Paving the Way to Laos’ Future

Rural Development in Laos

Many rural villages in Lao PDR are cut off from access to hospitals, schools and markets, especially during the rainy season. This exclusion results in high poverty rates, low education and restricted access to clean water. In line with Lao National Growth and Poverty Eradication Strategy, KfW supports the construction, rehabilitation and maintenance of rural infrastructure in Laos. The aim of the Rural Development Programme (RDP), formerly known as Rural Infrastructure Project (RIP), is to pave the way for connecting rural and remote villages, in order to increase income generation and the socio-economic living conditions.

Context

In Laos, over 60% of the 7 million inhabitants live in rural areas. These rural communities suffer from a high poverty rate, due to isolation and limited accessibility, especially during the rainy season and particularly in mountainous regions. Around 10% of the villages in Laos don’t have access to roads. This disconnection from basic infrastructure such as markets, hospitals, schools and clean water leads to heightened risks of poverty. In rural Laos, poverty rates reach almost 30%, whereas in urban areas only 10% of the population lives in poverty. For example, the required time to travel to a hospital from a village without roads is 3.5 hours compared to 1.5 hours with road access. While 94% of urban children are enrolled in primary schools, only 80% are enrolled in rural villages with roads, and only 70% in villages without roads. In addition, less than 40% of the population in disconnected villages have access to safe water. Given these facts, road infrastructure is an integral part of the Lao National Growth and Poverty Eradication Strategy. Although the road net-

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Project approach
Under the Lao-German Development Cooperation a total of Euro 67 million has been invested in infrastructure. The initial focus between 1994 and 2004 lay on the rehabilitation of national roads, while projects today concentrate on the extension, rehabilitation and maintenance of rural infrastructure. A total sum of EUR 56 million has been invested under RDP, with EUR 50 million financed by the German Government through KfW and EUR 6 million amounting to the Lao Government contribution. The construction and rehabilitation of over 800 km of rural roads, as well as more than 20 bridges, 10 regional and local markets, 6 boat landing ramps, and 4 bus stands in six provinces throughout Laos have been supported.

The ongoing project phase in Salavan Province will add another 120 km, resulting in a total connection of more than 160,000 rural people. In order to assure the sustainability of each project, more emphasis is being put on road maintenance and climate change adaptation. The Public Works and Transport Training Institute (PTTI) in Vientiane Capital has been expanded and equipped in order to train staff on local, district and provincial level. Furthermore, general awareness to climate change adaptation methods have been incorporated into the last project phase, resulting in key parts of the rural road network being upgraded to resist severe weather conditions and ensuring sustainable usage. The Ministry of Public Works and Transport (MPWT) is the programme execution agency (PEA). At provincial and district level, the projects are implemented by the Department of Public Works and Transport (DPWT). Selected international consulting companies support the investment sites with sustainable maintenance systems and expertise. In order to strengthen capacities of local constructors and create jobs in the construction sector, contracts have been awarded to Lao construction companies through a national bidding process. All projects are supported by a training component financed by the German Government through KfW and are 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 effectiveness of every Euro spent.

Impact
The longstanding commitment of the German Government in the field of rural development has shown that building roads alone is not enough. To assure the sustainability of each project, climate change awareness is raised, maintenance issues are supported and capacities of government agencies are strengthened. The overall objective is not only to finance durable infrastructure, but also to provide local administration with the right incentives and the know-how to take ownership of their own infrastructure projects.

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