



**LAO PEOPLE’S DEMOCRATIC RESPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY**

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Ministry of Public Works and Transport
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No..... / MPWT-DPC
Vientiane Capital, date

**The 12th Infrastructure Sector Working Group (ISWG) Meeting
Friday 1st November, 2019
Ministry of Public Works and Transport, Vientiane, Lao PDR**

Minutes of the Meeting

I. Introduction

The 12th Infrastructure Sector Working Group (ISWG) Meeting was held on 1st November, 2019 in Ministry of Public Works and Transport (MPWT), Vientiane Capital, Lao PDR. The meeting was chaired by H.E. Dr. Bounchanh SINTHAVONG, Minister of MPWT, and co-chaired by H.E. Keizo Takewaka, Ambassador of Japan to Lao PDR, Mr. Yasushi Negishi, Country Director, ADB; and Mr. Sombath Southivong, Senior Infrastructure Specialist, World Bank. The participants included representatives from all departments of MPWT, line ministries, namely, MOIC, MONRE, MPI, MOF, MOFA, Government Working Groups and also representatives from development partners including World Bank (WB), Asian Development Bank (ADB), European Union, Japanese Embassy, JICA, Vietnamese Embassy, Chinese Embassy, Korean Embassy, Thai Embassy, German Embassy, (through KfW), Australian Embassy, French Embassy and international organisations (The list of participants is attached as Annex 1).The objectives of the meeting were to: (1) review the progress of the implementation of 8th five-year sector development plan including issues and challenges faced; and (2) discuss ways forward to overcome issues and challenges.; (The Meeting Agenda is attached as Appendix 1).

The aim of the meeting was to support the implementation of the 8th National socio- Economic Development Plan (2016-20) and to shape the contents and means of delivering the 9th National Socio-Economic Development Plan (2021-25).

H.E.Dr. Bounchanh Sinthavong, Minister of MPWT, Chair of the 12th ISWG meeting, and co-chairs, in their opening remarks, highlighted key sector issues as follows:

Good progress has been made in implementing the existing Sector five-year Development Plan. Laos has a strategic position in the Greater Mekong sub-region. This is reflected in the development of agreements on trade facilitation and economic corridors with neighboring countries and ASEAN. Through the joint venture with Chinese partners the Lao –China railway has the potential to transform

regional connectivity. Over the last year increasing emphasis has been placed on the management and rehabilitation of assets following natural disasters. A climate resilience policy that mainstreams Climate Resilience across the whole of the transport sector has been developed.

Laos is at a critical stage in its development with opportunities to develop from a land-locked to a land-linked country at the heart of the sub-region.

However, Laos has to manage a number of challenges including:

- Managing existing infrastructure and assets to be climate resilient and sustainable thereby reducing the expensive process of rehabilitation and repair.
- Working within the fiscal space constraints
- Developing the capacity of the sector to modernize, attract private investment and introduce more transparent decision-making processes in order to seek vital improvements in the logistics sector, safety, water supply and sanitation for rural communities.
- Continued urbanization requiring sustainable solutions to increased traffic congestion, housing quality, waste management and water.

The sector's next five year development plan will set out priority programmes of work. The Lao government is keen to work with development partners to co-ordinate ideas and actions, avoid duplication of efforts and achieve effective delivery.

Three Co-Chairs, emphasized, in their opening remarks, their Government and organisations range of existing cooperation with the Lao government in the public works and infrastructure sector. They highlighted the importance of the sector to Lao's continued development and its important role in the sub-region. The progress being made by Lao PDR was acknowledged and the challenges of achieving sustainable growth, the vulnerability of infrastructure to climate change and providing services to rural areas were appreciated.

II. Presentation Session

Three presentations were given by MPWT officials. Copies of the presentations are contained in Annex 2.

Mr. Sengdarith Kattignasack, Director General, Department of Planning and Cooperation (DPC) presented the ISWG Progress Report. This demonstrated satisfactory progress on the key issues raised at the 11th ISWG in 2018 and significant progress on 5 of the RTIM recommendations from RTIM 2018 and in particular climate resilience. The presentation outlined the steps taken to strengthen strategic planning and raised the importance of scaling up engagement across the PWT departments and agencies and with development partners.

Ms. Vanh DILAPHANH, Deputy Director General, DPC, presented the Overall Concept of the next 5-year Development Plan 2021-2025 and SDGs Targets for the PWT Sector.

This informed of the approach being adopted for the next 5 year development plan for the sector including how this addresses the Lao Government's commitment to Sustainable Development Goals.

Mr. Khamla PHOMMAVANH, Deputy Director General, DPC, presented the Climate Resilience Policy Mainstreaming to PWT Sector Strategy and Plan. This reflects the need and a commitment to becoming more climate resilient in the public works and transport sector with a wide range of actions necessary to reduce the sector's vulnerability.

III. Development Partners Statements and Open Session. (Chaired by H.E. Keizo Takewaka, Ambassador to Lao PDR, Embassy of Japan)

In addition to the areas of activity and collaboration outlined being undertaken by the World Bank and ADB (as summarised by Co-chairs), other development partners summarised the main points made regarding existing cooperation and continued support:

- Sustainable development of roads and bridges, SDG 11, road maintenance staff training (embassy of Japan)
- Mekong River projects, supporting N8 and Laos-Vietnam rail line
- Bi-lateral agreements with Laos on connectivity and infrastructure development to better connect Thailand and Laos with the world, Bilateral agreement in aviation search and rescue, infrastructure development for border Provinces and bridging economic connections (5th Friendship Bridge) (Thailand Embassy)
- Rural roads and water supply (Germany Embassy/KfW)
- Health, education, agriculture and some infrastructure and for private sector on dry port (France Embassy)
- Urban transport in Vientiane with emphasis on capacity strengthening around the urban master plan. The intention is to develop a pilot project for solving congestion in Vientiane in co-ordination with ADB's work on Bus Rapid Transit and determining what should be the public transport for Vientiane in the future? This would then be extended to other aspects of urban management (JICA)
- Water supply – working nationwide with a number of Provinces to develop plans regarding accessing facilities and rehabilitation. Support is extended to human resource capacity development, hardware and software actions (JICA).
- Disaster management – A project is to be started on bridge maintenance with emphasis on quality control, construction management standards and new methods (JICA).
- Waste water management and supporting on climate resilience with further consultation on developing more climate resilient infrastructure and urban planning (Global Green Growth Initiative (GGGI)).
- Housing and waste water management (BORDA).

New areas for cooperation with financing facilities were alluded to by development partners:

- Disaster relief actions: Japan has agreed at G20 meeting to extend support to developing countries based on Japan's own knowledge and experience in managing disaster relief.
- Rural road connectivity to economic corridors: KfW are open to discussions next year on additional funding for projects.
- New SE Asia Infrastructure initiative: Australian government have launched this new initiative and appreciate meetings already held with MPWT. The fund will provide AUD15 m per annum for demand driven projects aimed at implementation and procurement support on policy, regulation, social inclusion and climate change. Laos is likely to be one of 5 priority countries.
- Human Resource development: JICA continuing to support strengthening in a number of sectors and welcomes further collaboration.

Other key points made:

- Sub-regional Infrastructure projects not only improve connectivity but by so doing they improve the flow of knowledge.

- It is important to engage the private sector including reaching out to the Chambers of Commerce. Co-ordination is required between private sector trade and public sector policy and working groups.
- For infrastructure to reach its full potential and to drive growth there is a need also for reform, planning, prioritisation and implementation of trade reforms. This requires cross-sector working between Ministries.
- Mechanisms beyond the ISWG meetings are needed for Development Partners to co-ordinate with other Development Partners.
- Improved climate resilience can be achieved not just through infrastructure and more cost effective actions to reduce disaster risks should be explored. For example the “making room for the river” approach used in Europe where land is allocated for flooding should be considered.
- Climate resilience is not only the responsibility of government but also the private sector.
- There is a need to localize SDGs embedded them at the Provincial and local level.
- Ministry of Labour and Social Welfare highlighted the need for infrastructure design (eg rail and bus stations) to ensure accessibility for all including people with a disability and the elderly. A new law requires this.

IV. Wrap up and Closing session

H.E. Dr Bounchanh Sinthavong, Minister of MPWT, Chair of the meeting invited the 3 co-chairs to provide their closing remarks. All expressed their appreciation for excellent presentations and an efficiently managed meeting.

H.E. Takewaka, Ambassador to Lao PDR, Embassy of Japan concluded that all share the SDGs and policy goals together with the importance of mainstreaming climate resilience and capacity development. To achieve sustainable and social economic development there is a need to translate these policies into real actions on the ground. The Embassy of Japan is looking forward to contributing to this.

He noted also that donors are keen on sustainable development but requested that MPWT identify specific needs and to manage greater engagement with donors to meet these needs. Further meetings will be a useful mechanism.

Mr Negishi, Country Director, ADB welcomed MPWT’s efforts to enhance co-ordination in Government and with development partners. Adopting medium-term budgetary framework for the next 5 year plan for infrastructure will further assist co-ordination and ADB should be able to offer technical assistance.

ADB welcomes continued investment in training of technical and management staff MPWT. This should enable MPWT to increase human resource capacity without having to spend a large proportion of budget on hiring external consultants.

Infrastructure requires co-ordination across sub-sectors and Ministries. ADB are keen to support and help achieve this co-ordination in Laos through its multi-sector financing facility.

Mr Southivong, Senior Infrastructure Specialist, World Bank noted that the strategy and policy framework upstream work represents a successful milestone. However, the challenge is now about moving forward to develop and then implement concrete action plans that deliver the benefits of the upstream work. The upstream work needs to be institutionalized and embedded into Ministry departments.

An efficient implementation platform is needed in which technical assistance and financing work in tandem under MPWT leadership. Sub-sector working groups are advocated to go into technical issues and to make sure specific issues are overcome and implemented.

There is a risk that as the work complexity grows it will be difficult to manage within existing business processes and with existing technology. An ICT platform is likely to be necessary in order to move to a more online system and make business processes more efficient.

Monitoring and evaluation will be important in order to understand if actions are on-track. A sub-sector working group can further enhance MPWT's approach.

Closing Remarks by H.E. Dr Bounchanh Sinthavong, Minister of MPWT, Chair of the meeting
After the development partner statements and open discussion, H.E. Dr Bounchanh Sinthavong, Minister of MPWT, Chair of the meeting, wrapped up the meeting. He noted that the meeting had a fruitful discussion covering the many important sectoral issues raised by the presentations and by the DPC officials, the co-Chairs, development partners and all participants.

He acknowledged the positive feedback from development partners on the progress achieved, the enhanced approach to preparing the next 5 year development plan and the commitment to mainstream climate resilience in the PWT sector. He noted however, that the challenges and opportunities facing the sector require greater co-ordination across government and development partners.

The Secretariat of the meeting will prepare a minute of the meeting capturing key points. These will be reported to the Round Table Implementation Meeting on 25 and 26 November 2019.

Finally, H.E. Dr Bounchanh Sinthavong, Minister of MPWT, Chair of the meeting wished the Co-chairs and all participants with good health, success in their work and happiness in their life with the hope that he sees all participants at the 13th Infrastructure Working Group Meeting next year.

He declared the 12th ISWG Meeting closed.

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H.E. Dr. Bounchanh SINTHAVONG,
Minister of Ministry of Public Works and Transport,
Chair of Meeting

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Mr. Sengdarith Kattignasack,
Director General of DPC
Head of ISWG Secretariat.
Minutes recorder.