

March 23, 2016

Signing of Japanese ODA Loan Agreement with Laos: Improving the health conditions for residents while promoting investment in Vientiane which faces a rising water demand

On March 23, the Japan International Cooperation Agency (JICA) signed a loan agreement with the Government of the Lao People's Democratic Republic in Vientiane, the capital city, to provide up to 10.271 billion yen for the Vientiane Capital Water Supply Expansion Project.

In order to improve the water supply services in Vientiane, where the demand for water is growing, this project will expand the Chinaimo water treatment plant located in the southern part of Vientiane and update the facilities for water distribution in the central area of the capital. The funding for this project will be allocated to public works, equipment procurement and expenses for consulting services (construction supervision and the like).

In recent years, the economy of the Lao PDR has grown at more than seven percent per year, and due to the accompanying increase in population and construction of industrial complexes and large business facilities, the demand for water is projected to rise not only for household use but for industry and commerce as well. The Government of the Lao PDR has set a water connection rate goal for Vientiane of 80 percent by 2020, but the current rate there remains at 72 percent and the existing water treatment plants already operate at overload capacity. The water distribution network is also inadequate, resulting in constant water cutoffs. The inability to provide a stable supply of safe drinking water has led to concerns of adverse effects on the health of residents.

Given these circumstances, the Government of the Lao PDR requested financial cooperation for this project to solve this major problem of a water shortage expected to begin in 2020. This project will expand the treatment capacity of the Chinaimo water treatment plant from the current 80,000 cubic meters per day to 120,000 cubic meters.

Japan has provided support for capacity enhancement of the Chinaimo and other water treatment plants in Vientiane through grant aid, and for training support through technical cooperation for engineers working on the operation, management and maintenance of water facilities at the provincial water supply authorities and at the water supply authority in Vientiane. A technical cooperation project currently in progress is the Capacity Development Project for Improvement of Management Ability of Water Supply Authorities, under which technical support is being deployed to strengthen the management capacity of the Vientiane Capital Water Supply State Enterprise that handles the operations, management and maintenance of the Chinaimo water treatment plant.

This project is being implemented in coordination with other Japanese support to ensure a stable supply of water in Vientiane, and it is expected that the living environment will be healthier for residents and that the project will encourage private investment.

Reference

1. Terms and Amount of Loan

Project title	Amount (million yen)	Annual interest rate (%)		Repayment period (years)	Grace period (years)	Procurement
		Project	Consulting services			
Vientiane Capital Water Supply Expansion Project	10,271	0.70	0.01	30	10	General untied

2. Executing Agency

Department of Public Works and Transport in Vientiane Capital

Address: Sethathirath Road, Ban Kaoyot, Sisattanak District PO Box 2787, Vientiane Capital, Lao PDR

Phone: +856-21-212629

Fax: +856-21-252690

3. Planned Implementation Schedule

(1) Completion of project: April 2021 – when the facilities are put into service

(2) Issuing of letters of invitation for consulting services (including detailed design work): June 2016

(3) Tender announcement of initial procurement package for international competitive bidding on project construction:

Procurement package titles:

Civil Works

Procurement of Electrical/Mechanical Equipment

Release date: August 2017



Signing ceremony