



The World Bank

Lao National Road 13 Improvement and Maintenance (P163730)

REPORT NO.: RES36126

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
LAO NATIONAL ROAD 13 IMPROVEMENT AND MAINTENANCE
APPROVED ON MAY 18, 2018
TO
LAO PEOPLE'S DEMOCRATIC REPUBLIC

TRANSPORT

EAST ASIA AND PACIFIC

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ABBREVIATIONS AND ACRONYMS

AIIB	Asian Infrastructure Investment Bank
IDA	International Development Association
MPWT	Ministry of Public Works and Transport
NDF	Nordic Development Fund
NR13	National Road 13
OPBRC	Output and Performance Based Road Contract
PDO	Project Development Objective
RAP	Resettlement Action Plan



BASIC DATA

Product Information

Project ID P163730	Financing Instrument Investment Project Financing
Original EA Category Full Assessment (A)	Current EA Category Full Assessment (A)
Approval Date 18-May-2018	Current Closing Date 31-May-2023

Organizations

Borrower Lao People's Democratic Republic	Responsible Agency Ministry of Public Works and Transport
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Project Development Objective (PDO)

Original PDO

To improve the road condition, safety and climate resilience on critical sections of National Road 13.

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IDA-62260	18-May-2018	23-Jul-2018	22-Jan-2019	31-May-2023	40.00	0	38.56

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. *Project Status*

1. The Lao National Road 13 Maintenance and Improvement Project (Project) was approved on May 18, 2018 with a US\$40 million Credit from the International Development Association (IDA). The Project Development Objective (PDO) is to improve the road condition, safety and climate resilience on critical sections of National Road 13 (NR13). The Project is implemented by the Ministry of Public Works and Transport (MPWT). The Asian Infrastructure Investment Bank (AIIB) is providing co-financing in the amount of US\$40 million under its joint co-financing framework agreement with IDA. The AIIB co-financing loan was approved by the AIIB Board on April 4, 2019. The Nordic Development Fund (NDF) is providing a parallel co-financing in the amount of US\$9.5 million, part of which will finance land acquisition. The project closing date is May 31, 2023.
2. The Project was declared effective on January 22, 2019 and has entered an early implementation phase. The progress towards achievement of PDO is satisfactory. Implementation progress is moderately satisfactory as land acquisition has progressed slower than originally anticipated. The Ministry of Public Works and Transport (MPWT) and World Bank team have agreed on an action plan to accelerate project implementation, including implementation of land acquisition as per approved Resettlement Action Plan (RAP). An international consulting firm is supporting MPWT in RAP implementation and monitoring. Procurement of key project activities is progressing on schedule. Procurement of the Output and Performance Based Road Contract (OPBRC) is well advanced with expected contract award in July 2019 and commencement of civil works in October 2019. The selection of supervision consultant is progressing in parallel. The PDO remains relevant and achievable during project life.

B. *Rationale for Restructuring*

3. The Project is co-financed by AIIB. The AIIB co-financing loan was approved by the AIIB Board on April 4, 2019 and will be effective by July 2019. Amendment to the IDA Financing Agreement is required to extend the co-financing effectiveness deadline of the AIIB loan which is currently set as April 30, 2019. In addition, there is a need to extend the date for submission of the first technical audit report to the World Bank to September 30, 2020 considering the current timeline for implementation of the road works. For the technical audit report for the following years during the project implementation, the recipient shall furnish it to the World Bank by December 15 each year. The World Bank received a formal request from the Ministry of Finance dated April 12, 2019 to amend the Financing Agreement to (i) extend the co-financing effectiveness deadline of the AIIB loan to July 31, 2019 and (ii) extend the date for submission of the first technical audit report to September 30, 2020.

II. DESCRIPTION OF PROPOSED CHANGES



C. Proposed Changes

- 4. The proposed restructuring includes the following changes:
 - a) To extend the co-financing effectiveness deadline of the AIIB loan which is currently set as April 30, 2019 to July 31, 2019 considering the timeline for the effectiveness of the AIIB’s co-financing loan;
 - b) To extend the date for submission of the first technical audit report to September 30, 2020 considering the current timeline for implementation of the road works.

I. SUMMARY OF CHANGES

	Changed	Not Changed
Legal Covenants	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
Results Framework		✓
Components and Cost		✓
Loan Closing Date(s)		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Disbursement Estimates		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓



Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)

LEGAL COVENANTS

Loan/Credit/TF	Description	Status	Action
IDA-62260	Institutional Arrangements (Section I. A, Schedule 2): Recipient to maintain, throughout the Project Implementation period: (a) Project Steering Committee, with a mandate, composition and resources satisfactory to the Association; and (b) Project implementation structures within Ministry of Public Works and Transport (MPWT), with functions, resources and staff in numbers and with terms of reference and qualifications satisfactory to the Association.	Complied with	No Change
IDA-62260	Project Operation Manual (Section I. B, Schedule 2): Recipient to ensure that the project is carried out in accordance with the Project Operations Manual (POM); and not amend, abrogate or waive any provisions of the POM unless the Association provides its prior no-objection thereof in writing.	Complied with	No Change
IDA-62260	Environmental and Social Safeguards: (Section I. F, Schedule 2): Recipient to ensure that the Project is carried out in accordance with the Safeguard Instruments, and not amend, abrogate or waive the Safeguard Instruments or any of their provisions, unless the Association has provided its prior no-objection thereof in writing, and consolidated reports on the status of compliance with the Safeguard Instruments are collected, compiled and furnished to the Association as part of the semiannual progress reports.	Complied with	No Change



IDA-62260	Annual Work Plans and Budgets (Section I. C, Schedule 2): The Recipient to furnish to the Association, no later than November 30 of each year, an annual work plan and budget for the Project for the following Fiscal Year, in a manner and substance satisfactory to the Association, and thereafter implement the activities under the Project during the relevant Fiscal Year in accordance with such plan and budget.	Not yet due	No Change
IDA-62260	Technical Audit (Section I. D, Schedule 2): The Recipient to appoint, by October 15, 2019, an independent technical auditor, with terms of reference and qualifications satisfactory to the Association, and to furnish, not later than December 15 of each year during the Project implementation period, commencing on December 15, 2019, the reports of the independent technical auditor and thereafter take measures, acceptable to the Association, to address the findings and implement the recommendations of such reports.	Not yet due	Revised
Proposed	The Recipient to appoint an independent technical auditor, with terms of reference and qualifications satisfactory to the Association, and to furnish, not later than December 15 of each year during the Project implementation period, commencing on September 30, 2020, the reports of the independent technical auditor and thereafter take measures, acceptable to the Association.	NYD	
IDA-62260	Output and Performance-Based Road Contract (OPBRC) Sustainability Plan (Section I. E, Schedule 2): The Recipient shall adopt, not later than twelve (12) months prior to the Closing Date, a sustainability plan, in form and substance satisfactory to the Association, specifying actions and budget designed to ensure the continued and effective implementation of the OPBRC in the period after the Closing Date, including, inter alia, financial, institutional sustainability, and monitoring and supervision measures to be put in place by MPWT for the full period of the operation and maintenance phase of the OPBRC.	Not yet due	No Change



IDA-62260	Co-financing Deadline (Article 4.01): The Co-financing Deadline for the effectiveness of the Asian Infrastructure Investment Bank (AIIB) Co-financing Agreement is April 30, 2019.	Not yet due	Revised
Proposed	Co-financing Deadline (Article 4.01): The Co-financing Deadline for the effectiveness of the Asian Infrastructure Investment Bank (AIIB) Co-financing Agreement is July 31, 2019.	NYD	