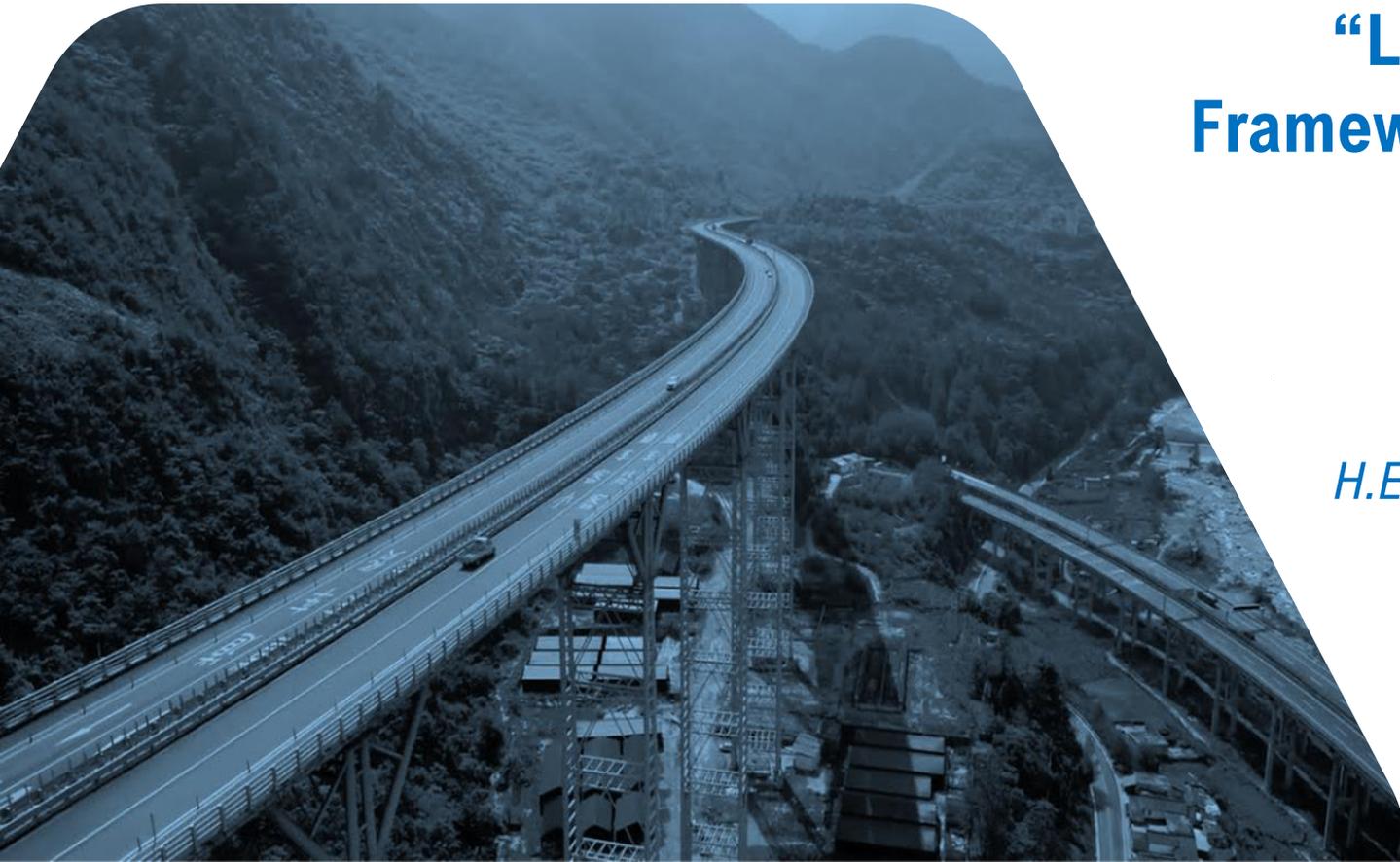




25th Meeting of the Subregional Transport Forum (STF-25)

“Lao PDR Transport Sector Policy Framework Strategy and Its Alignment with GMS Strategy 2030”

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MPWT
14 June 2022*



OUTLINE

1

Lao PDR Transport Sector Policy Framework and Its Alignment with GMS Strategy 2030

2

Prototype Project- Area Wide Base Development Approach

3

Private Sector Participation and Other Priority Areas

The sector continues to face key challenges and Sector focal points



<p>Globalization Trends After COVID-19 “Next Normal”</p> <ul style="list-style-type: none"> • Digitalization • Diversification • Localization/Internalization • Regionalization • Industrialization 	<p>GMS 2030</p> <ul style="list-style-type: none"> • the economic corridor network • Facilitating cross-border transport • Strengthening intermodal links • Promoting the development of logistics • Improving road asset management • Enhancing road safety 	<p>National Plan Fulfillment Roles</p> <ul style="list-style-type: none"> • Pursuing the Implementation of 9th NSEDP 2021-2025 • Responding to the National Agendas 2021-2023 • address economic and financial difficulties, including austerity policy on the control of drug abuse and trafficking human resource development • MPWT Project Development Plan along Lao-China Railway Corridor 2021-2025
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Sector focal points going forward

Improving efficiency of the public investment, optimization of fund allocation, and improving economic utility

Adopting a more top down approach to formulating and implementing plans

Developing and managing the implementation of **multi-modal and sub-sector programs** with a focus on different spatial levels

Developing infrastructures that connect **the regional and domestic economic-corridors and LCR** with production areas of agriculture, iron ore, and manufacturing and service industries

Strengthening and modernizing the logistics sector including **logistic parks, and dry ports.**

Co-ordinating and increasing cooperation with other Government bodies, development partners, private sector & industry groups

Working within the constrained fiscal space and taking a prudent approach to investing in new projects and **consolidating existing assets**, ensuring plans are financially sustainable with safety, climate resilience, greenhouse gas emissions incorporated into decision-making

Developing **systematic approaches** to project and program management, prioritisation, monitoring & data management

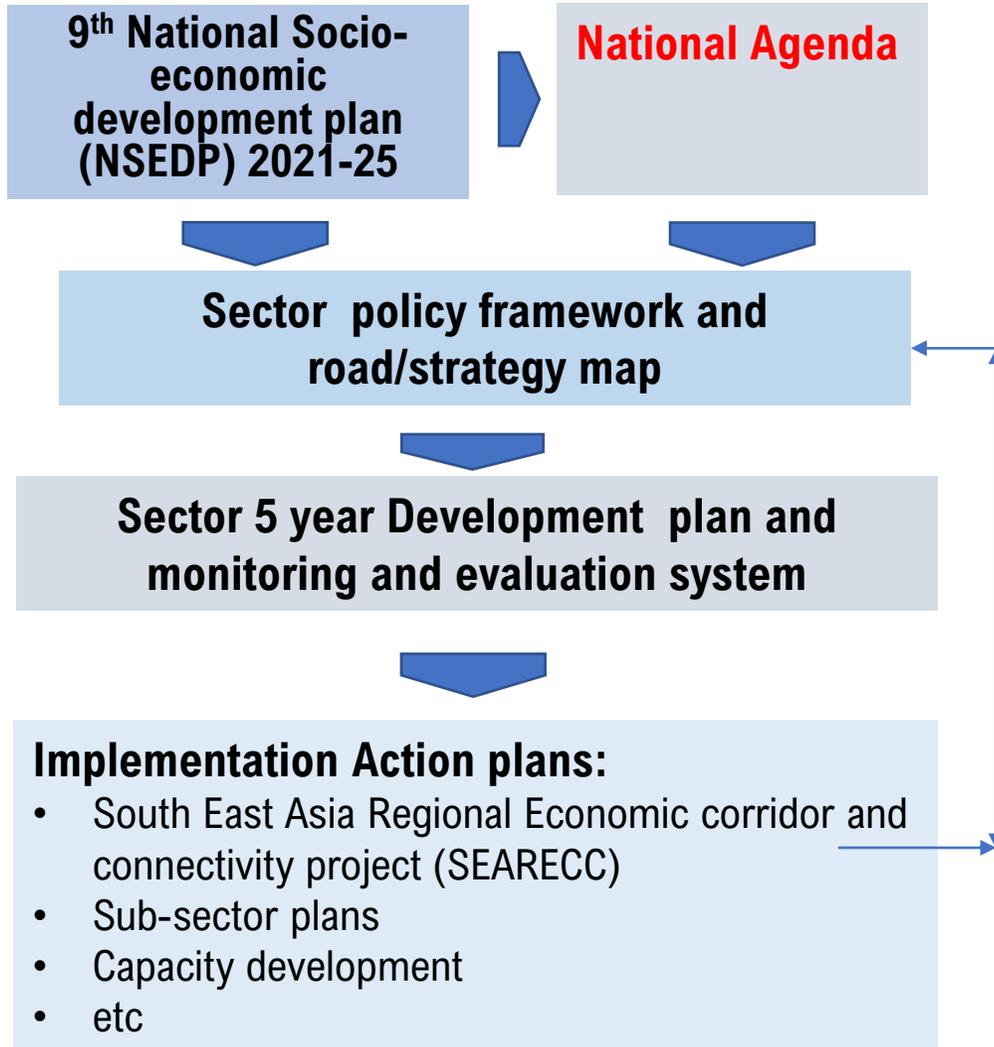
Sector Challenges

- Economic development is constrained by low levels of trade, industrial development and urbanization with limited connectivity
- Poor condition of infrastructure assets is exacerbated by overloading of trucks
- An under-developed and uncompetitive logistics sector
- Need for preparation of strategy and investment plans along economic corridors;
- Vulnerability to climate change
- Road traffic accidents are increasing at an alarming rate
- Working within limited fiscal space and determining what is achievable within this fiscal space in the short, medium and long-term
- Securing additional funding from development partners and private sector
- A lack of evidence based strategic planning with an over-reliance on a bottom-up approach leading to unprioritised project wish lists that far exceed available budgets
- Limited capacity constraining, in particular DPC’s management of strategy and plans.

Areas previously identified for continued cooperation and support with development partners	
<ul style="list-style-type: none"> • Sustainable roads and bridges • Rural connectivity • Urban transport • Water supply, accessibility and rehabilitation • Sub-regional connectivity and flow of 	<ul style="list-style-type: none"> • Human resource development • Financial management and efficient business processes • Strengthening the logistics sector to be more competitive • Private sector management
New and evolving challenges	
<ul style="list-style-type: none"> • Covid- 19 pandemic recovery: economic fiscal and on tourism, trade, transport demand and supply • Integrating multi-modal transport with rail providing new opportunities • Sub-regional economic corridor development including trade facilitation • Net zero greenhouse gas emissions 	



Logical framework from National goals through to sector actions



A **sector policy framework** articulates sector vision, goals and objectives consistent with the **NSEDP** overall goals, 6 outcomes and 25 outputs.

A **road map** identifies the broad action areas for implementing the policy framework. A **strategy map** charts how these actions and the intended outcomes are mutually reinforcing and together seek to enable the public works and transport sector to be more effective and efficient.

The **5 year sector development plan for 2021-2025** sets out priority programs and projects (long list and short list) together with a 3 year rolling plan and standard operating procedures for achieving the sector goals and management objectives. This includes establishing a robust **monitoring and evaluation system**.

Action plans for implementing the 5 year plan are currently being developed by MPWT. Additionally, development partners are supporting projects that align with the policy framework and that realize a multi-modal approach to strategic planning. SEARECC is the most significant.

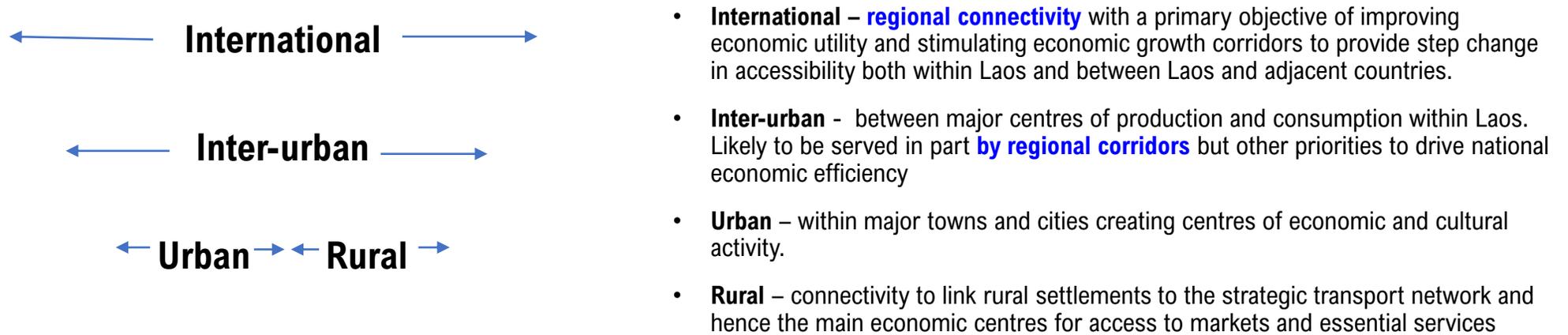
The sector framework is dynamic in that it needs to be flexible to respond to new challenges and government priorities. In this regard the National Agenda on Economic and Financial Challenges for 2021-2023 (National Assembly Resolution No. 03/NA at 10 Aug 2021), sets out the direction and priority actions that are urgent and necessary to solve the current economic-financial issues

Developing an integrated multi-modal area-wide transport system requires a new approach to planning



The focus will be increasingly on sub-sector strategies and plans **integrated with spatial land-use planning** and that address the different functions of the transport system rather than on each mode separately.

This should provide a steer on the relative importance and priority attached to different economic and social functions of the transport system. There are four basic functional spatial levels :



Additionally there will be a case for plans that cut across the above four spatial functions:

- **Freight and logistics** - would be cross-cutting the above spatial dimensions and needs to facilitate the growth of a more robust and efficient multi-modal logistics sector
- **Area –wide** - based (eg a province or combinations of Provinces that address **an economic functional area**)

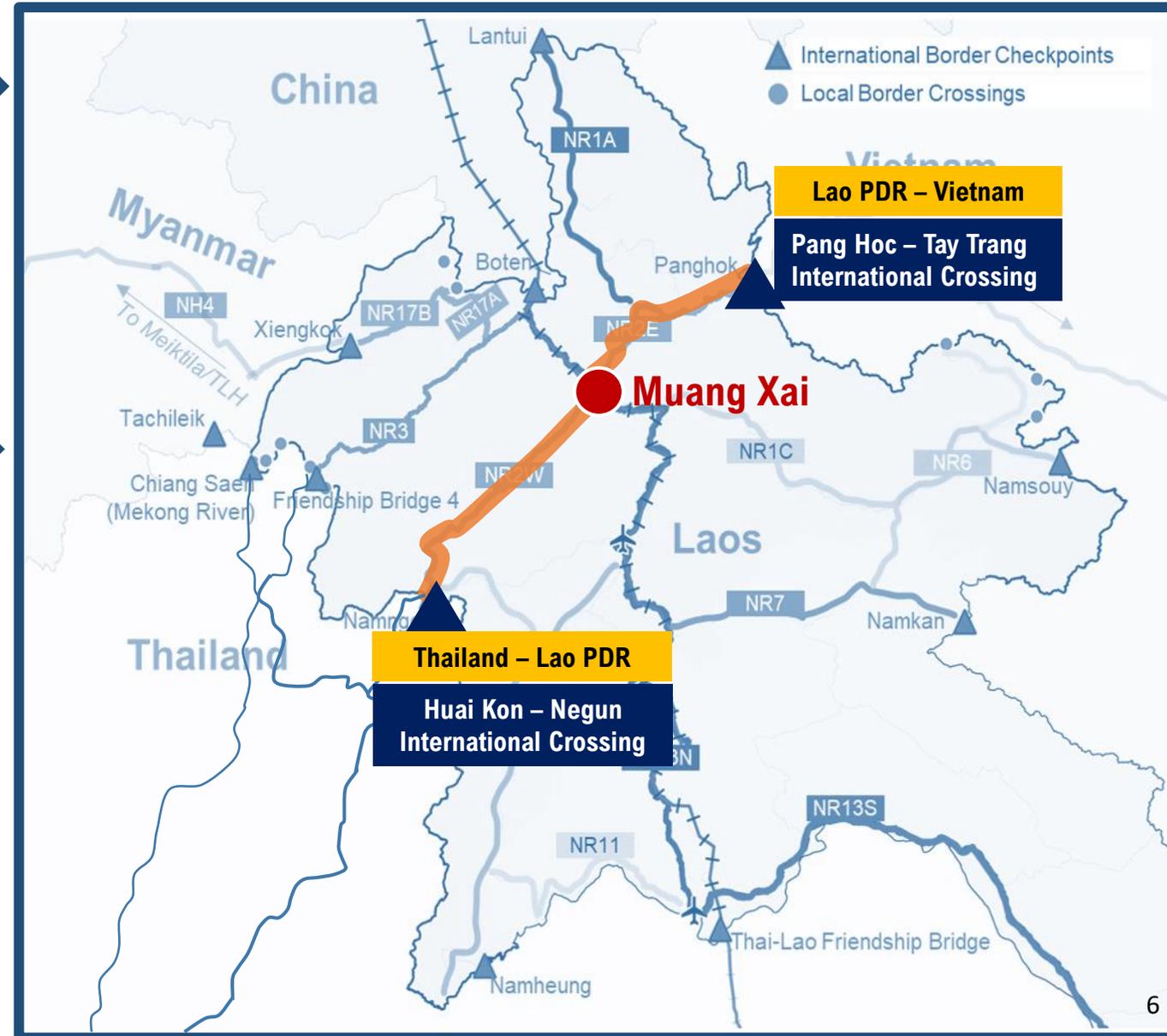
Any plan for an area (be it national, regional, provincial or local) or corridor will inevitably require integration of modes, stronger links with other economic sectors (eg agriculture) and with provinces and districts . Hence, plans will need to be jointly owned across organizational and departmental boundaries with shared objectives.

Project Development Objective

 To improve regional and domestic trade and climate resilient transport connectivity along an East-West corridor in Southeast Asia, and to provide immediate and effective response in case of an Eligible Crisis or Emergency.

Project Components

- 1** Regional and domestic connectivity Enhancement
- 2** Logistics and Cross Border Management
- 3** Institutional Strengthening
- 4** Project Management
- 5** Contingency Emergency Response



The framework developed by MPWT addresses the National Agenda focal points but requires further work to develop implementation plans



National Agenda: Focal points for MPWT	Sector Policy framework: areas for strengthening strategic planning (based on strategy map)	Policy framework road map: Action Areas	5 Year Sector Development Plan	Implementation Action Plans. (eg SEARECC)
<p>Developing infrastructures that connect the regional and domestic economic-corridors and LCR with production areas and service industries</p> <p>Develop Smart City Plan</p>	<p>Strengthening strategic planning optimizing investment & policy choices</p> <p>Develop & strengthen management of multi-modal and sub-sector programs. Adopt a more top down approach to plan preparation</p> <p>More targeted investment within financial constraints giving the greatest economic and social returns</p>	<p>Develop next 5YP and 10YS for PWT sector consistent with policy framework</p> <p>Establish a systematic process for Project identification and program development</p>	<p>59 Priority activities with 11 sub-sector programs established</p> <p>5 year long list and short list of projects with budget shares</p> <p>3 year rolling program</p>	<p>Improve condition, safety and climate resilience of selected sections of NR2 corridor and local roads</p>
<p>Improving efficiency of the public investment, optimization of fund allocation, and improving economic utility</p>	<p>Improve evidence based decision-making for appraisal, monitoring through systematic application of tools and processes</p> <p>Centralise and manage the collection, analysis and dissemination of data ensuring decisions are evidence based</p> <p>Rationalisation of budget allocations by reducing over-commitments and creating greater headroom for prioritized investment</p> <p>Consolidate existing assets building in resilience and sustainability</p> <p>Establish a clear framework to build confidence of international investors and in which DPs can best determine their roles, making it easier for DPs to approve funding programs</p>	<p>Building a sustainable approach to road asset management within the fiscal space available</p> <p>Develop of tools and processes to support decision-making</p> <p>Mainstream climate resilience</p> <p>Engagement and collaboration with Development partners</p>	<p>Standard Operating Procedure</p> <p>Monitoring and Evaluation system:</p> <ul style="list-style-type: none"> Policy Dashboard with 18 Overall Outcomes on OAG/MEO Outcomes: Socio-economic/environmental improvements Program/project progress 3-year (mid-term) budget cash-flow forecast by project <p>Management structure</p>	<p>Contingent emergency response project fund</p>
<p>Developing modernized transport system, logistic parks, and dry ports. (Instruction #8 to MPWT)</p>	<p>Develop & strengthen management of multi-modal and sub-sector programs</p>	<p>Focus on economic corridors and improving competitiveness of the logistics sector</p>	<p>Program 1: Continue to develop infrastructure to connect the region through public investment, BOT, PPP</p> <p>Program 2: Transportation and logistics systems development</p>	<p>Improvement of border crossing facilities, development of dry ports, market places, trucking terminals</p>
<p>Continue current capacity development cooperation on the public investment management, harmonized with MPI's on-going Public Investment Action Plan</p>	<p>Co-ordinate cooperation with other government bodies, regional government, DPs and private sector</p> <p>Build capacity increasing efficiency and resources – breadth and depth of skills</p>	<p>Stakeholder engagement</p> <p>Capacity development</p>	<p>Capacity development training seminars, and leadership</p>	<p>Strengthen institutional capacity and regulatory framework in agriculture transport and investment planning</p>



- Improvement of **condition, safety and climate resilience of selected sections of NR2 W corridor** to meet the ASEAN Highway Class III standards
- Improvement of **climate resilience and safety** of selected local roads in project provinces in Phongsaly, Oudomxay, Louangnamtha, Xaybouly, and Luangprabang
- Improvement of the **border crossing facilities** at (a) Pang Hok in Phongsaly, and (b) Muang Ngeun in Xayabouly, through upgrade of the existing facility and provision of goods and equipment for digitization of cross-border business processes.



- Support to the development of **potential dry ports, marketplaces, trucking terminals, consolidation locations** which include technical assistance for preparation of market assessments, technical studies, environmental and social studies, and transaction support to leverage private sector financing
- Support the **implementation of cross border agreements** including improving collaboration among countries in the region moving toward sharing information, standardizing technical aspects on road infrastructure and road safety, joint responsibility for maintenance of roads serving transit, insurance arrangements, driving licenses, vehicle licensing and inspection, transit and road user fees, and enforcement regimes for transit consignments
- Strengthening the **institutional and operational capacity of Customs, Immigration and Quarantines (CIQ)** in managing and operating border facilities, harmonizing customs and trade facilitation regulations, developing Customs-bonded warehouse management guidelines, border clearance procedures and border crossing manuals, and modernizing business process through streamlining the procedures and the use of ICT equipment

 **Institutional capacity development for the Ministry of Agriculture and Forestry (MAF)**, Provincial Agriculture and Forestry Offices (PAFOs), District Agriculture and Forestry Office (DAFOs), and Producer Organizations (POs) of the targeted provinces and districts in agricultural value chains:

(i) Improving business process for cross border trade for agriculture products; (ii) improving enabling environment to promote agricultural value chains; (iii) strengthening operational capacity in addressing sanitary and phytosanitary standards issues for selected agricultural exports; and (iv) Institutional strengthening and capacity development to address the gender gaps .

 **Institutional capacity development for the Ministry of Public Works and Transport (MPWT)** at both central and provincial levels:

(i) development of the legal framework, regulations, tools and guidelines to support the implementation of multi-modal transport law and sector strategy, (ii) strengthening capacity for multi-modal transport planning and implementation of the sector strategy. (iii) Implementation of road safety action plan, (iv) Institutional strengthening and capacity development to address the gender gaps .

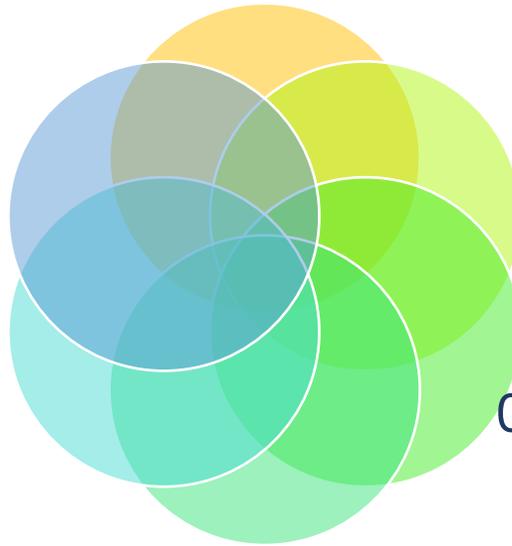
Inclusive South East Asia Regional Economic Corridor and Connectivity Project



Connectivity from the railway to potential economic development areas including sub-corridors

Provincial capacity for planning, implementing the reforms, facilitating and managing FDI

Strengthen local capacity for **agriculture and tourism sectors**



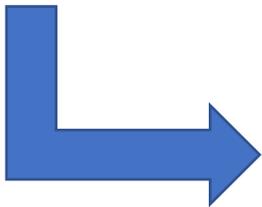
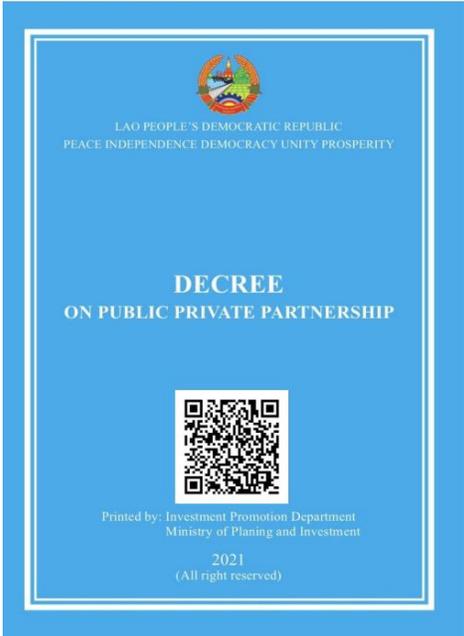
Efficient **transit arrangements and cross-border flows**

Competitive **logistics services**, costs, reliability, frequency

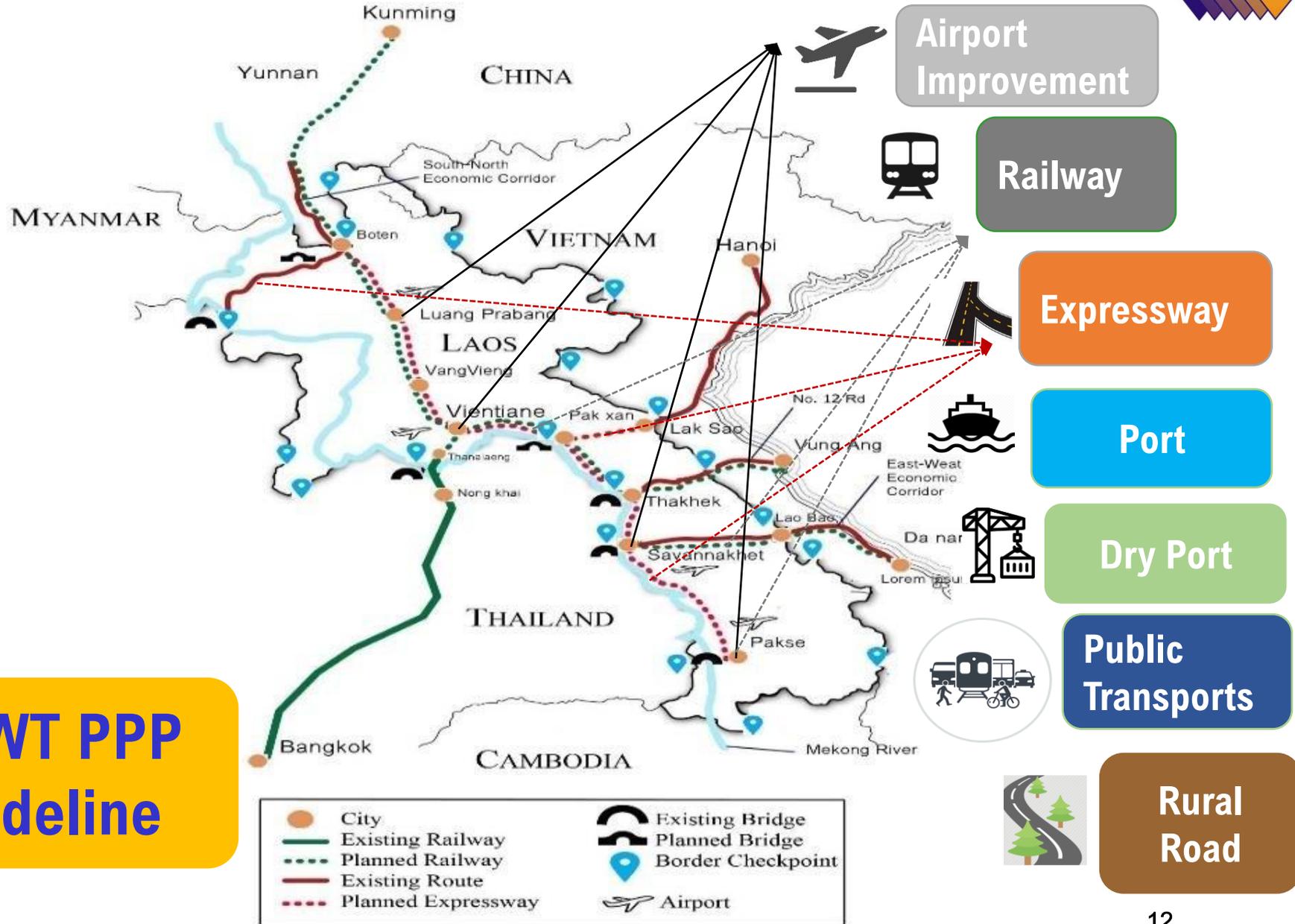
Business Environment and trade facilitation reforms



PPP Decree



MPWT PPP Guideline



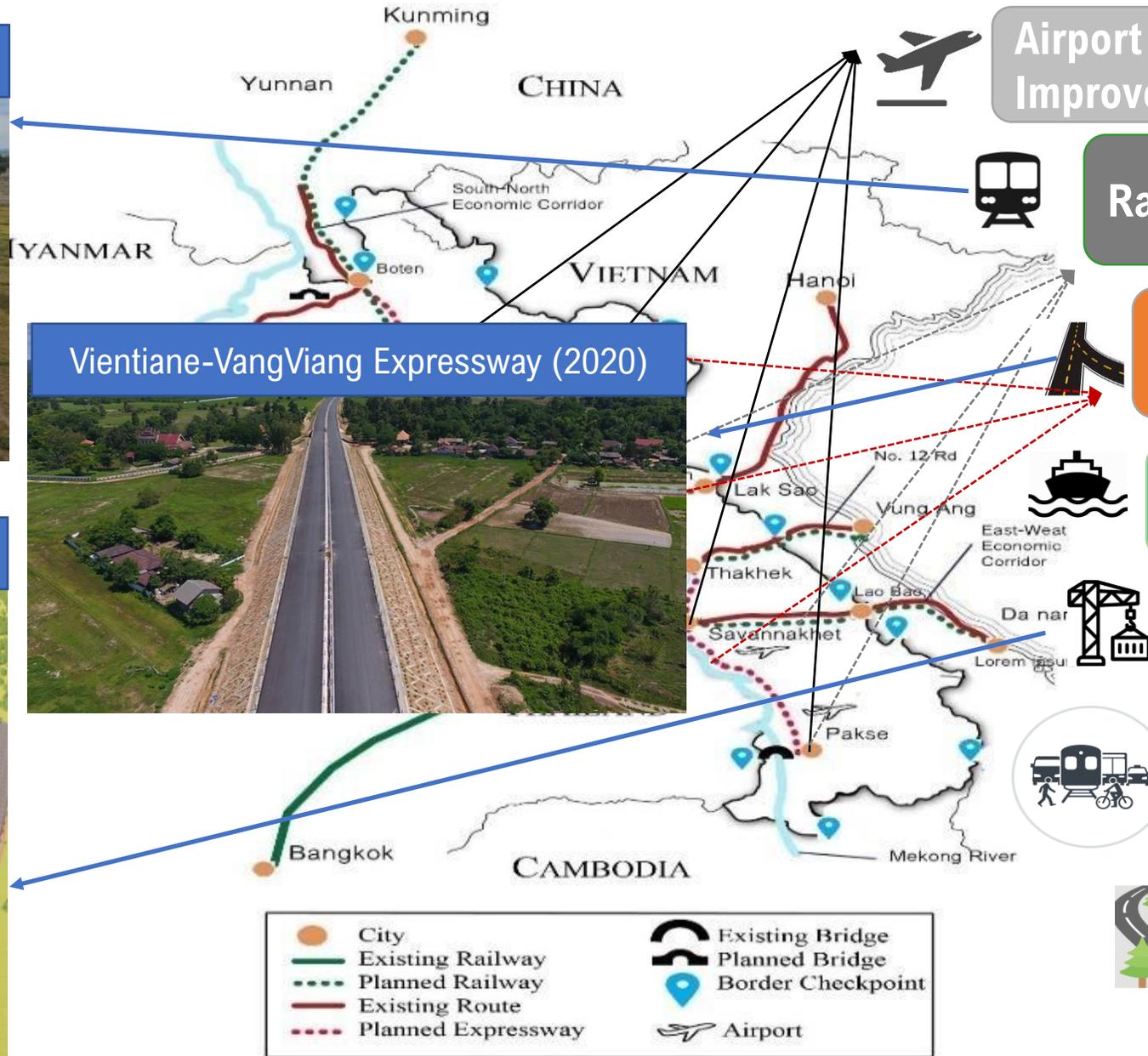
Strengthening Private Sector Participation



Lao-China Railway (2021)



Vientiane Logistic Park (2021)



Vientiane-VangVieng Expressway (2020)



Airport Improvement

Railway

Expressway

Port

Dry Port

Public Transports

Rural Road

A map of Southeast Asia and parts of East Asia, showing countries like Myanmar, Thailand, Laos, Cambodia, Vietnam, and the People's Republic of China. The map includes a scale bar in the top left and a legend in the bottom left. Overlaid on the map is the text "Thank You For Your Attention" in a large, blue, italicized font.

***Thank You
For Your Attention***