

Round Table Implementation Meeting (2019) Public works and Transport Sectoral Progress Report

| Sector outputs and activities | Progress | Challenges and opportunities |
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| A. Sectoral thematic substantive area | | |
| 1. Actions/activities relating to the RTIM key recommendations | | |
| OUTCOME 1 - ECONOMIC DEVELOPMENT | | |
| Structural economic transformation towards sustainable, long-term growth – targeting non-resource-based diversification | <p>Increased emphasis on role of transport in driving stock effects of economic growth. Move towards a more multi-modal transport network with on-going investment (LCR) and development plans for new rail lines.</p> <p>The ongoing GMS towns development and environmental improvement projects (in partnership with ADB and other partners) is progressing well and will advance development of local economies in target towns and cities along GMS corridors thus creating jobs in the service as well as other non-farm sectors.</p> <p>Development of the Logistics sector building on the Lao Logistics Strategy (published October 2018) and the World Bank rail study “From Land-locked to land-linked: Maximizing the Development Impact of Lao-China Rail Connectivity” (July 2019).</p> | <p>Need to capture the economic benefits of LCR a given its potential to transform economies in the vicinity and connected to the rail corridor including value added industrial developments and tourism.</p> <p>Development of rail operational capability and expertise.</p> <p>Some coordination issues relating to provincial and community financial contributions. Natural disasters have impeded implementation of some projects. Additional funding required to expand the projects to cover wide ranging components for other towns along the corridors.</p> <p>An opportunity exists to develop Laos as a transit hub for the sub-region creating centres of production and services for domestic and international markets that capitalise on enhanced connectivity. This includes establishing logistics parks, ensuring regional connectivity improvements support expansion of agriculture, minerals and forestry processing industries and trade service sectors.</p> |

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| | <p>Continued progress towards construction of 3 new ports in the northern Lao such as Xieng Kok, Pakbeng and Khok Chong Ang port and development of existing ports in eastern Vietnam</p> | <p>There is a need to develop master plans for land development at sites that benefit from improved accessibility to sub-regional markets afforded by the LCR and other strategic investments.</p> <p>Other challenges include strengthening the Lao logistics sector (building leadership, capacity and ambition) and reducing the unit cost of haulage such that lao companies can provide good quality, reliable and price efficient services, developing transshipment services and improving trade openness, ease of doing business and trade facilitation.</p> <p>Lack of budget for operations and maintenance for future years</p> |
| <p>Quality, efficiency and safety of the infrastructure, power, and water resources</p> | <p>Climate resilient road maintenance through LRSP2 continues to be advanced with output performance based road maintenance contracts being extended from N13 north to N13 south</p> <p>Road safety identified as a growing problem with a range of engineering, regulatory, training and educational measures being pursued</p> <p>Development of an Inland Waterway Master Plan, Development plan for international navigation of the Lancang-Mekong River and a River Transport Strategy connecting multi-modal transport logistics system. (MOU signed with Ministry of Oceans Maritime and Fishery).</p> <p>Continued development of flood risk management, river bank protection, safety and navigation regulatory measures .</p> | <p>Need to upgrade road standards to ASEAN Class 3 and enforce axle load limits to avoid damage. Further scope to build on output based performance contracts to further involve the private sector.</p> <p>With growing car use then high rate of road traffic accidents and fatalities needs to be arrested.</p> <p>Funding required for waterway sub-sector projects to meet short, medium and long term recovery needs.</p> <p>Cooperation needed between authorities regarding customs, immigration, quarantine.</p> |

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| | Urban development strategy and investment plan are under review with assistance from ADB. Emphasis on improving infrastructure to improve accessibility and congestion in many towns | Need to address increasing traffic congestion in urban areas and develop urban public transport and traffic management. Scope for JICA to extend support for capacity strengthening in urban transport to other areas of urban management |
| Connectivity and integration | <p>Continued progress through ASEAN to achieve significant improvements in regional connectivity. Infrastructure developments, in compliance with the ASEAN Connectivity 2025 with many multi-lateral agreement co-operation frameworks in place covering road, rail, air, waterways, logistics and cross-border facilities.</p> <p>Multi-lateral and bi-lateral agreements with China, Vietnam and Thailand have been advanced with to upgrade and establish international standard routes that form part of the GMS priority economic corridors including upgrading north-south N13 (AH 12). LCR is over 81% complete bringing huge benefits in terms of access to markets for northern Provinces in the vicinity of the line A move towards a more multi-modal approach in which the optimum mix of modes is pursued to reduce reliance on over-reliance on roads.</p> <p>Draft framework agreement for cross-border railway transport connectivity in the GMS (2016-2019), framework for Seamless Operation of the Singapore Kunming Rail Link and Agreement on LCR in preparation.</p> <p>GMS Cross Border Trade Agreement: The Early Harvest implementation has been launched to allow movements of registered goods and non-scheduled vehicle with permits</p> | <p>Need for systematic prioritisation of corridors based on the economic growth potential and mix of modes that best provide reliable and sustainable levels of connectivity.</p> <p>Selection and development of reliable, international standard transport corridors in GMS economic corridors will need to draw on ODA and private sector funding and hence prioritising the corridors will need to take account of ASEAN GMS priority economic corridors, development partners priorities and foreign investors appetite including privately funded BOT schemes.</p> <p>A strategic road network that is consistent with ASEAN priorities will need to be built to international standards ensuring that it can carry higher axle loads. The programme will need to include supporting projects necessary to provide a level of service to support international transport operations in prioritised corridors, connecting areas of production and consumption and facilitating inter-modal transport providing transshipment, distribution centres and logistics parks.</p> <p>Provides the opportunity to develop global supply chains and attract foreign direct investment and private sector participation in Lao logistics</p> |
| OUTCOME 2 – SOCIAL DEVELOPMENT | | |
| Tackling rural poverty and | Continued improvements in the quality of housing | Need to develop and apply systematically (through the Road |

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| <p>inequalities</p> | <p>(including sanitation facilities) through design standards and maintenance. Continued improvement in water supply provision Maintaining and rehabilitating rural roads to provide access to vital education, health and social services</p> | <p>Management System) a means of prioritising Road Fund taking into account network criticality based on social as well as economic impacts of roads not passable the whole year. Scope to improve rural road access to economic corridors to allow rural communities to share benefits.</p> |
| <p>OUTCOME 3 – ENVIRONMENTAL DEVELOPMENT</p> | | |
| <p>Post-disaster needs assessment.</p> <p>‘Build back better’ principle; and</p> <p>Climate change adaptation and natural disaster management across all sectors and into provinces</p> | <p>An updated sector strategy is being prepared in parallel with formulating the next MPWT 5 year plan. Climate resilience is highlighted as one of 6 pillars underpinning the sector vision and strategy and signals the commitment to mainstreaming climate resilience and sustainable green growth as an integral part of planning, designing, constructing, operating and maintaining infrastructure such that it is better able to withstand and respond to climatic events and natural disasters and avoid degradation of the natural environment.</p> <p><u>Climate resilience will be promoted as an explicit goal in the next 5 year plan:</u> “Improve the quality and resilience of infrastructure development for climate resilience to ensure public works and transport networks are built and maintained to standards that provide safe and reliable facilities in all weathers. Develop means for coping with natural disasters and recovery mechanisms in a timely manner.”</p> <p>Within the PWT sector climate resilience is currently being advanced through:</p> <ul style="list-style-type: none"> • A transport climate resilient action plan • A programme of climate resilient road maintenance <p>Road Design Manual, Standard Specification and Road</p> | <p>Mainstreaming climate resilience requires a series of actions to operationalize the policy across all sub-sectors.</p> <p>This is a strategic opportunity to reduce future spend on maintaining, rehabilitating existing assets and to significantly reduce the damage and lost economic contribution of infrastructure investment.</p> <p>Specific challenges and actions requiring investment, capacity development and technical support include:</p> <ul style="list-style-type: none"> • Identify a climate resilience policy in line with sub sector strategy which focusing on prioritise key areas under PWT sector. • Develop a sub sector climate resilience management plan. • Plan and manage the public works and transport sector effectively to deliver a safe, sustainable, climate resilient high performing sector in full compliance with regulations, national goals and Sustainable Development Goals (SDGs) by building capacity in terms of funding, human resources, research and development and management procedures. • There is an increasing gap between the funds required to maintain the network and that available through the Road Fund. • Diversify the sources of funds from government, |

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| | <p>Maintenance Procedures have been completed incorporating disaster risk management and climate resilience in to the design and quality control.</p> <p>Work on Vulnerable Mapping for land slide and flooding is in preparation. Also on-going is incorporating climate change into the Road Management Tools (RMS and PROMMS) together with a tool for prioritising road network planning.</p> <p>Consulting services for a World bank funded Overloading Control Study and Truck Terminal Strategy and Action Plan Development is in the process of being procured.</p> | <p>development partners and financial institutions to enable a climate resilience policy in line with sector and national policy.</p> <ul style="list-style-type: none"> • Develop climate resilient co-ordination mechanisms with line agencies and Provinces for emergency responses and alert systems. • Develop a Climate Resilience Management Plan Working team with effective links with other relevant ministries – such as MPI, MoNRE, MAF – at all levels. • Develop a mandatory Climate Resilience Management Plan at DPWT and as well as central level • Undertake appropriate climate and resilience related research focussed on the specific environments in Lao PDR particularly survey and data collection and design hazarded map and prioritise key areas for road network and land slide, city development, river bank protection, drainage and urban transport. • Develop planning and technical manuals for climate resilience setting out robust standard operating procedures and ensuring non-infrastructure and less costly solutions are considered. • Develop a programme of capacity building in the application of climate resilience procedures and the climate resilience management plan at all levels within the MPWT and other relevant ministries and local authority including human resource development, knowledge management and IT systems, decision-making procedures, laws and regulations. |
| <p>2. Other substantive actions/activities relating to</p> | | |

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| overall sectoral strategies to support 8th NSED and preparation of 9th NSED | | |
| Development of the Public works and transport strategic planning capability | <p>A draft long-term policy framework has been developed for the public works and transport sector with recommendations on how MPWT should strengthen its approach to strategic planning</p> <p>This has informed the development of the next 5 year sector plan and updated sector 10 year strategy.</p> <p>MPWTs' strategic planning approach now includes:</p> <ul style="list-style-type: none"> • More evidence based planning • A set of consistent and cohesive goals, management enabling objectives, policy principles common to the 5 year plan and 10 year strategy and supporting the sector vision • A multi-modal and integrated approach to transport policy • Adoption of programmes to deliver goals rather than a long list of projects • Recognition of the need for a systematic approach to prioritisation, including appraisal of economic benefits, environmental and social impacts of major investments • Development of a dashboard for decision-makers to easily monitor overall progress towards sector outcomes • A systematic approach to data and information management | <p>Implementation plan (a road map) to be prepared for embedding the policy framework in how the PWT sector plans in the future.</p> <p>A major challenge is the need to strengthen the sectors strategic planning capability and capacity.</p> <p>Continued technical support from development partners will help determine capacity development actions across:</p> <ul style="list-style-type: none"> • Institutions, leadership, remits, responsibilities and accountabilities • Technical capability, tools and business processes • Organisational responsibilities, culture, collaborative processes • Human resource development <p>There is an opportunity to strengthen DPC's role as a co-ordinating, lead planning and strategizing role.</p> |
| B. Communication and outreach activities with the sector and across Sector | <p>Stakeholder engagement is highlighted as an essential part of decision-making within the public works and transport long-term policy framework. An outcome and programme approach to strategic planning is recognised as requiring</p> | <p>A focus on regional inter-urban, urban, rural functions rather than purely separate modes of the transport system will necessitate different Divisions and Departments working together in formulating plans.</p> |

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| <p>Working Groups</p> | <p>departments and government agencies to work together to deliver shared goals. In preparing the 5 year plan and in developing the draft long term sector policy framework, Departments have been involved in workshops and hence are being included in the means by which MPWT strengthens its approach to strategic planning.</p> <p>A greater focus on overall economic, social and environmental goals necessitates greater joint working across ministries for example the LCR, whilst a transport project requires joint working with ministries responsible for industrial development, land management etc and with Provinces in developing master plans to capture the full economic benefits.</p> <p>MPWT has forged productive bi-lateral and multi-lateral neighbouring government partners through the auspices of ASEAN and regional high-level summits and discussions.</p> | <p>Whilst this can add a level of complexity it will provide a more integrated approach to planning.</p> <p>Beyond the immediate preparation of the next 5YP MPWT Further engagement will be necessary with stakeholders to determine sector specific approaches to meeting MPI guidelines for project appraisal and in developing simplified versions of project assessment sheets. Involvement of departments and other agencies in this process should achieve greater compliance and ownership of the need to justify investments.</p> <p>Engagement with Provinces and Districts to ensure sector goals and SDGs are localized.</p> <p>Regular dialogue will be necessary during the plan period not only to enable a more complete mid-term review but to ensure Departments are taking actions to overcome any bottlenecks to progress.</p> <p>Engagement with development partners and international investors is equally important given the need to draw on ODA support for investment programmes. The more MPWT explains and shares its priorities with development partners the more opportunity there is for development partners to develop their own funding programs to be aligned.</p> <p>Need to increase participation of the private sector for funding, development of logistics, responsibility for climate resilience and innovation.</p> |
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| <p>C. Cross-Sectoral thematic</p> | | |

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| areas applied to all SWGs | | |
| 1. Partnership for effective development co-operation (in accordance with VDCAP 2016-25) | <p>Specific areas where the sector is implementing actions in accordance with VDCAP include:</p> <ul style="list-style-type: none"> • Clearly setting the next 5 year plan within the national legal and financial framework • Adopting a programme based approach to deliver sector goals in line with 9th NSEDP targets • Adopting a multi-year budget framework approach • Seeking greater participation from private sector in building and operating infrastructure • Regular engagement and co-operation with development partners to promote and share priorities | |
| 2. Innovation and technology | <p>Sub-sectors are promoting the use of innovative technologies including electric buses, waterway navigation systems.</p> | <p>More focus to be given to innovative technologies as part of the next 5 year plan. Scope to apply new technologies and need to develop an ICT platform for managing more complex business processes and workload.</p> |
| 3. Promoting gender equality and women's empowerment and accelerating the adoption and implementation of the National Youth Policy | <p>Departments are following government guidelines. Gender quality, the advancement of women and vulnerable groups is being greatly emphasised in projects. Within Housing and urban development sub-sector all projects contain an element to promote and address the issue. The 5 year plan will include an action to ensure public transport is inclusive with the necessary security facilities to allow women and vulnerable groups to feel safe</p> | <p>Perceived safety of women and vulnerable groups to use of public transport and LCR in particular needs to be addressed for forthcoming new rail services. Need to ensure accessibility for all groups to public transport services. Scope to train and employ women and vulnerable groups as part of the human resource capacity development necessary to deliver a modern public works and integrated multi-modal transport system for Laos.</p> |