/2024

GEO LOCATION INFORMATION

Location Name	Latitude (WGS84 Format)	Longitude (WGS84 Format)	GEO Name ID	Location Description	Activity Description
Vientiane, Laos	N 17° 58' 0"	E 102° 36' 0"	Vientiane	BRT corridor	Establishing a BRT corridor

Project map and coordinates

The BRT corridor is in blue line.



Source: MPWT 2023, detailed engineering design of BRT lanes and corridors.

PROJECT MINOR CHANGE IN SCOPE/MINOR AMMENDMENTS

- Results framework
- Components and cost
- Institutional and implementation arrangements
- Financial management
- Implementation schedule
- Executing Entity
- Executing Entity Category
- Minor project objective change
- Safeguards
- Risk analysis
- Increase of GEF project financing up to 5%
- Co-financing
- Location of project activity
- Other

- **Extension of Loan Closing Date.** Upon the request of the government, ADB has approved the extension of the loans and grant closing dates – loan 3250 and GEF grant 0471 have been extended by 24 months from 31 December 2022 to 31 December 2024, while OPEC Fund loan 8303 has been extended by 34 months from 30 June 2022 to 30 April 2025. The EIB loan has also been extended for 24 months, from 31 December 2022 to 31 December 2024. The EU-grant was closed as planned without extension.
- Following the assessment of the project team made during ADB project review mission in February 2024, and because initial delays of the project implementation at the beginning, the project closing date will need extended for another 24 months, from 31 December 2024 to 31 December 2026, because there is no room of absorb the 3 years initial delays. Government is preparing the formal request for extension and would be submitted to ADB in September 2024.
- **Change in Consultant Selection Method.** Through a letter dated 30 November 2021, DOT submitted a request to ADB to change the recruitment method for C4 (Quality Control Company) from a firm to individual consultants. Considering the small intermittent inputs from C4 due to the limited budget, and the needs for PCU's and the UTMS's direct management of C4, the PCU decided to recruit three individual consultants (i) an international Urban Transport Operation Expert, (ii) a national Marketing Expert, and (iii) an international Urban Transport Planner, instead of recruiting an experienced firm.

FOR SCCF/LDCF INDICATORS: (Provide information if applicable)

Total Number of Beneficiaries	Not yet available – will be provided from 2023's report
Ha of land better managed to withstand the effects of climate change	-
No. of risk and vulnerability assessments, and other relevant scientific and technical assessments carried out and updated	-
No. of people trained to identify, prioritize, implement, monitor and/or evaluate adaptation strategies and measures	<p>The project provided various training workshops. Namely workshop for: (i) traffic management and EVR, (ii) parking management and PPP, (iii) UTMS, traffic and parking management, (iv) on-street parking management, (v) UTMS staffing and job description; (vi) gender workshop. In total, 82 people attended, and they were staff from DOT and relevant government departments and involved staff from various transport operators and service providers in the Vientiane Capital area.</p> <p>In addition, the project organized 2 study tours in abroad: (i) first one in Sweden (8 officials attended), and (ii) second one in China (14 officials attended).</p>
No. of regional, national and sub-national institutions with strengthened capacities to identify, prioritize, implement, monitor and/or evaluate adaptation strategies and measures	-
Contribute towards public awareness of climate change impacts, vulnerability and adaption (Tick if relevant)	The project will provide 55 electric buses, together with associate depot, control, maintenance and charging stations. In addition, 155 e-pedicabs will also be provided. Battery electric buses are zero emission from the buses -it is a zero emission technology, so the project would have no climate change impacts.
Expand access to improved climate information services (Tick if relevant)	-
Expand access to improved climate related early-warning information (Tick if relevant)	-
No. of regional, national and sector-wide policies, plans and processes developed or strengthened to identify, prioritize and integrate adaptation strategies and measures	Two sector-wide policies have been developed namely: (i) parking regulations, and (ii) traffic management plan and these measures will enhance parking management in Lao PDR, particularly in Vientiane Capital. Simultaneously, they will generate additional funds through parking fees to support urban services.
No. of sub-national plans and processes developed or strengthened to identify, prioritize and integrate adaptation strategies and measures	-

II. Project Profile

1. General Information	1	GEF ID	9146
	2	Focal Area(s)	Climate Change
	3	Region	Southeast Asia
	4	Country	Lao People's Democratic Republic
	5	GEF Project Title	Vientiane Sustainable Urban Transport Project
	6	Project Size (FSP; MSP)	MSP
	7	Trust Fund (GEFTF; SCCF; LDCF)	GEFTF
2. Milestone Dates	8	GEF CEO Endorsement Date (mm/dd/yy)	12/08/15
	9	ADB Approval Date if the GEF Fund (mm/dd/yy)	03/10/15
	10	GEF Grant Signing of the GEF Fund (mm/dd/yy)	03/03/16
	11	Implementation Start Date of the Project and of the GEF Component (mm/dd/yy)	04/30/21
	12	Date of 1st GEF Grant Disbursement	01/23/2024
	13	Final date of GEF Grant Disbursement (mm/dd/yy)	12/31/24
	14	Proposed/Revised Implementation End (mm/dd/yy)	12/31/24 ²
	15	Actual/Proposed Implementation End (mm/dd/yy)	-
	16	Actual/Proposed Financial Closure Date (mm/dd/yy)	04/30/25
	17	Actual/Proposed Financial Closure Date (mm/dd/yy)	-
3. Funding	18	PPG/PDF Funding (USD)	
	19	GEF Grant (USD)	
	20	Total GEF Fund Disbursement as of 30 June 2024(USD)	256,796
	21	Confirmed Co-Finance at CEO Endorsement (USD)	
	21	Materialized Co-Finance at project mid-term (USD)	
	22	Materialized Co-Finance at project completion (USD)	
4. Evaluations	23	Actual/Proposed Mid-term date (mm/dd/yy)	-
	24	Actual Mid-Term date - if applicable (mm/dd/yy)	11/04/19 – 11/08/19
	25	Proposed Terminal Evaluation date (mm/dd/yy)	11/31/24
	26	Actual Terminal Evaluation Date (mm/dd/yy)	-

² The grant closing date shall need to be extended for another 24 months, from 31 December 2024 to 31 December 2026.

III. Project Implementation

A. Project Description:

Project Scope. The project outputs includes (i) output 1: establish sustainable urban transport management agency for Vientiane Capital (UTMS); (ii) output 2: establish and operate high-quality bus services and bus rapid transit in Vientiane Capital; (iii) output 3: improve traffic management in the core area of Vientiane; (iv) output 4: establish paid parking system; (v) output 5: improve accessibility for pedestrians and other nonmotorized transport in the core area of Vientiane Capital, and (vi) output 6: strengthen institutional capacity of the Ministry of Public Works and Transport (MPWT), Vientiane Capital's Department of Public Works and Transport (DPWT), and UTMS in establishment and operation of the new urban transport system.

Financing Plan. The project is financed through a Special Drawing Rights 23.474 million (\$35 million equivalent, at approval from ADB concessional loan (L3250), a \$20 million credit from the European Investment Bank (EIB); a 5 million Euro (\$6.9 million equivalent) grant from the European Union's Asia Investment Facility (EU-AIF); a \$15 million loan from OPEC Fund for International Development (OFID; L8303); a \$1.84 million grant from the Global Environment Facility (GEF; G0471); and \$6.4 million from the private sector. The government contribution is \$14.55 million. The total project cost is \$99.70 million. ADB administers L3250, L8303 and G0471.

Table 1. Summarizing the project financing plan

Financiers	Approved amount	Approved amount (\$)	Amount 30 June 2024 (\$)
ADB – L3250	SDR23,474,000	35,000,000	31,279,898
OPEC Fund – L8330		15,000,000	15,000,000
GEF – G0471		1,840,000	1,840,000
EIB Loan		20,000,000	20,000,000
EU-AIF grant	EUR5,000,000	6,900,000	5,408,266
Private Sector ³		6,400,000	107,000
GOL		14,550,000	14,550,000
Total Project Cost		99,690,000	88,185,164

Financing Agreements. The ADB loan was signed on 12 March 2015, and the original loan closing date was 31 December 2020. The loan agreement for the OFID loan was signed on 9 October 2015 and the loan was declared effective on 4 February 2016. The original loan closing date was 31 January 2020. The grant agreement for the GEF grant was signed on 3 March 2016, with original grant closing date of 31 December 2020. In 2020, the closing dates of ADB loan/GEF grant and OFID loan were extended to 31 December 2022 and 30 June 2022, respectively. The EU grant and EIB loan were approved in October 2014. The EIB loan agreement was signed on 30 November 2015, and its original availability date was extended from 30 November 2020 to 31 December 2022. The EU-AIF grant agreement was signed on 21 June 2016, and services financed was completed as planned on 28 June 2022. The ADB loan and GEF grant were declared effective on 29 August 2016, due to the cross-effectiveness conditions, which required that

³ Private sector funding under the project refers to the investment under contract PP1 (parking management in core area of Vientiane Capital), and PP2 (Electronic Vehicle Registration – EVR). Due to late effectiveness of the project, these activities were implemented by a private firm as a PPP. This was recorded in ADB midterm review in November 2019. Therefore, the budget of provide sector has been reduced from \$6.4 million to \$0.11 million.

the cofinancing loans and grants must have met their own effectiveness conditions before the ADB loan can be declared effective.

On 6 January 2022, ADB approved the second extension of Loan 3250 and Grant 0471 closing dates by 24 months, from 31 December 2022 to 31 December 2024, and that of Loan 8303 closing date by 34 months, from 30 June 2022 to 30 April 2025, given the government's formal request on 30 December 2021. On 10 January 2022, the OPEC Fund approved the second extension of Loan 8303 as well. The EIB approved its loan closing date from 31 December 2022 to 31 December 2024 on 11 October 2024.

The closing dates of loans (ADB loan 3250, OPEC Fund loan 8303) and grant (GEF grant 0471), as well as EIB loan will need to be further extended (3rd extension), till 31 December 2026. Because there is no room to absorb the delays incurred in earlier stages of implementation, and the impacts from the COVID-19.

Implementation Arrangements. The Ministry of Public Works and Transport (MPWT) is the executing agency (EA). The Project Steering Committee (PSC) provides overall guidance on implementation of the Project. The PSC is chaired by the Vice Minister of MPWT, with the Vice Mayor of Vientiane Capital serving as Vice Chairman. The PSC reports to a high-level committee to address traffic congestion in Vientiane, which is chaired by the Mayor of Vientiane Capital, and the Vice Chairman is the Minister of MPWT. The implementing agency (IA) is the Project Coordination Unit (PCU) integrated into DOT of MPWT, comprising staff from DOT and the Department of Public Works and Transport (DPWT) of Vientiane Capital, to oversee project implementation and execute day-to-day operations.

B. Implementation Progress Rating:

Implementation Progress. The project implementation has been delayed by more than three years over the original schedule due to: (i) the delay of the ADB loan and GEF grant effectiveness declared effective on 29 August 2016, about 1.5 years after ADB loan agreement signing, due to the cross-effectiveness condition, which required the effectiveness of the cofinancing loans and grants; (ii) the delay of the mobilization of Project Implementation Consultant under the EIB and EU-AIF finance in July 2018, about 2 years after ADB loan effectiveness; and (iii) weak PIC performance caused by the partial demobilization of the experts because of the pandemic of the coronavirus disease (COVID-19) and the government's delayed payments to the PIC.

As of 30 June 2024, the project physical progress was 62% against an elapsed time of 95% for ADB loan and GEF grant, and 91% for OPEC Fund loan considering elapsed period between the effectiveness dates and revised closing dates of 31 December 2024, and 30 April 2025, respectively.

Impact of COVID-19. Due to the pandemic of COVID-19 and actions taken by governments worldwide, all international consultants of the PIC and Transaction Technical Assistance (TRTA)⁴ returned home. Work in Lao PDR was conducted from home since April 2020 by both government officers and project staff. The project and government offices were again operational from 4 May 2020 with some limitations. Work was conducted from home office in respective home country by PIC and TRTA international experts where possible, but tasks like to the detailed engineering design (DED), finalization of BRT operations agreement and training for the UTMS required presence of the

⁴ ADB. 2018. *Technical Assistance to the Lao People's Democratic Republic for Capacity Building for Vientiane Sustainable Urban Transport Project (TA 9499)*. Manila.

international experts in Lao PDR.⁵ The PCU tried to mitigate the difficulties through video conference meetings and use of national experts.

The movement restrictions caused by COVID-19 were relaxed in quarter 1 2022, resulting in the PIC consultant teams and project staff were onboard physically since May 2022. Consequently, the project implementation performance has been improve since then.

a. GEF Grant Disbursement

The GEF grant fund (\$1.8 million) covers contract for (i) procurement of e-pedicabs (EQ3 -\$456,000), and (ii) co-finance for 5 civil works contracts (CW1A-F), at the portion of 3.9% of the contract prices, together with ADB loan (53.7%), and OPEC Fund loan 42.4%.

As of 30 June 2024, of the total \$1.8 million, \$0.256 million has been disbursed. An estimated of \$200,000 shall be disbursed by year end.

b. Stakeholders Engagement

The Ministry of Public Works and Transport, as the executing agency of the project, actively involves in the implementation, jointly with the Vientiane Mayor office -e.g., securing the approval of the detailed engineering design, the BRT stations architectural design, and the traffic management plan, and the parking regulations. Both government agencies give priority to implement the project and has put their necessary efforts to improve project implementation performance.

Despite the efforts made by the government to push the implementation, the government is currently facing fiscal challenges, and this significantly affects project implementation. For example, the Ministry of Finance is unable to timely disburse the GOL counterpart fund to compensate the households.

However, the expected project outcome, and outputs' indicators are still relevant, and the team is confident that, the project will be successful at completion, provided that the closing date extension will be granted till 31 December 2026.

c. Gender Action Plan Implementation Status

The Project is categorized “Effective Gender Mainstreaming – EGM”. Gender action plan (GAP) implementation is ongoing. The project GAP consists of 28 activities and 11 targets. As of 30 June 2024 – (i) on activities: 4 activities were achieved, 20 activities were on-track, and another 4 activities were not yet due; and (ii) on targets: 3 targets were achieved, 4 were on-track, and 4 were not yet due. One challenge identified is on activity 5 “separate toilets for women and men in bus stations, with regular cleaning”, as most of the proposed BRT stations have limited spaces and impossible to build the toilets. As a results, ADB gender expert advised PCU to ensure the following stations shall include the toilet improvement/construction in the civil works contracts namely: (i) station T4 Fa Ngum Park, (ii) station T1 Nam Phou, (iii) station T2 Talat Sao, and (iv) station N4 Patuxay.

d. Social and Environmental Safeguard Plan Implementation Status

Environmental safeguard. The Project is category B for environment – the Initial Environmental Examination and Environmental Management Plan were developed, approved and disclosed in August 2014. Following the final detailed engineering designs,

⁵ UTMS had been established under Vientiane Capital's Department of Public Works and Transport to manage the operation of BRT, parking, and pedicab.

both IEE and EMP were updated and endorsed by ADB – these documents were also disclosed on 24 June 2024.

Upon start of the civil works on sites in Q4 2023, the PCU prepared 1st semi-annual environmental safeguards monitoring report, covering 1 July to 31 December 2023 – and it was approved and disclosed on ADB webpage on 23 May 2024. The 2nd SEMR, covering 1 January to 30 June 2024 is being produced by EA and will submit to ADB by 30 September 2024.

EA compliance with the project covenants is generally satisfied –at this stage, most of them are being complied with. The details of compliance are shown in **attachment 1**.

Social safeguard. The project is category B for IR and category C for IP. There are 3 resettlement plans, under the project and were approved and disclosed – this includes (i) 1 RP for civil works package CW1A, (ii) 1 RP for civil works package CW1B, CW1C, and CW1E, and (iii) 1 RP for civil works package CW1D. Following the final DED, all RPs were updated, endorsed and disclosed in April 2023.

1st Semi-Annual Social Monitoring Report (SMR) covering period from January – December 2023 has been approved and disclosed on ADB website on 30 May 2024. 2nd SMR, covering Jan to June 2024 shall be submit to ADB by 30 September 2024.

Affected people received compensation payment before commencement of the civil works. Subsequently, compensation payment completion reports were developed and approved by ADB –and disclosed on 22 May 2024.

Following the mission conducted in February 2024, a “due diligence” exercise was conducted to assess the impacts of the underground ducting utilities – and a DDR report was prepared and endorsed by ADB and same disclosed on 22 May 2024.

C. Global Environmental Benefits Objective (GEB)/ Development Objective Rating:

The development objective rating is Moderately Satisfactory because the project’s performance targets and indicators in the project DMF related to GEB have been deferred from 2025 to 2027 as shown below, and detailed progress of the project DFM is in attachment 2.

Impact level: by 2027

- Increase in modal share of public transport to 6.0 % (2013 baseline: 0.6%) – not yet due
- Reduction in emissions of greenhouse gases (carbon dioxide, methane, nitrous oxide, and certain halocarbons) of 25,000 metric tons per year from 2022 [2027] onwards – not yet due

D. Risk Rating:

The risk rating is Modest Risk as there will be further extension of the project closing date – due (i) start up delays, and (ii) the implementation inefficiency due to COVID-19.

E. Overall Rating of the Project: Moderately Satisfactory, because the overall implementation is slower than plan. The project team will work closely with the EA to improve the physical progress of the project on sites.

F. Good Practices and Lessons Learned:

During project processing, it is necessary to confirm co-financiers' activities and schedule and assess potential risks in the activities. This process allows the government and ADB to optimize implementation schedule while considering delay risks.

The 1.5-year start-up delay was caused by the cross-effectiveness condition, which required the effectiveness of the co-financing loans and grants. In addition, the 2-year gap between ADB loan effectiveness and the mobilization of PIC financed by EIB and EU-AIF affects the project progress. There are significant delay risks under co-financing project elements due to dependencies among activities financed by different co-financiers.

A project should not rely on financing from multiple financiers, as managing such arrangements can be challenging. Additionally, cross-effectiveness among co-financiers' conditions often leads to project startup delays

Before loan or grant negotiations, it's crucial to discuss the availability of government counterpart funds in detail with high-level officials. This proactive approach helps avoid potential negative impacts during implementation, especially considering the government's challenges in timely disbursing the counterpart budget. Whenever feasible, efforts should be made to eliminate or minimize the GOL counterpart fund


G. Knowledge activities / products:

- a. To develop PCU's capacity, the transaction technical assistance (TRTA) was provided to DOT and has developed learning materials for decision makers regarding the up-to-date technologies/ideas of (i) traffic management system, (ii) BRT, (iii) urban parking system, (iv) electronic vehicle registration system, (v) non-motorized vehicles, (vi) PPP scheme, (vii) gender mainstreaming, and (viii) communication measures in urban transport. The documents are owned by the PCU in the form of digital data.
- b. The TRTA also provided the UTMS staff with knowledge sharing program, including: (i) urban traffic management, (ii) BRT operation, (iii) parking management, (iv) communication, and (v) urban transport institution.
- c. Study tours and visits were also conducted abroad, attended by the PCU team and officials from the Ministry of Public Works and Transport, as well as Vientiane Capital.

H. Location Data:

The project area is in Vientiane Capital. The bus lanes are reserved for the buses serving to the BRT system in the core area of Vientiane Capital. The only exceptions in Central Corridor are: (i) the street between Nongbone and Lane Xang avenue in Patuxay, over which the buses will drive mixed with the general traffic, and (ii) intersections, including Patuxay Area, before they join to drive into Ave. Kaysone Phomvihane Lanes width designed is 3.50m, decreasing to 3.25m in most of the stations, due to the usual problems of space in transversal cross section. In curves, an additional width has been foreseen, to consider the necessities of turning for buses of 12m length.

Signatures:

Name of Project Officer: Vanthong Inthavong 
Position: Project Officer (Infrastructure)
Date: 20 August 2024

Endorsed by: Witoon Tawisook 
Head, Project Administration Unit
South Asia and Southeast Asia Team
Transport Sector Office, Sectors Group

Kanzo Nakai 
Director
Smart Mobility Team
Transport Sector Office, Sectors Group

ANNEX A. Project Contacts

ADB Project Officer Division and Department Email	Vanthong Inthavong ADB Lao PDR Resident Mission vinthavong@adb.org
EA Project Officer Name and Agency Email	Dr. Bounta Onnavong Director General, Ministry of Public Works and Transport/Department of Transport bounta_ov@yahoo.com
Co-Implementing Partner Name and Agency Email	Mr. Driss Belamine Country Manager, Public Sector Operations, OPEC Fund for International Development D.Belamine@opecfund.org
Co-Implementing Partner Name and Agency Email	Mr. Meryn Martens Principal Transport Advisor, European Investment Bank m.martens@eib.org
Project Coordinator/Manager Name and Agency Email	Mr. Khamphanh Vanthana Project Manager, Ministry of Public Works and Transport/Department of Transport k_vanthana@yahoo.com

Attachment 1: EA compliance with covenants

A. Specific Covenants

Product	Schedule	Para No.	Description	Status (31 January 2024)	Type
L3250/L8303 /G0471	5	1	The Borrower and the Project Executing Agency shall ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Borrower and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.	Being complied with.	Others
L3250/L8303 /G0471	5	2	The Borrower shall ensure or cause the Project Executing Agency to ensure that the preparation, design, construction, implementation, operation and decommissioning of the Project comply with (a) all applicable laws and regulations of the Borrower relating to environment, health and safety; (b) the Environmental Safeguards; and (c) all measures and requirements set forth in the IEE, the EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.	<p>Being complied with.</p> <p>The Department of Natural Resources and Environment (DONRE) issued its approval of the project on 31 January 2018 and a Certificate extending for three years the validity of the IEE, which means until January 2021. As stated in the IEE approved by the ADB, the MPWT and DOT consulted with DONRE on the need to submit an updated environmental management and monitoring plan (EMP) to reflect the design changes made since 2018 and secure approval.</p> <p>An updated IEE including EMP was required. The updated documents were submitted and DONRE has issued a new certificate valid until July 2024. The certificate was provided to ADB, EIB and OPEC fund and ADB confirmed the Project complies with national requirements.</p> <p>The update Initial Environmental Examination (IEE) and Environmental Management Plan (EMP), reflecting the final DED were disclosed in October 2021</p>	Safeguards
L3250/L8303 /G0471	5	3	The Borrower shall ensure or cause the Project Executing Agency to ensure that all land and all rights-of-way required for the Project are made available to the Works contractor in accordance with the schedule agreed under the related Works contract	<p>Being complied with.</p> <p>Three resettlement plans (RP) were approved and disclosed on ADB website in April 2023, including (i) resettlement plan</p>	Safeguards

Product	Schedule	Para No.	Description	Status (31 January 2024)	Type
			and all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of the Borrower relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; and (c) all measures and requirements set forth in the RP, and any corrective or preventative actions set forth in the Safeguards Monitoring Report.	for civil works package CW1A, (ii) resettlement plan for civil works package CW1B, CW1C, and CW1E, and (iii) resettlement plan for civil works package CW1D	
L3250/L8303 /G0471	5	4	Without limiting the application of the Involuntary Resettlement Safeguards or the RP, the Borrower shall ensure or cause the Project Executing Agency to ensure that no physical or economic displacement takes place in connection with the Project until compensation and other entitlements have been provided to affected people in accordance with the RP.	Being complied with.	Safeguards
L3250/L8303 /G0471	5	5	The Borrower shall ensure that Project does not have any impacts on indigenous peoples within the meaning of the SPS. In the event that the Project does have such impacts, the Borrower shall ensure that EA promptly informs ADB and undertakes all necessary steps and measures to comply with applicable laws and regulations of the Borrower and the ADB's Indigenous Peoples Safeguards.	Being complied with. The project areas has no IP groups.	Safeguards
L3250/L8303 /G0471	5	6	The Borrower shall make available or cause the Project Executing Agency to make available necessary budgetary and human resources to fully implement the EMP and the RP.	Being complied with. PCU/MPWT is working with MPI and MOF to secure budget to implement the approved IEE and RPs.	Safeguards
L3250/L8303 /G0471	5	7	The Borrower shall ensure or cause the Project Executing Agency to ensure that all bidding documents and contracts for Works contain provisions that require contractors to: (a) comply with the measures relevant to the contractor set forth in the IEE, the EMP, and the RP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set forth in a Safeguards Monitoring Report; (b) make available a budget for all such environmental and social measures; (c) provide the Borrower with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP, and the RP; and (d) reinstate pathways, other local infrastructure, and agricultural land to at	Being complied with. The project used ADB standard bidding documents, and the IEE (as accepted by ADB) were attached to as part of the issued bidding documents for all civil works contracts.	Safeguards

Product	Schedule	Para No.	Description	Status (31 January 2024)	Type
			least their pre-project condition upon the completion of construction.		
L3250/L8303/G0471	5	9	The Borrower shall cause the EA assisted by the Project's consultants to develop revised laws and/or regulations on vehicle parking, including an updated schedule of penalties, by 31 December 2019, and ensure through appropriate government agency(ies) their strict enforcement.	Being complied with. The parking regulation has been drafted and submitted for approval by the authorized approvers. It anticipates that, the endorsement could be secured by 30 September 2023.	Others
L3250/L8303/G0471	5	11	The Borrower shall ensure that no proceeds of the Loan are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.	Being complied with. At this stage, no loans/grant proceeds were used for prohibited investment.	Safeguards
L3250/L8303/G0471	5	12	The Borrower shall through MPWT cause its Department of Transport to ensure that: (a) the GAP is implemented and adequately resourced, supervised and monitored in accordance with ADB's Policy on Gender and Development (1998); and (b) measures under the GAP are implemented effectively including, but not be limited to the following: (i) 30% of employees recruited for the transport agency are women; (ii) the BRT system includes gender specific design features such as priority seating for women and the elderly, adequate lighting, and security cameras in bus stations; (iii) 30% of jobs generated in the BRT system are filled by women; (iv) ticketing and fare pricing include measures to increase affordability and access; (v) pedestrian-friendly traffic management and traffic calming measures on the BRT routes; (vi) collection of baseline sex- disaggregated data and gender analytical information for preparatory surveys, feasibility studies, and assessments prior to the start of construction; and (vii) inclusion of gender indicators in the project monitoring and evaluation system and the reporting of disaggregated data.	Being complied with. Implementation of GAP has started. Monitoring is supported by DOT gender focal person. Reporting to be provided as required.	Social
L3250/L8303/G0471	5	13	The Borrower shall through MPWT ensure that bidding documents and contracts require contractors to comply with the applicable GAP measures under the Project.	Being complied with.	Social

Product	Schedule	Para No.	Description	Status (31 January 2024)	Type
L3250/L8303/G0471	5	14	The Borrower, the Project Executing Agency, and the implementing agencies shall (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.	Being complied with.	Others
L3250/L8303/G0471	5	15	The Borrower, the Project Executing Agency and the implementing agencies shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.	Being complied with.	Others
L3250/L8303/G0471	5	16	Within six (6) months of the Effective Date, the EA shall create or modify a Project website to disclose information about various matters on the Project. The website will include information on Project procurement including the list of participating bidders, name of each winning bidder, basic details on bidding procedures adopted, the value of each contract awarded, and the list and value of goods/services procured and the intended utilization of Grant proceeds under each contract being awarded. The website shall also include general Project information, Project progress, and contact details for the EA' counterpart staff in Laos and English languages, and shall link to ADB's Integrity Unit website at http://www.adb.org/Integrity/complaint.asp for reporting to ADB any grievances or allegations of corrupt practices arising out of the Project and/or Project activities. The Recipient shall cause the EA to ensure that all Project staff are fully aware of ADB's procedures, including, but not limited to, procedures for implementation, procurement, use of consultants, disbursements, reporting, monitoring, and prevention of fraud and corruption.	Complied with. MPWT's website is www.mpwt.gov.la and regularly updated.	Others

Product	Schedule	Para No.	Description	Status (31 January 2024)	Type
L3250/L8303/G0471	5	17	The Borrower shall through MPWT further ensure that within nine (9) months of the Effective Date, a grievance redress mechanism acceptable to ADB is established for non-safeguards complaints in accordance with the PAM. In each case, such GRM shall function to (i) review and document eligible complaints of Project stakeholders; (ii) proactively address grievances; (iii) provide the complainants with notice of the chosen mechanism and/or action; and (iv) prepare and make available to ADB upon request periodic reports to summarize (a) the number of complaints received and resolved, (b) chosen actions, and (c) final outcomes of the grievances and make these reports available to ADB upon request. Eligible non-safeguards complaints include those related to the Project, any of the service providers, any person responsible for carrying out the Project, complaints on misuse of funds and other irregularities as well as gender issues.	<p>Being complied with.</p> <p>As a first phase, MPWT established a hotline system with telephone number 1518. Trial started in June 2017 and officially launched on 1 November 2017. Dissemination of clarifications to complaint will be through Pasaxon newspaper, MPWT website (www.mpwt.gov.la), MPWT newsletter and project quarterly reports.</p> <p>The PCU have established the implementation task force to be led by the DPWT of Vientiane Capital, to serve as the GRM implementation task force to address concerns and complaints promptly at project and village level, in addition to the 3 levels GRM (District Grievance Committee - Vientiane Capital Grievance Committee - Ministry of Natural and Environment, MONRE) that set out in the RPs. The signage of each civil work needs to include the contact number of PCU and relevant contractor, and there is also PCU contact number in the Project Information Booklet (PIB).</p>	Others
L3250/L8303/G0471	5		The Borrower shall ensure that the new sustainable transport management entity established for Vientiane Capital has all necessary resources to operate the bus rapid transit system effectively.	<p>Being complied with.</p> <p>UTMS has been established. Required staff shall be appointed by June 2024.</p>	Others

B. Project Monitoring Requirements from Project Administration Manual

Description	Status of Compliance (31 January 2024)
Project Monitoring	
<p>The Borrower through MPWT shall establish within six (6) months of the Effective Date, a Project performance monitoring and evaluation system that shall operate throughout the life of the Project. The project implementation consultant services will include qualified consultants to help establish the monitoring and evaluation system. The system shall be integrated with the existing management information system. At the initial stage, the Borrower shall develop and conduct sample surveys to establish baseline data for subsequent performance monitoring and establish pre-project social and economic living conditions for the direct beneficiaries of the Project. The Borrower shall ensure that sufficient data is gathered to monitor the indicators set out in the design and monitoring framework for the Project. The baseline and impact surveys shall include areas impacted by the Project and assess all interventions under the Project, including resettlement and other safeguard interventions. These baseline surveys shall be carried out within twelve (12) months of the Effective Date. A second survey shall be carried out upon Project completion and a third survey shall be carried out not earlier than five (5) years after Project completion.</p>	Being complied with.
Safeguards Monitoring	
<p>The project supervision consultant will (i) monitor the inclusion of mitigation actions required during the design phase and as defined in the approved IEE; (ii) in coordination with the Public Works and Transport Institute (PTI); undertake regular monitoring, as scheduled in the EMP, of contractors' environmental performance in terms of implementation of mitigation measures indicated in the EMP; (iii) monitor and report on the environment impacts during construction, and recommend measures to improve the situation as required; (iv) undertake environmental effects monitoring on air quality, noise and water quality as may be required in the EMP; and (v) prepare semi-annual monitoring reports for submission to the DOT and ADB.</p> <p>Internal monitoring of the Resettlement Plan will be undertaken by Vientiane Authority (VA) and MPWT and semi-annual reports will be submitted to ADB. The first report will be submitted 6 months after completion of compensation payments. Grievances received will be addressed through the grievance redress mechanism.</p>	<p>Being complied with.</p> <ul style="list-style-type: none"> (i) ongoing (ii) not yet due (iii) not yet due (iv) not yet due (v) not yet due <p>Not yet due.</p>
Gender and Social Dimensions Monitoring	
<p>MPWT will monitor capacity development activities specific to the gender strategy and the HIV/AIDS and Human Trafficking Awareness and Prevention Program. Related reports will be submitted to ADB quarterly and uploaded on the MPWT website and the ADB website.</p>	<p>Being complied with.</p> <p>Reporting on GAP is part of the MPWT quarterly reports</p>

<p>The overall responsibility for the implementation of the GAP will rest with MPWT and the project coordination unit (PCU) Director. The PCU Director will assign a gender focal/ officer. The PCU Director and the Gender focal will be supported by the SUB CAW (Subcommittee for the Advancement of Women) within MPWT. A support and coordination mechanism will be set up with SUB CAW. A project International gender specialist consultant will be hired for 3 months, a national gender specialist will be hired for 7 months and an International Universal Accessibility Specialist will be hired for 2 months, on an intermittent basis aligned with gender deliverables/ timeframes of key project output/ activities. The project implementation consultant team will have knowledge of and experience with implementing the gender design features of the project. Gender awareness and training on GAP implementation will be provided to EA staff. The project monitoring and evaluation system will include gender indicators. The project will undertake regular progress updates on the GAP. The PCU will report on the progress of the GAP implementation at least on a semi-annual basis as part of its 6 monthly progress reports to ADB. Monitoring and evaluation of GAP implementation will also be done as part of the midterm review and at project completion.</p>	<p>Gender focal from MPWT/DOT has been assigned.</p>
<p>Project Reporting</p>	
<p>MPWT will provide ADB with (i) quarterly progress reports in a format consistent with ADB's project performance reporting system; (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions; (c) updated procurement plan and (d) updated implementation plan for the next 12 months; (iii) semi-annual environmental monitoring report; and (iv) a project completion report within 6 months of physical completion of the Project.</p> <p>To ensure projects continue to be both viable and sustainable, project accounts and the executing agency audited financial statements, together with the associated auditor's report, should be adequately reviewed.</p>	<p>Being complied with. (i) provided, (ii) provided for yearsup to and ending 31 December 2023, (iii) not yet relevant as no environmental impact, and (iv) notyet due.</p> <p>The EA was able to submit annual APFS on a timely manner. The first semi-annual safeguards monitoring report shall be submitted to ADB by 15 January 2023.</p>
<p>Stakeholder Communication</p>	
<p>All requisite project documents will be posted on the ADB website, and relevant documents and information will also be shared on the MPWT project website, which will include at a minimum the following information: (a) bidding procedures, bidders, and contract awards; (b) use of the funds disbursed under the project; and (c) physical progress. Project information will also be shared through consultations, posting on public information boards, dissemination of information materials (i.e., project information booklets), and information sharing through the media and other communication channels. The primary language for dissemination efforts will be Lao. The project management unit will be responsible for implementing and monitoring information dissemination and disclosure, and will designate a focal point that will be designated for regular contact with affected people and other interested stakeholders.</p>	<p>Being complied with.</p>

Attachment 2 : Achievement of Project Design and Monitoring Framework

Design summary	Performance Target and Indicators	Achievement 30 June 2024
Impact		
An environmentally sustainable and pedestrian-friendly transport system developed in Vientiane	By 2025 Increase in modal share of public transport to 6.0% (2013 baseline: 0.6%)	Not Yet Due
	Reduction in emissions of greenhouse gases (carbon dioxide, methane, nitrous oxide, and certain halocarbons) of 25,000 metric tons per year from 2020 onwards.	Not Yet Due
Outcome		
Improved urban transport operations and capacity in Vientiane	120 public buses operating frequent services over a 137 km total network in Vientiane	Not yet due.
	Ridership of public bus services reaches 48,000 per day (2013 baseline: 4,000)	Not yet due.
Outputs		
Output 1		
A SUTMA for Vientiane established	Agency organizational arrangements approved	Done. The term “Sustainable Urban Transport Management Authority - SUTMA” was changed to “Urban Transport Management Section – UTMS. The establishment of UTMS has been approved. However, the staff appointment has yet complete – target to be fully onboard from Q3 2024.
	Agency established and staff working, with 30% of staff being female by 2018	Ongoing – Stakeholder confirmed that, staff to work in UTMS will be female focused and at least 30% are women, including management team members
Output 2		
High-quality bus services and BRT established and operating in Vientiane	96 buses procured and delivered.	Ongoing – At appraisal, the VSUTP anticipated to procure diesel buses, but at implementation stage, the e-buses was the choice. Consequently the number of buses has reduced from 96 buses to 55 buses, and this was approved during the Midterm Review Mission in November 2019. Supply contract negotiated for supply mid-2024.
	11.5 km of dedicated BRT bus route infrastructure, including 24 BRT stations, operational.	Ongoing – The length of the BTR bus-lanes increased from 11.5 km to 12.9 km. This was approved by ADB. Likewise the BRT stations has also been increased from 24 stations to 27 stations. Two civil works contracts (CW1A&B) for bus lanes and stations were awarded, with expected to complete by 31 December 2024.
	Control center and fare system operating	Ongoing – Civil works contract (CW1C) and Fare collection system (EQ5) have been awarded – target to complete by 31 December 2024.

	Women comprise 30% of BRT operations and maintenance staff	Ongoing – Contract operations and maintenance signed – Staffing will be done in phases to prepare for and support operation which will start end 2024.
	Bus maintenance facility operational	Ongoing – contract CW1C (Depot, Maintenance and Control Center) signed and planned to complete by 31 December 2024.
Output 3		
Traffic management in the core area of Vientiane improved.	7 new traffic signals at key intersections in core area operational and existing signals at 14 intersections upgraded	Ongoing – contract CW1E traffic signaling signed and planned to complete by 31 December 2024.
	Road marking and signs installed	Included in above mentioned contract
Output 4		
Paid parking system and national vehicle registration system established	On-street paid parking scheme, using electronic meter technology, operational in core area of Vientiane.	On going – Parking Management System and regulation prepared and submitted for approval by Vientiane Capital Mayor Office. Parking management will be gradually roll-out from the first quarter 2024.
	Parking spaces allocated to pregnant women and people with disabilities.	Ongoing – The road marking and signs are included under contract for Output 4 with completion by end 2024.
	National electronic vehicle registration system operational	Done. A nation-wide system for vehicle registration was operationalized before the start of the project. This component under the output was removed from the project scope following ADB approval to a change in project dated 20 September 2022.
Output 5		
Accessibility for pedestrians and other NMT in the core area of Vientiane improved	Pedestrian access at 27 BRT stations upgraded.	On going – Contract CW1D pedestrianization around the BRT Stations signed and planned to complete by 31 December 2024. Contract EQ3 Supply of 150 units of NMT vehicles signed and will deliver by year end.
	Universal access for wheelchair-bound and visually impaired people provided at 27 BRT stations.	On going – BRT stations design for this are delivered under Output 2. See also above on pedestrianization and NMT access.
Output 6		
Institutional capacity of MPWT and UTMS (SUTMA) in establishment and operation of the new urban transport system strengthened	10 staff in MPWT report increased knowledge on new technologies to be introduced under the project (2017 baseline: 0)	Done. Given delay in setting up of UTMS, a knowledge-sharing program for Vientiane Capital Department of Public Works and Transport and PCU staff was delivered to prepare for setting up of the UTMS. This support was completed in September 2022 and 14 staff were trained.
	All staff under UTMS (SUTMA) report increased knowledge on new technologies and system delivered under the project. (2017 baseline: 0)	Three individual consultants (C4:1 Urban Transport Operation Expert, C4:2 Marketing Expert and C4:3 Urban Transport Planner) mobilized to support and train the UTMS in operation of BRT, parking and NMT and to confirm if further support to UTMS will be required beyond 2024. Assignment of the staff working in UTMS plan to complete by Q3 2024.