

**ກອງປະຊຸມໂຕະມົນປະຈຳປີ 2023: ຮ່າງບົດລາຍງານສຳລັບໜ່ວຍງານຂະແໜງການ**  
**RTIM 2023: Sector Working Group Reporting Template**

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*ບົດລາຍງານນີ້ແມ່ນບົດລາຍງານຮ່ວມລະຫວ່າງປະທານ ແລະ ປະທານຮ່ວມໜ່ວຍງານຂະແໜງການ. ກະລຸນາ ປຶກສາຫາລືຮ່ວມກັບໜ່ວຍງານຂະແໜງການຍ່ອຍພາຍໃຕ້ໜ່ວຍງານຂະແໜງການຂອງທ່ານ ຕາມຄວາມເໝາະສົມ, ແລະ ຄັດຕິດບັນດາເອກະສານທີ່ກ່ຽວຂ້ອງກັບບົດລາຍງານນີ້.*

*This is a joint report of SWG Chair and Co-chairs. Please consult with your sub-sector working groups as appropriate, and consider annexing relevant documents to this report.*

SWG Name: [Infrastructure Sector Working Group \(ISWG\)](#)

SWG Chair (name and position): [H.E Ngampasong Muongmany, Minister of Public Works and Transport](#)

SWG Co-chairs (name and position):

**3 Co-Chairs**

- [1. H.E. Kenichi KOBAYASHI, Ambassador of Japan Embassy to Lao PDR](#)
- [2. Ms. Sonomi Tanaka, Country Director, ADB Lao PDR Resident Mission](#)
- [3. Mr. Alexander Kremer, WB Country Manager to Lao PDR](#)

Head of Secretariat (name and position):

[Ms. Vanh DILAPHAN, Director General, Department of Planning and Finance \(DPF\)](#)

Secretariat (Government)(name and position):

- [1. Mr. Visara Khamvongsa, Deputy Director, Cooperation and Investment Management Division, DPF](#)
- [2. Mr. Tulaxay Phanthavong, Deputy Director, Planning and Statistics Division, DPF](#)
- [3. Ms. Phonethida Phommason, Officer, Cooperation and Investment Management Division, DPF](#)
- [4. Mr. Chao Yang, Officer, Cooperation and Investment Management Division, DPF](#)

Secretariat (DPs)(name and position):

- [1. Mr. Masatoshi Ishida, Second Secretary, Embassy of Japan](#)
- [2. Mr. Sombath Southivong, Senior Infrastructure specialist, WB](#)
- [3. Mr. Vanthong Inthavong, Project Officer ADB](#)

## **1. ເປົ້າໝາຍ ແລະ ຄາດໝາຍຫຼັກ ຂອງໜ່ວຍງານຂະແໜງການໃນປີ 2023**

### **1. Main objectives and targets of Sector Working Group in 2023**

The key objective of the ISWG is to ensure the Public Works and Transport (PWT) sector with support from development partners is effective and efficient in delivering the sector 5-Year Development Plan (5YP, 2021-2025) in line with the 9<sup>th</sup> National Socio-Economic Development Plan (NSEDP).

Based on a mid-term review of the sector 5-year development plan, the ISWG has had an important role in discussing progress, challenges and the way forward towards the sector overall goals as set out in the 5-year plan concerning:

- Improving regional and domestic connectivity through investment in the transport system, increased efficiency of transport and logistics services and improved safety.

- Facilitating economic growth and balanced socio-economic development through sustainable urban development, rural and environmental improvement and social development

The PWT sector 5YP sets out 11 strategic programs designed to contribute to the 6 pillars of the NSEDP and sector objectives. The PWT sector has a key role to play in achieving the national goal and policy direction by facilitating economic growth through improved connectivity and supporting sociology-economic development with equitable, green, inclusive, and sustainable growth.

Program 1: Develop infrastructure to connect the region in the form of public investment, BOT, PPP and other schemes

Program 2: Transportation and logistics systems development

Program 3: Railway Development

Program 4: Development of Lao-Vietnam ports and river ports along the Mekong and its tributaries and riverbank protection

Program 5: Development of civil aviation

Program 6: Development of environmentally smart city plans

Program 7: Development of water supply and sanitation

Program 8: Development of resilience infrastructure to mitigate climate change impacts

Program 9: Road safety and reduction of road accidents on the national network

Program 10: Organisation and human resource strengthening

Program 11: Development and strengthening of state owned enterprises and promoting private enterprise investment

The ISWG has focused on collaborating with development partners to:

- Review Mid-term Progress on the Sector 5-year Development Plan 2021-2025
- Stimulate sustainable economic growth by **constructing and maintaining multi-modal infrastructure to transform regional connectivity** and promote sustainable industrial and commercial development in economic corridors (aligned with 9th NESDP Outcomes 1 and 5 and SDG 9). This aligns with the National Agenda focal point of developing infrastructure that connect the regional and domestic economic-corridors and Lao-China Railway (LCR) with production areas of agriculture, iron ore, and manufacturing and service industries.
- Developing modernized transport system, logistic parks, and dry ports.
- Improve well-being, reduce poverty, improve welfare by **improving road safety** and achieving **clean water and sanitation** (aligned with 9<sup>th</sup> NSEDP Outcome 3 and SDG 6).
- Deliver green growth, strengthen preparedness for disaster recovery and climate change (adaptation and mitigation and introduction of EV) including leading in **creating sustainable cities and communities** and taking action on climate mitigation and adaptation (aligned with 9<sup>th</sup> NSEDP Outcome 4 and SDG 11). This includes developing environmentally friendly smart city plans - a National Agenda focal point.

ISWG has placed a special emphasis on shifting the sector's approach to strategic planning with a stronger focus on regional connectivity achieved through greater integration of multimodal transportation development plans related to water supply, sustainable urban development, rural connectivity, regional development, and the development of economic corridors in order to graduate from least developed country status. Investment in economic corridors will enable Lao PDR not only to be better connected to the wider region but to grow its economic output.

2. ພາກຜົນ ແລະ ຜົນໄດ້ຮັບ ທີ່ບັນລຸໄດ້ໃນປີ 2023 ພາຍໃນຂະແໜງການຂອງທ່ານ ມີຫຍັງແດ່ ທຽບກັບຄຳ ແນະນຳທາງດ້ານນະໂຍບາຍໃນກອງປະຊຸມໂຕະມົນປະຈຳປີ 2022, ແລະ ແຜນພັດທະນາເສດຖະກິດສັງຄົມແຫ່ງ ຊາດຄັ້ງທີ 9, ເປົ້າໝາຍພັດທະນາແບບຍືນຍົງແຫ່ງຊາດ ແລະ ແຜນຍຸດທະສາດຂອງຂະແໜງການ?

**2. What are the key results and impacts achieved within your sector in 2023 against the [2022 RTIM policy recommendations](#), and [9<sup>th</sup> NSEDP](#), SDGs and sector strategies?**

**Program 1: Developing a multi-modal and integrated transport system with emphasis on building and upgrading infrastructure to further cooperation and integration with the region and internationally (*aligned with the 9th NSEDPs Outcome1 “Sustained and inclusive economic growth” and Outcome5 “Integration and connectivity” and linked to SDGs 8, 9 and 17*)**

Progress continues to be made with priority areas including improvement of the national road sections, which are sub-regional and designated as section of ASIAN highways network and upgrading of the priority national road sections along the Mekong Subregion Economic Corridor and the ASEAN Corridor. In addition, progress includes construction of 3 Mekong River and 12 concrete bridges. Cooperation with development partners to finance and upgrade core national road network to meet the ASEAN highway standards is continuing. The maintenance and repair of core national roads and local roads prioritized by Provincial Road Maintenance Management system (ProMMS) using the budget from road fund is ongoing. Construction of priority and feasible expressways in BOT, PPP scheme is progressing. There are 8 expressways under the MOU between the government and the investors for selection of the alignment, preparation of FS and detailed design.

The Southeast Asia Regional Economic Corridor and Connectivity Project (SEARECC) is a key intervention to transform the country from landlocked to land-linked and to boost regional and domestic trade by improving connectivity, logistics, and cross-border facilities and management. SEARECC includes improvements to the NR2 to strengthen connectivity between northern Laos, Vietnam and Thailand and facilitate sustained growth in this east west ASEAN economic corridor.

Progress on upgrading, rehabilitating and maintaining national roads is good but with slower progress on local roads and achieving investment in BOT, PPP and Expressways.

Infrastructure development includes rehabilitation and maintenance and facilities of water transport along the Mekong and Meuang rivers in the vicinity of borders including river ports, navigation canal and riverbanks protection. The Development plan and improvement of ports related to navigation canal along the Mekong River objective is to accommodate 300-500 tons cargo ships. Progress includes;

- Completion of 5 riverbank protection projects in total 3,38km;
- Construction of 5 riverbank protection projects along the Mekong at Champasak, VTE capital, Xay district, Pakkading district and other urban areas
- Projects for the riverbank protection construction which completed in 2023, there are 3 projects, total length 7,74km

**Program 2: Transportation and Logistics systems development (*aligned with the 9th NSEDPs Outcome1 “Sustained and inclusive economic growth” and Outcome5 “Integration and connectivity” and linked to SDGs 8, 9 and 17*)**

In addition to road and rail infrastructure, regional connectivity and economic growth require

improvements to the logistics industry where facilities and transport services are uncompetitive.

The priority programme includes development of a modern transport service system in 9 logistics areas to support the Lao-China railway to connecting to the Mekong sub-region and ASEAN , regional and international (Trans-Asian Railway) and connecting to the road network, ports and airports to provide an integrated, efficient and competitive transport systems.

So far 3 dry ports have been opened for services (Thanaleng in Vientiane Capital, Savan Logistics in Savannakhet Province and Vangtao in Champasack Province). Luang Prabang airport expansion feasibility study has been completed and many logistics centres, facilities established in the country. These logistics infrastructures will enhance connectivity with neighbouring countries.

ISWG recognizes the need to invest in non-physical ('soft') measure through cross-border transport and trade facilitation agreements to reduce delays at borders and provide efficient single-window customs clearance.

This includes engaging in regional cooperation to improve transport links to China, Thailand, Vietnam and other neighbouring countries; advancing cross border agreements with CBTA and bi-lateral agreements with all neighbouring countries (except for Myanmar) thereby contributing to market integration in GMS and actively implementing the national logistics strategy.

Despite this progress Lao PDR has seen fall in it's ranking on the World Bank's Logistics Performance index (LPI). This reflects a shortfall in:

- Streamlining customs and border procedures to reduce delays and administrative bottlenecks.
- Reviewing and update regulations related to logistics and supply chain management.
- Investing in training programs for logistics professionals to enhance their skills and knowledge

**Program 3: Rail Development (*aligned with the 9th NSEDPs Outcome1 "Sustained and inclusive economic growth" and Outcome5 "Integration and connectivity" and linked to SDGs 8, 9 and 17*)**

The Lao-China railway opened in Dec 2021 and over the last year has continued to act as a driver of increased demand for exports to China and for tourism. The Lao-China railway is transformational not just in terms of connectivity but from a wider economic development and sustainability perspective. The railway provides significant opportunities for Lao PDR to increase exports of agriculture products. The freight volume from the opening day to 31<sup>st</sup> December 2023, approximately 6,370,000 tons of goods, an average of 8,392 tons per day, has been transported via the Lao-China railway. Among the freight volume, the goods exporting from Laos to China have reached 5,283,000 tons accounting for nearly 83% of the total transported volume, while domestic freight volume of goods amounts to around 55,000 tons. Main types of goods comprise fruits, cassava starches, barleys, rubbers, beers, iron ores, concentrated iron ores and fertilizers.

Added to this, the railway has carried 4,032,000 passengers, averaging 5,312 passengers a day and with a record high of 12,584 passengers in one day. Since the launch of cross-border service from 13<sup>th</sup> April to the end of 2023, an aggregate of 110,962 cross-border passengers has been handled by the railway, with a total inflow of 55,532 passengers and outflow of 55,430 passengers.

Several new railways providing connectivity between Laos, Thailand, Vietnam and Cambodia are at the feasibility/design stage of preparation. In particular, the railway from VTE capital. to Thakhek to Vung Ang Sea port (452kms) is currently being surveyed and designed.

**Program 4: Development of sea and river ports (*linked to Outcome 1 Economic Growth , Outcome 4 Environment and Outcome 5 integration & connectivity of the 9th NSEDP and SDGs 8, 9, 13 and 17*)**

to enable Lao PDR to be efficient and competitive in the region is progressing. This includes sea port development and ship ports 1, 2 and 3 of Vung Ang port and the port facilities. Progress has been achieved in designing upgrades of efficient sea port management mechanisms and regulations through bi-lateral agreements with Vietnam.

**Program 5: Development of Civil Aviation (*aligned with Outcome 3 Better living condition and Outcome 4 Better environment and linked to SDGs 3, 15*)**

Work has continued on construction, improvement, rehabilitation, management and maintenance of airports and aviation facilities to ensure safety and security protection according to international standards, which include: 4 international airports (Wattay, Luang Prabang, Champasack and Savannakhet), domestic airports and aviation communication systems in air traffic management. In 2023, the ministry together with DP has jointly made good progress on SOE reform, particularly the implementation of Lao Airline Reform Plan.

**Program 6: Development of environmentally smart city plans (*aligned with Outcome 3 Better living condition and Outcome 4 Better environment linked to SDGs 3, 11 and 15*)**

Good progress is being made in developing cities and special economic zones to become production, marketing, trade and tourism bases.

This includes the approval of the National Urban Development Strategy, the National strategy for water supply and sanitation, development of, the law on housing, the first Lao National Smart City Strategy, launch of the Lao National Urban Forum and the advancement of Urban Management, Urban GIS platforms and other digitalization initiatives. In addition, some outdated urban master plans have been revised and many are in the process of being revised to reflect the needs of current development conditions and climate change challenges.

Urban environmental improvement and urban infrastructure investment has been carried out in cities and many towns along GMS corridors including upgrading urban roads, riverbank protection, urban drainage, wastewater treatment and landfill sites.

Sustainable development of urban areas is an important objective to create more liveable communities. To this effect green growth initiatives have been progressed. This includes:

- Urban development: Incorporating the concept of SMART CITY into the urban development strategy plan, promote the cities forming part of the pilot ASEAN Modern Cities Network pilot project (Vientiane Capital and Luang Prabang cities) and ASEAN-Australia Modern Cities (Kaysone Phomvihane City).
- Completion of the draft of Housing and Urban development strategy including urban development and improving the environment in various important cities such as Pakse, Champasak province, Kaysone Phomvihane urban development which is located in the urban development project along the East-West Economic Corridor in the Mekong River Region 1 (GMS1), Houayxay urban development project, Bokeo Province and Namtha City

Development Project in Luang Namtha Province, and Paksan Urban Development Project in Bolikhamxay Province.

- Development of Special Economic Zones: To date, there are 21 Special Economic Zones in 7 provinces including Vientiane Capital using land for the development of approximately 14 thousand hectares. Over the past two and a half years each economic zone has been well developed. Notably to date the Special Economic Zones have attracted investment by a total of 277 companies, equal to 39.06% of the overall plan (709 companies).

**Program 7: Clean water and sanitation (aligned with SDGs 6.2 and 6.3, herewith connected to the Outcome 3-5 related to the better living condition, better environment, and integration & connectivity)**

Development of the water supply system is continuing nationwide with the goal of serving 85% of the urban population (currently at 78%). However, only 28% of the total population have access to water supply.

On-going infrastructure development projects include:

- Scaling up water supply sanitation and hygiene in 4 northern provinces;
- Luang Prabang water supply expansion project;
- Pilot project dissolved ozone floatation technology in water treatment plants;
- Wastewater treatment system utilising recycled media
- Wastewater and waste management capacity building project to improve the urban environment in Vientiane and Pakse
- Waternet Amsterdam: GIS based asset management and management systems
- Water safety and resilience capacity building

Further progress is needed in strengthening laws, regulations and technical standards and to build capacity in terms of human resources, and technology.

**Program 8: Development of resilience infrastructure (aligned to Outcome 4 better environment linked to SDGs 13, 15)**

The cost of damaged infrastructure due to climate induced disasters increased by 39% in 2022 compared to 2021. This is despite good progress in implementing repairs, and rehabilitation to infrastructure. Less progress was made in introducing legislation to strengthen resilience.

**Program 9: Road safety (aligned with Outcome 3 Better living condition and Outcome 4 Better environment and linked to SDGs 3, 15)**

Road accidents threatens the social and economic development in Laos with nearly 1000 people losing their life on the roads each year. In 2022 the Lao PDR's national road safety strategy was approved. During 2023 a wide array of measures has been implemented or are in the process of being implemented. Deaths declined slightly from 2022 to 2023. However, current deaths rates are still 355 above the 2030 target.

**Program 10: Organisation and human resource strengthening (linked to SDGs 4, 16)**

Progress has been made in organisational restructuring improving efficiency, research and training however, more technical assistance is required in modernising systems such as databases.

**Program 11: Development and strengthening of state-owned enterprises and promoting private enterprise investment (linked to SDGs 8, 9)**

In 2023, the Ministry together with DP has jointly made good progress on SOE reform, particularly the implementation of Lao Airline Reform Plan and get repayments on debts through the government bonds for State Enterprise of Communication Corporation and State Enterprise Construction number 8. Lao National Railway, which is a newly established SOE is seeking cooperation with DPs to develop their strategy for business development.

**3a. ໂດຍອີງໃສ່ບັນດາຄໍາແນະນໍາໃນບົດທົບທວນກາງສະໄໝຂອງແຜນພັດທະນາເສດຖະກິດສັງຄົມແຫ່ງຊາດຄັ້ງທີ 9, ບູລິມະສິດປະຈຳປີ2024 ຂອງໜ່ວຍງານຂະແໜງທ່ານມີຫຍັງແດ່?**

**3.a Building on the recommendations of the Mid-Term Review (MTR) of the 9<sup>th</sup> NSEDP, what are the SWG’s key priorities for 2024?**

**1. Infrastructure Development.**

The MTR for the 9<sup>th</sup> NSEDP reemphasises the national goal to build strong and extensive regional and international links to promote the integration of trade, investment and services. At the heart of this is the development of various economic corridors (Laos-China Economic Corridor, East-West Economic Corridor, North-South Corridor), focusing on economic development and infrastructure construction. The MTR recognises that infrastructure investment needs to be supported by improved mechanisms and regulations.

The Sector will continue at pace collaborating on developing economic corridors serving the ASEAN region. Continued progress on the South East Asia Regional Economic Corridor and Connectivity project linking northern Thailand, Laos and Vietnam supported by development partners will be significant in establishing a multi-modal transport strategy for 5 Northern Provinces as a prototype for developing other economic corridors.

The PWT sector will continue to shift the sector’s approach to strategic planning with a stronger focus on integrated multi-modal transport to provide a step change in regional connectivity and facilitate growth in economic corridors. Key priorities include:

**A. Land transport:**

**A.1. Roads:** continuing cooperation with development partners for improvement and upgrading the national road, local road, bridge construction across the Mekong River, and bridge construction along national road No 13S from km 71-364, Project LRSP2, Mekong Friendship bridge no.5, Mekong bridge construction named KonTeun, Bokeo province, construction of 12 bridges along road no. 20, no 13S from km21-km71 (construction starting in 2024) and Road no. 13N from Sikhay to Sikeurt (construction starting in 2024), road no. 2E-2W (construction starting in 2024), Project for rural development RDP3 and 4 (construction starting in 2024), and bridge construction of six units along road No. 8 (construction starting in 2024). (2)

In addition, DOR are looking at maintenance challenges across the entire network due to overloaded trucks causing damage. Serious action is required at a high level to avoid sectors such as mining creating damage to the road network that impacts negatively not just on the operation of the road network but on the economy. Emphasis will be on the protection, maintenance, and repair of the road network as well as installation of truck weight stations and equipment for highly efficient management of truck traffic along the road network connecting to

region countries. A priority action is to improve regulations including fines, weighing stations, a statistical unit, updated laws and private sector to understand regulations. Proposals for collecting fees from truck users needs piloting.

The sector, in realizing infrastructure development objectives requires enhanced budgeting and financial management processes and predictable and long-term funding sources.

This applies to road maintenance and disaster recovery given these rely on bespoke funding pots. The level of funding required is unsustainable given pressures on public investment budgets. Hence, more efficient means of funding asset management and avoiding/mitigating impacts of climate related events is a major priority.

The Road fund has more than halved due to the fiscal situation through a combination of budgets being used to repay debt and inflationary pressures. The road fund now covers only 20 to 30% of the amount required. A report will be submitted by MPWT to government in 2024 for revising the road fund decree with the intention of generating more revenue from road users.

**A.2. Railways:** Continue to develop the railway network capable of connecting to neighboring countries, such as the study-design from Vientiane capital to Thakhek, Khammoune province in 2024; continuing the cooperation with Thailand for the initial social-economic, technical, and environmental impact (Pre-FS) of Mekong bridge crossing the Mekong River for supporting the railway Vientiane Cap.-Nongkhai (Thailand). In addition, the MPWT has proposed financial and technical assistance for government officers to upgrade the capacity of railway technical expertise.

**A.3. Water Transport:** (1) A priority is to secure funds for 3 Mekong river ports (Xiengkok LNT, Pakbeng UDX, Kokjong LPB), which have the potential for water transport Lao-China-Thai and Myanmar. (2) Planned riverbank protection construction is planned along the rivers and Mekong rivers and branches supported by development partners for flooding protection around the country.

**A.4. Aviation:** Continue working with the development partner to re-evaluate the feasibility study for the improvement and development of LPB International Airport. Continue the readiness preparation for The Universal Safety Oversight Audit Programme “USOAP” and the Universal Security Audit Programme for Aviation “USAP” to reach the International Civil Aviation Organizations (ICAO) standards.

## **B. Transport Development**

B.1. Promoting investors for completion of dry port development in Khammoune province and being able to service opening within 2024. At the same time, the feasibility study will focus on other dry port development possibilities, especially in Luang Prabang, and Oudomxay in 2024.

B.2. Improving dry port regulations, legislation such as a decree on dry port and unit cost structure for dry port services. Regulations are needed to harmonize cross border transport and trade facilitation arrangements.

B.3. Given regional connectivity is vital to enable Lao PDR to graduate from Least Developed country status then Lao needs to exert maximum influence in its role as chair of ASEAN during 2024. This includes investing in non-physical measure through **cross-border transport and**



**trade facilitation agreements** to reduce delays at borders and provide efficient single-window customs clearance.

Trade and transport facilitative schemes such as the ASEAN Customs Transit System (ACTS), must provide the basis for developing regional value chains and to increase our competitive edge. This will attract sustainable investment to the region as a whole.

B.4. Road safety: The implementation of the action plan to deliver the national road safety strategy needs careful monitoring at the operational level if the target reduction is to be achieved. Priority actions to address include continuing to address blackspot often community areas such as school zones and local markets, providing road safety awareness to vulnerable road users, such young drivers, and local people who live next to main roads; and enhancing law enforcement to reduce anti-social and dangerous behaviour of drivers (especially speed and drink and driving). A high proportion of road casualties can be attributed to lack of a license and/or drink driving. Hence, enforcement should be a key priority.

B.5 Improving a coordination mechanism between government and public-private investors to facilitate faster and low-cost transportation to attract and increase investment.

### C. Water Sanitation & Urban Development.

C.1. Wastewater treatment: cooperation with development partners to continue implementing water supply and wastewater treatment. Due to the limited national budget, adjust policy to enable PPP as an option in addition to public investment. Parallell, development and improvement legislation will be in place and the sector officer will be upgrading to expertise. Solid waste management and control is a key target for the sector and a model for contracts for operations and maintenance is being developed.

C.2. UN Habitat are working closely with DHUP to continue to collaborate on water supply in Savannakhet and on housing renovation impacted by disasters in 6 provinces. Multi-stakeholder engagement is advocated as being important for coordinated and sustainable urban development.

C.3. Development and improvement of urban environment: Cooperation with development partners to continue environmental-friendly urban development and improve projects especially in Vientiane Capital, Luang Prabang, and cities along the Greater Mekong Subregion (GMS) corridor and tourist cities. Focus on promoting the cities where they are the pilot projects for members of the smart city network (ASEAN Smart City Network: Vientiane Capital and Luang Prabang) and the smart city ASEAN-Australia (Kaysone Phomvihane City).

C.4. Many master plans for urban areas are out of date and need updating. Sustainable urban areas needs master plans to control development and to reflect socio-economic and climate change agendas and to ensure cities and towns develop sustainably and successfully. Enforcement of master plans is also necessary.

3b. ໂດຍອີງໃສ່ບັນດາຄຳແນະນຳໃນບົດທີ່ບທວນກາງສະໄໝຂອງແຜນພັດທະນາເສດຖະກິດສັງຄົມແຫ່ງຊາດຄັ້ງທີ 9, ບູລິມະສິດຂອງໜ່ວຍງານຂະແໜງທ່ານເພື່ອກະກຽມແຜນພັດທະນາເສດຖະກິດສັງຄົມແຫ່ງຊາດຄັ້ງທີ 10 ມີຫຍັງແດ່?

**3.b Building on the recommendations of the Mid-Term Review (MTR) of the 9<sup>th</sup> NSEDP, what are the SWG's key priorities for the conceptualization of the 10<sup>th</sup> NSEDP?**

**i. Development of infrastructure in economic corridors to facilitate sustainable development and to be resilient to climate change.**

This includes:

- Upgrading national roads focusing on the economic corridor of the Mekong subregion and the connection to the ASEAN economic corridor. Expand the expressway network, especially the lines directly supporting the Lao-China Railway. Repair and maintain the expressway network for a long duration of utilization.
- Constructing and upgrading the railway transport infrastructure to enable systematic connection to other transportation types (water transport, aviation, and land transport). Connect smoothly to neighbouring countries and regions, and modernize the services to be convenient and safe.
- Developing basic infrastructure of water transport (boats navigation canal, and river ports) to support transport service frequency to create new options of the transport link to other transportation types (railway, aviation and land transport) under the concept of a environment friendly multimodal transport mode.
- Developing civil aviation infrastructure, particularly at international airports. Modernising facilities under the concept of a environment-friendly multimodal transport norm, with safety features and capacity increase, to support passengers and goods volume that are liable to increase in the future,
- Given climate vulnerability the PWT sector needs to prioritise climate adaptation and mitigation measures across all modes. As well as building climate resilience into infrastructure design and disaster recovery actions, the sector needs to develop innovative and more sustainable modes of transport including investment. This includes bus rapid transit, electric vehicles and use of biofuels.

## **ii. Increase the efficiency, integration and connectivity of transport services**

A key priority is to build on recent progress and develop a modern and efficient transport system that supports further economic development and realises Lao's strategic potential in the wider sub-region. This requires a holistic approach co-ordinating across transport modes, ensuring transport supports trade and tourism and cooperation with neighbouring countries and development partners. Ultimately the multi-modal approach aims to provide a more sustainable, modern and efficient transport system for inter-modal freight and passengers, for inter-urban transport, urban and rural transport. This includes:

- Reducing the transportation cost by focusing on regulation developed and coordination mechanisms to stakeholders in other countries and within the region including central and local government organizations.
- Developing public transport in the big cities in the green direction to attract people to use more services, subsequently reducing dependence on private cars and reducing greenhouse gas emissions.
- Improving and develop standardized PWT services and processes to match the safety standards of infrastructure in the ASEAN region and internationally, such as improvement and upgrading systems and standards of civil aviation, land transport, water transport, railwa, and air transport.

## **iii. Urban environment and water supply-sanitation developments**

Continued urbanisation will support economic growth and hence, a key priority is to pursue green growth projects to improve the urban environment making cities more liveable. This applies to housing, public realm, urban transport and road safety. Hence the sector needs to be moving to a more integrated approach to strategic planning. This includes:

- Focus on the development of Vientiane Capital, and the cities along to economic corridors and other cities with economic potential to become economic hubs that can support the development of surrounding hinterlands.
- Improve urban environment: including wastewater treatment development, standard garbage disposal landfill, green zones; to ensure the life quality of people living in urban areas consistent with Sustainable Development Goals (SDGs).
- Develop clean water supply and services (centrally and locally) covering 85% of the population in the cities and to drive further progress towards improving water supply and sanitation, especially in rural areas.

**iv. Capacity development is needed in terms of institutional structures, improved working practices and business processes as well as investment in human resource and skills.**

This requires a strategic change management initiative to strengthen leadership and embed a collective mind-set commensurate with an integrated approach across modes and sectors. This will require the sector to build capacity in tools and processes as well as human technical and management skills.

Human resource development will require further development of technical and researcher capacity and a more generic improvement in personnel to increase competence and professionalism. Further progress is required in developing and sharing data among PWT organisations. Together with tools and processes this will improve effective and efficient decision-making. Development partners, in addition to funding infrastructure investments have an important role to play in facilitating this change.

**4. ບົດຮຽນສໍາຄັນທີ່ທ່ານສາມາດທອດຖອນໄດ້ຈາກໜ່ວຍງານຂະແໜງການ ແລະ ຈາກບົດລາຍງານທົບທວນກາງສະໄໝຂອງແຜນພັດທະນາເສດຖະກິດສັງຄົມແຫ່ງຊາດຄັ້ງທີ9 ມີຫຍັງແດ່?**

**4. What are the key lessons learned for the SWG, including from the MTR of the 9<sup>th</sup> NSEDP?**

Based on the MTR the PWT sector concludes:

- Some key targets set are proving to be too general and ambitious and we need to take into consideration sector financial and capacity constraints.
- Despite infrastructure investment in road, railway, waterway, aviation and transport facilities the sector has not yet achieved an integrated multi-modal transport system with individual modes performing sub-optimally. Further progress is needed for the network as a whole to function as a quality, resilient and inclusive network.
- MPWT recognise that an area-wide approach to development is core to preparation for the next sector 5 years development plan with greater integration between transport and land use development.
- Public investment projects including ODA financing require greater commitment to project completion timescales. This includes more rigorous scrutiny through review and assessment processes, especially on implementation and management arrangements.
- There is a need to review and develop a clear policy and guidelines on sector PPP, improve efficiency in implementing infrastructure development and reducing the opportunity costs of delays.

- The emphasis has to be on the efficient use of resources and not simply about securing new resources. Being realistic, the development partners budgets are not going to increase given the global economic context. This requires the PWT Sector and development partners to focus on soft infrastructure, maintenance, axle load enforcement, reconfiguring the road fund and quality PPP (with clear strategy, competition and transparency).
- Whilst the sector has set priorities, financial constraints require the sector to go further in prioritizing and to explore alternative and novel means of funding including PPP, reform to the Road fund and to understand the implications of the Medium term PIP.

For the PWT to maximise its contribution to broader economic and social objectives in line with 10th NSEDP concept a further shift is necessary in collaborative working. Transport investment needs to ensure not just coordination and prioritisation between and across modes but also with other sectors. This requires the PWT sector to continue to build cross-sector working with industry, agriculture and tourism at the regional, national and sub-national levels. Mechanisms for coordination within the MPWT sector have, as yet, not been smoothly implemented, leading to slow implementation of the priority program.

For example, the growth in mining activity is creating truck overloading with consequent damage to roads. Without coordination and mechanisms to avoid or rehabilitate damaged roads the PWT sector's ability to fund the maintenance of roads is in jeopardy.

Likewise in developing green urban growth we need to ensure land use developments, public realm improvements and urban transport systems are planned holistically. This requires a step change in the prioritisation and implementation of projects that with limited financial options and resources, that leads to projects and activities being fragmented and spontaneous.

The macro -fiscal situation and already constrained fiscal envelope places greater pressure on the sector to prioritise programmes. This requires the sector to adhere to standard and consistent procedures for determining the cost and benefits of projects, particularly for public-private partnerships. It also requires a continued refocus from large infrastructure projects to asset management to maintain and rehabilitate existing infrastructure assets. Realistic financing plans need to be made in close collaboration with the Ministry of Finance.

It is clear that infrastructure investment has to be accompanied by robust regulatory measures to maximise the benefits of new and existing infrastructure. Gaps and inconsistencies in legislation need to be addressed in order to reflect the current situation. In particular, with rail being essentially a new mode of sustainable transport in Laos, there is a need to strengthen the regulatory framework for strategic management, network maintenance and service operations.

Greater collaboration with development partners and investors through more regular and focused technical activities will be helped by establishing a more detailed work plan, a stronger evidence base for strategic planning and more rigorous decision-making processes. MPWT has agreed to holding quarterly meetings with DPs on pressing issues/themes and complex big flagship projects. MPWT commit to make this happen in 2024 through a joint MPWT/DP action plan.