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Implemented by:



Connecting rural areas – Laos

Paving the way to Laos' Future

A deficit in adequate transport infrastructure is one of the huge challenges in Laos. This applies particularly for rural areas. In addition, many existing roads, lanes and bridges cannot be used during the rainy season. The rural population in Laos therefore often lacks access to markets, hospitals and other social facilities. To reduce poverty in all its dimensions, it is therefore necessary to build, repair and extend all-weather roads. KfW is supporting Laos in this area and has already financed the construction of 1,000 kilometers of roads, consisting of 800 kilometers of rural roads and 200 kilometers national roads. This allows approximately 150,000 people to reach schools, health care centres and markets more quickly and safely – all year round.

Context

In Laos, more than 70% of the 6.8 million inhabitants live in rural areas. These rural communities experience high rates of poverty, due to their isolation and limited accessibility, especially during the rainy season. Out of 377 villages in Laos 36 are not yet linked to roads. Not being connected to basic infrastructure like markets, hospitals, schools and clean water increases vulnerability and perpetuates exclusion. In rural Laos, poverty rates are almost 30%, whereas in urban areas only 10% of the population is considered as poor. Roads make a decisive difference. Studies show that the travelling time to a hospital in a village without road connection amounts to up to 3.5 hours, while in a village with roads the average time amounts to 1.5 hours. While 94% of urban children are enrolled in primary schools, only 80% are enrolled in rural villages with transport connections, and only 70 % in villages without connec-

tions. Less than 40 % of the population in villages in the mountainous regions without road connection has access to safe water.

Given these facts, improving the rural road infrastructure remains an integral part of the Lao National Growth and Poverty Eradication Strategy. Although the road network has expanded over the past years, there is still need for action. Not only are more rural roads needed but also the increase of floods due to climate change and the continuous increase of registered cars and traffic raise the costs of road maintenance and require more advanced planning systems. This is exactly where the KfW Rural Infrastructure Programme (RIP) sets in.

Project name	Rural Infrastructure Programme (RIP) / National Road 6 (RN6).
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ).
Country/Region	Laos.
Lead executing agency	Ministry of Public Works and Transport (MPWT).





Children in Laos on their way to school. Source: KfW Office Vientiane.

Project approach

Under the Lao-German Development Cooperation a total of 67 million Euros has been invested in infrastructure. Having focused on the rehabilitation of national roads between 1994 and 2004, projects now concentrate on rural infrastructure. Under the RIP, the investment of 50 million Euros along with the contribution of the Government of Laos has resulted in the construction and rehabilitation of 800 km of rural roads as well as in more than 20 bridges and 12 regional markets in seven provinces throughout Laos. The latest phase of the project will add another 80 km, connecting in total more than 160,000 rural people. In order to assure the sustainability of each project, more and more emphasis has been put on road maintenance along with climate change adaptation. The Public Works and Transport Training Centre (PTTC) in Vientiane has been expanded and equipped. Furthermore, general awareness to climate change adaptation methods have been incorporated in the last project phase. This has resulted in key parts of the rural road network being upgraded to resist severe weather conditions.

While the Ministry of Public Works and Transport (MPWT) is responsible for the programme execution, the projects are implemented at provincial and district level by the local Departments of Public Works and Transport (DPWT). They are supported in the selection of the investment sites as well as implementation of a sustainable maintenance system. Roads, markets and other infrastructure sites are selected according to development priorities of local communities and on the basis of an in-depth socio-economic analysis to address the needs of all segments of the communities, men and

women alike. In order to strengthen capacities of local construction companies and to create jobs, the contracts have been awarded to Lao companies through a national bidding process. All projects are supported by a training component financed by the German Government through KfW and aligned with other development partners' activities. For example, the programme closely coordinates with the World Bank's support to the implementation of the Road Maintenance Fund (RMF) and the Road Maintenance Management System (RMMS). Each project therefore, is embedded in a wider range of activities, thus benefiting from positive spill-overs, raising the effectivity of every Euro spent.

Impact

New roads and bridges make traveling faster, cheaper and safer. Communities now have year-round access to schools, hospitals, markets and bank branches. Evaluations have shown that this saves up to 60% on transport costs and even 70 % on time. With improved access to markets and trade centres, farmers can buy equipment and sell their products easier than before. A transformation from a mere subsistence-based production to one that is more market-oriented raises household incomes by up to 60%. This in turn, increases school attendance of children, particularly girls. Furthermore, the new roads pave the way for additional infrastructure to follow: piped water, electricity, medical facilities, and community centres. Rural roads thereby prove to be an effective starting point for poverty eradication. Finally, through better access to local administration, the chances to participate in the political decision making process increase, contributing to a more equitable and inclusive rural development.



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