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OFFICIAL DOCUMENTS

LA - Road Sect

Supplemental Letter 2

LAO PEOPLE'S DEMOCRATIC REPUBLIC
LAO ROAD SECTOR PROJECT

August 8 , 2012

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

Re: Original Grant No. H547-LA
Additional Financing Grant No. H789-LA
(Amending and Restating Financing Agreement and Providing Additional Financing for the Road Sector Project)
Performance Indicators

Dear Sir/ Madame:

We refer to paragraph A.1, of Section II to Schedule 2 to the Financing Agreement between the Lao People's Democratic Republic and the International Development Association; and (ii) paragraph A.1 of Section II of the Schedule to the Project Agreement of even date herewith between the Association and the International Development Association both for the Lao Road Sector Project concerning Performance Indicators.

We hereby agree that the Performance Indicators to monitor and evaluate the carrying out of the Project and the achievement of the objectives thereof are those set forth in the Annex to this letter.

Please confirm the agreement on behalf of the Association to the application of these Performance Indicators by signing the form of confirmation below.

Very truly yours,

LAO PEOPLE'S DEMOCRATIC REPUBLIC

Authorized Representative

CONFIRMED:
INTERNATIONAL DEVELOPMENT ASSOCIATION

By: Yoshiko Miwa

Authorized Representative

Results Framework

Revisions to the Results Framework		Comments/ Rationale for Change
PDO		
Current	*Proposed*	
(a) To improve road services on two main national corridors and the provincial road network, (b) to rehabilitate the roads damaged by Typhoon Ketsana, and (c) to establish and operationalize a contingency fund for quick disaster response in the road sector.	No changes are proposed	The current PDO is relevant and achievable
PDO indicators		
Current (PAD)	*Proposed change**	
Vehicle travel time on upgraded road reduced by 40%	Revised. Vehicle travel time on upgraded NR1B reduced by 40% Vehicle travel time on upgraded NR6A reduced by 50%	Split into two indicators to reflect revised end target values in time savings on NR6A due to construction of Nam Ma Bridge
At least 26,500 people (49% female) mostly living by the roadside will be served by paved road along NR1B and 6A	Continued	
Share of provincial road network in good and fair condition (by Lao standards) increased from 46% to 64%	Revised. Share of provincial road network in good and fair condition increased from 46% to 65%	Revised end target to reflect scale up
About 60% of the Typhoon Ketsana damaged roads repaired and improved	Completed	Target of 55% has been achieved; the remaining 45% was taken up by government and other sources of funding
A contingency fund established for quick restoration of passability and safety of disaster affected national and provincial roads	Revised: Standard operational procedures for the management of the emergency contingency fund established	Original indicator achieved. Revised indicator captures scaling up
Intermediate Results indicators		
Current (PAD)	*Proposed change**	
171km National Roads (NR1B and 6A) upgraded as per specifications	Revised. 171km National Roads (NR1B and 6A) upgraded with disaster resilience standard	Revised to reflect scale up
About 1,600 km of provincial roads preserved through periodic maintenance	Revised. About 2,100 km of provincial roads preserved through periodic maintenance	Revised to reflect scale up

Revisions to the Results Framework		Comments/ Rationale for Change
Road safety facilities acquired and installed as per specifications	Revised. Road safety facilities acquired and installed as per specifications Number of Police officers, local authorities, communities and teachers and students trained on road safety measures	Revised to reflect scale up
Knowledge and practical experience acquired on transport sector strategic planning and management National plan updated and expanded	Continued	
Enhanced knowledge and practical experience on safeguard management Country systems used for EA and staff trained	Continued	
Acquire knowledge and experience on internal control Internal audit function established and functional	Continued	
Knowledge enhanced and practical experiences gained on fiduciary management and contract management at the provincial level	Continued	
About 1,100 km of Ketsana damaged roads repaired and improved as per specification	Completed	Target achieved
Length of time between declaration of disaster and the first payment to contractors for emergency works shortened	Continued	
PPP Unit established	New Indicator	

*** Indicate if the indicator is Dropped, Continued, New, Revised, or if there is a change in the end of project target value**

REVISED PROJECT RESULTS FRAMEWORK

Project Development Objective (PDO): (a) To improve road services on two main national corridors and the provincial road network, (b) to rehabilitate the roads damaged by Typhoon Ketsana, and (c) to establish and operationalize a contingency fund for quick disaster response in the road sector.

The PDO remains unchanged under Additional Financing

PDO Level Results Indicators[1]	Core	UOM[2]	Baseline Original Project Start (2010)	Progress To Date (2012)[3]	Cumulative Target Values[4]				Frequency	Data Source/ Methodology	Responsibility for Data Collection	Comments
					2014	2015	2016	2017				
1. Vehicle travel time on upgraded NR1B reduced by 40%	☐		(109km): 5 hours;	0%	20%	30%	40%	40%	Annual	Project progress report and National Road Survey	DPC/DOR	
2. Vehicle travel time on upgraded NR6A reduced by 50%	☐		(62 km): 3 hours	0%	20%	30%	40%	50%	Annual	Project progress report and National Road Survey	DPC/DOR	
3. At least 26,500 people (49% female) mostly living by the roadside will be served by paved road along NR1B and 6A	☐	Number	0	0	13,000	At least 26,500 (51% female)	At least 26,500 (51% female)	At least 26,500 (51% female)	Annual	Project progress report and sampling survey	DPC/DOR	
4. Share of provincial road network in good and fair condition (by Lao standards) increased from 46% to 65%	☐		46%	58%	64%	64%	64%	65%	Annual	Progress report and Annual Asset Report	DPC/DOR	
5. Standard operational procedures for the management of the emergency contingency fund functional	☐	Text	Fund established	0	functional	functional	functional	functional	Annual	Project progress report	DPC/DOR/DPWT	

[1] **Please indicate whether the indicator is a Core Sector Indicator (for additional guidance – please see http://coreindicators).**
[2] **UOM = Unit of Measurement.**
[3] **For new indicators introduced as part of the additional financing, the progress to date column is used to reflect the baseline value.**
[4] **Target values should be entered for the years data will be available, not necessarily annually. Target values should normally be cumulative. If targets refer to annual values, please indicate this in the indicator name and in the "Comments" column.**

Beneficiaries[5]												
Project beneficiaries,	☒	Number				147,600		309,400				
Of which female (beneficiaries)	☒	Number				75,276		157,794				

Intermediate Results and Indicators

Intermediate Results Indicators	Core	Unit of Measurement	Baseline Original Project Start (2010)	Progress To Date (2012)	Target Values				Frequency	Data Source/ Methodology	Responsibility for Data Collection	Comments
					2014	2015	2016	2017				
Intermediate Result 1: Network Improvement and Preservation												
1. *171 km of national roads (NR1B&6A) upgraded with disaster resilience standard*	☐	km	0	30	80	171	171	171	Bi-annual	Project progress report	DPC/DOR	
2. About 2,100 km of provincial roads preserved through periodic maintenance	☐	km	0	1,011	1,415	1,600	1,900	2,100	Bi-annual	Project progress report	DPC/DOR	
3. Road safety facilities acquired and installed as per specifications	☐	Text	0	Need identified	Goods procured	Installed	Fully installed	Fully installed	Annual	Project progress report	DPC/DOT	
4. *New.* Police officers, local authorities, community members and teachers and students exposed to road safety training and awareness raising activities in 3 pilot provinces	☐	Number		0	100	200	300	300	Annual	Project progress report	DPC/DOT	
Intermediate Result 2: Institutional Strengthening												

[5] **All projects are encouraged to identify and measure the number of project beneficiaries. The adoption and reporting on this indicator is required for investment projects which have an approval date of July 1, 2009 or later (for additional guidance – please see** http://coreindicators**).**

Intermediate Results and Indicators

Intermediate Results Indicators	Core	Unit of Measurement	Baseline Original Project Start (2010)	Progress To Date (2012)	Target Values				Frequency	Data Source/ Methodology	Responsibility for Data Collection	Comments
					2014	2015	2016	2017				
5. Knowledge and practical experience acquired on transport sector strategic planning and management	☐	Text	First sector planning produced	Strategic plan updated and expanded		Strategic Plan updated and expanded		Strategic Plan updated and expanded	Annual	Project progress report	DPC/PTI	
6. Country systems used for EA and staff trained	☐	Text	Country system just piloted and only a few staff trained	Training provided to 119 provincial and district engineers	169 provincial and district engineers received ESOM training	200 provincial and district engineers received ESOM training	230 provincial and district engineers received ESOM training	260 provincial and district engineers received ESOM training	Annual	Project progress report	DPC/PTI	
7. Acquire knowledge and experience on internal control	☐	Text	Internal control function non existent	Internal control unit established	internal audit report produced	internal audit report produced	Annual internal audit report produced	Annual internal audit report produced	Annual	Project progress report	DOI	
8. Knowledge enhanced and practical experiences gained on fiduciary management and contract management at the provincial level	☐	Text	Capacity development program not started	3-year training Program prepared 2011-13 and 390 people trained	At least 450 people trained	At least 600 people trained	At least 750 people trained	Capacity development program completed	Annual	Project progress report	DPC/DPWT's	
9. *New.* PPP Unit established	☐	Text		Not established	Established	Operational	Operational	Operational	Annual	Project progress report	DPC	
10. *New.* Feasibility study for two PPP pilot road sections						completed						

Intermediate Results and Indicators												
Intermediate Results Indicators	**Core**	**Unit of Measurement**	**Baseline Original Project Start (2010)**	**Progress To Date (2012)**	**Target Values**				**Frequency**	**Data Source/ Methodology**	**Responsibility for Data Collection**	**Comments**
					2014	**2015**	**2016**	**2017**				
Intermediate Result 3: Disaster Recovery and Contingency												
10. Length of time between declaration of disaster and the first payment to contractors for emergency works shortened[6]	☐	Text	Time of payment delayed for up to 2 years	Typhoons Haima &Noktenhit Laos in July 2011; expected payment by mid of 2012; about 12 months, a reduction of 50%	Time of payment shortened by less than 6 months	Time of payment shortened by less than 6 months	Time of payment shortened to less than 6 months	Time of payment shortened to less than 6 month	Annual	Project progress report	DPC/DOR	

[6] Target to be measured only if the Emergency Contingency Fund is triggered.