



## Project Summary Information

Date of Document Preparation: December 2, 2022	
<b>Project Name</b>	Thanaleng Dry Port
<b>Document Code</b>	P000700
<b>Country</b>	Lao People's Democratic Republic (Lao PDR)
<b>Sector/Subsector</b>	Transport / Ports
<b>Status of Financing</b>	Proposed
<b>Project Description</b>	<p>The project involves financing of development, construction and equipment cost of the Thanaleng Dry Port (dry port) being developed by the Thanaleng Dry Port Sole Co. Ltd. (TDP Co. or the Project Company), in Vientiane, Lao PDR (Project). The Project is an integral part of the Lao PDR government's efforts to transform the land-locked country into a land-linked country. The dry port is strategically located within one km from the Lao PDR-Thailand Friendship Bridge over the Mekong River, the main cross-border trade point between Lao PDR and Thailand and serves as an international border checkpoint and cargo terminal. It is next to the terminus of the Lao PDR-China railway line which has been operational since December 2021. The Project will facilitate trade flows between; (i) China-Lao PDR bilateral trade, (ii) Thailand-Lao PDR bilateral trade and (iii) China-Thailand (via. Lao PDR) transit trade. The Project is expected to offer access to advanced logistics services including multimodality, trans-shipment and value-added services with potential cost and time savings. The Project has been partially operational since December 2021 and is expected to be fully operational by the end of 2022.</p> <p>The Project is developed by Sitthi Logistics (Sponsor), part of the Phongsavanh Group, a diversified Laotian business conglomerate. In July 2020, the Government of Lao PDR awarded a 50-year concession to Vientiane Logistics Park Co. Ltd. (VLP Co.), a special purpose vehicle established by the Sponsor to develop an integrated logistics park in Vientiane, which includes the development of the dry port and a multi-service logistics park. AIIB's proposed financing will be used to finance only the dry port which is being developed by TDP Co., a subsidiary of VLP Co.</p>
<b>Objective</b>	The objective of the Project is to promote cross-border trade of Lao PDR with its neighboring countries such as Thailand and China.
<b>Expected Results</b>	The expected results would measure; (i) increased cargo throughput (MMT; million metric ton) and (ii) increased container throughput (TEU; twenty-foot equivalent unit).

<b>Environmental and Social Category</b>	<p>Category B</p> <p>The Project will be co-financed with the International Finance Corporation (IFC) as a lead co-financier. IFC has categorized the Project as Category B (equivalent to Category B if AIIB's Environmental and Social Policy (ESP) were applicable) as the Project is expected to have potential adverse Environmental and Social (ES) risks and/or impacts that are limited in scale, few in number, generally site-specific and readily addressed through mitigation measures, by adhering to good international industry practice and the ES Action Plan (ESAP).</p>
<b>Environmental and Social Information</b>	<p>The Project's ES risks, and impacts have been assessed in accordance with IFC's Environmental and Social Sustainability Policy (ESSP) and related Performance Standards (PS). To provide for a harmonized approach to address the ES risks and impacts of the Project, and as permitted under AIIB's ESP, IFC's ESSP and relevant PS will apply to the Project in lieu of AIIB's ESP including AIIB's Environmental and Social Exclusion List (ESEL) and the relevant Environmental and Social Standards (ESSs).</p> <p>The Sponsor has prepared an Environmental Social Impact Assessment (ESIA) per national regulation for project permitting. To bridge the gaps of the ESIA with IFC PS requirements, the Project Company has further prepared supplemental ESIA, Land Review, and Environmental and Social Management and Monitoring Plan (ESMMP), including: the definition of the project area of influence, integrating the baseline studies with biodiversity and ecosystem services, waste and wastewater generation, a socio - economic baseline including land use history and rights, and a review relevant to potential for historical pollution; updating the assessment of adverse impacts and risks and the identification of technically and financially feasible and cost effective measures to manage and mitigate potential impacts; development of a supplemental ES management and monitoring framework to detail monitoring measures and indicators, timeframes for implementation of the planned activities and responsibilities for the management and monitoring measures identified.</p> <p>The land required for the dry port development is 55 hectares which was acquired through a government-led resettlement process initiated in 2014. The affected people were resettled in 2014-15 prior to the award of the concession by Government of Lao PDR in 2020. Nevertheless, the Sponsor will develop and implement a Supplemental Resettlement Action Plan (SRAP) for the resettlement undertaken both for the dry port and access road to meet compliance with IFC PS5.</p> <p>As lead co-financier, IFC has also engaged an independent consultant for an Environmental and Social Due Diligence (ESDD) and Labor Audit. The ESDD made recommendations for the implementation of environmental and social plans and</p>

	<p>actions for the Project Company and this Project. Based on the ESDD, IFC has developed the Project Environmental and Social Review Summary and ESAP, disclosed by IFC on its website, together with project regulatory ESIA, supplemental ESIA, Land Review, and ESMMP: <a href="#">Disclosure - VLP Dry Port (ifc.org)</a>.</p> <p>The Sponsor has developed an HR policy and an employee handbook with its Grievance Redress Mechanism (GRM) accessible to the external stakeholders and the workers of EPC contractors. As part of the ESAP, the Sponsor will widely disclose the GRM in an appropriate manner to the surrounding communities and ensure Project-affected Peoples (PAPs) impacted by the land acquisition for the Project will be able to lodge grievances and have them resolved by the Sponsor. The Project team will assess performance of existing GRM during project appraisal.</p> <p>The Bank's ES specialist will review prepared ES instrument and documentation as well as the performance assessment of existing GRM and follow up with the Sponsor on the ESAP implementation and additional ESAP, if needed. The Project Team will discuss with IFC and the Sponsor on the monitoring and supervision arrangement of the Project.</p>	
<b>Cost and Financing Plan</b>	The total cost of the Project is USD86 million. AIIB's proposed senior loan is up to USD10 million.	
<b>Borrower</b>	Thanaleng Dry Port Sole Co. Ltd.	
<b>Sponsor</b>	Sitthi Logistics Lao Co. Ltd. and Vientiane Logistics Park Co. Ltd.	
<b>Estimated Date of First Disbursement</b>	Q1 2023	
<b>Contact Points</b>	<b>AIIB</b>	<b>Borrower</b>
<b>Name</b>	Prakash Bajoria	Mark Luvant
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<b>Date of Concept Decision</b>	November 2, 2022	
<b>Date of Final Review Decision</b>	To be confirmed	
<b>Date of Financing Approval</b>	To be confirmed	

<b>Independent Accountability Mechanism</b>	AIIB's Policy on the PPM applies to the Project. The PPM has been established by the AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement the environmental and social policies applicable to the Project in situations when their concerns cannot be addressed satisfactorily through the Project-level GRM or the AIIB Management's processes. Information on the PPM is available at: <a href="https://www.aiib.org/en/policies-strategies/operational-policies/policy-on-the-project-affected-mechanism.html">https://www.aiib.org/en/policies-strategies/operational-policies/policy-on-the-project-affected-mechanism.html</a>
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