



In Vientiane, Lao PDR:

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Ministry of Public Works and Transport Presents Business Case for National Road 13 Public-Private Partnership in Lao PDR

Vientiane, Lao PDR, October 29, 2014—Lao People’s Democratic Republic’s Ministry of Public Works and Transport made the business case to Government Meeting recently to implement the improvements of National Road 13 as a public private partnership project, bringing the country one step closer to achieving its land-linked vision. Approaching Road 13 as a public private partnership will support the Lao Government mobilize resources and fund its infrastructure needs.

The business case highlighted that the project as a public-private partnership (PPP) will be most affordable to the Lao government and the private sector if pursued as a toll road. The Ministry plans to work with the World Bank Group to develop a toll policy, adapting international best practices to the Lao context, which should make the toll affordable to all road users.

“A public-private partnership is a win-win solution for the project,” Oulay Phadouangdeth, Acting Director General of Planning and Cooperation Department, Ministry of Public Works and Transport (MPWT) . “Mobilizing funds and experience from the private sector will help the Government achieve its long-term infrastructure development goals.”

The project aims to improve the national highway by upgrading it to regional ASEAN and international standard refer as American Association of State Highway and Transportation official standards (ASSHTO) to accommodate a growing amount of traffic in the country and the sub region . As the key artery into the capital Vientiane, National Road 13 is the busiest road in Lao PDR and improving its quality and safety is a priority of the Lao government.

In a workshop held recently by the Ministry of Public Works and Transport and the World Bank Group, the Ministry explained to other involved government agencies how the project, if implemented as a PPP, will benefit the country socially, environmentally and financially. Additionally, by mobilizing private sector funds for the project, the Government may allocate scarce public funds to other road projects in rural areas as well as to projects in other sectors such as social sector.

The project aims to meet social and environmental standards during construction and operations over the 25-year project life-cycle to reduce the impact on local communities during the construction phase, provide good services for road users and improve project sustainability. The Ministry has also been working to ensure that there is minimum resettlement and impact on livelihoods of affected communities.

Alongside the World Bank Group, the Public-Private Infrastructure Advisory Facility (PPIAF), a multidonor trust fund that provides technical assistance to Government in developing countries, has supported the Government of Lao PDR by identifying this major roadway improvement project as a priority.

Lao PDR has some experience implementing PPP , with 16 projects that were finalized between 1993 and 2011 primarily in the energy sector. The Government's positive experience with PPP in the energy sector has indicated that the investment model may succeed in other sectors, including roads. Over the past year, the MPWT, supported by the World Bank Group, as led a project feasibility study that is expected to be completed by the end of 2014. The tender process for National Road 13 is expected to be launched in early 2015, with the expectation to commence construction in 2016.

"We are pleased to be supporting the Government achieve its land-linked-vision," said Phongsavanh Phomkong, Head of IFC Office, Lao PDR. "Pursuing improvements to Road 13 as a PPP will support the Government's goals to better maintain infrastructure, safety and efficiency while a competitive bidding process will ensure transparency and secure the best price."

About the Ministry of Public Works and Transport

The Ministry of Public Works and Transport of Lao PDR is working to transform the country from land-locked to land-linked by improving all modes of transportation infrastructure (Land, River, Air and Railway Transport) and also responsible for Urban planning, housing and water supply development. The Ministry is responsible for ensuring that transportation infrastructure is sustainably built and maintained over the long-term. Public-Private Partnerships, supported by the World Bank Group, help the Ministry achieve the best quality roads at affordable costs, increase access to all road users and encourage private sector investment.