

Enabling the transition to low-emission transport in Lao PDR

Overview

The government of Lao People's Democratic Republic (PDR) has established an unconditional emission reduction target of 60% by 2030 in its revised Nationally Determined Contribution (NDC) in May 2021. Energy and transport are key components of the mitigation measures, with the majority of the emissions reduction to be achieved from the transport sector. At the same time ensuring quality of life and inclusivity, as well as economic growth, are vital.

As part of the transition to low-emission transport, Lao PDR has committed to a goal of achieving 30% electric vehicle (EV) penetration rate by the year 2030,¹ including 2-wheelers and passenger cars. As of 2023, Lao PDR has more than 3 million vehicles registered,² whereas only 4,631 of the private vehicles sold in 2023 were EVs, including 2,592 electric cars and 2,039 electric motorcycles.³ To promote adoption of EVs, Lao PDR has already adopted some policies to prioritise their use, for instance removing EV import limits and reducing the road use fee by 30% for EVs. However, achieving a 30% EV penetration rate by 2030 means a far more rapid growth in private 2- and 4-wheeler EV sales. There are also open questions about the potential electrification of buses and trucks (light goods vehicles as well as heavy goods vehicles).

The research project should critically assess the role and impacts of different low-emission transport policies as they pertain to the conditions in Lao PDR. It should also develop a suitable roadmap for the transition to low-emission transport including electrification policies that are appropriate to local conditions and policies.

The project should include tasks such as the following:

- Assess environmental, economic, industry, welfare, poverty/income inequality impacts of low-carbon policies, such as promotion of EVs, renewable subsidies, energy efficiency measures, carbon tax frameworks, etc.
- Produce evidence to support the above assessment based on an understanding of local conditions and policies in Lao PDR.
- Specifically focus on assessment of policies related to the electrification of transport and other low-emission transport policies in Lao PDR.
- Undertake a comparative study of EV policy incentives in Vietnam and other ASEAN countries and assess how successfully these could be translated into the Lao context.
- Chart the challenges as well as opportunities in the electrification of transport for the Lao context, from the perspectives of social welfare, environmental impacts, and economic growth
- Develop policy guidance for effective transition to low-emission transport for Lao PDR.

¹ Laos News Agency. <https://kpl.gov.la/En/detail.aspx?id=73525>

² ASEANstats. <https://data.aseanstats.org/indicator/ASE.TRP.ROD.B.005>

³ Meadley, Jonathan. <https://laotiantimes.com/2023/12/27/laos-to-grow-ev-market-fueled-by-renewable-energy-ambitions/>

- Develop detailed projections of infrastructure requirements (physical and monetary) that should be acquired to set electrification policies in motion.

Key Stakeholders

An essential requirement of research funded under this topic is that it is carried out in cooperation with Laotian stakeholders. Proposals should therefore include a clear plan for engagement with stakeholders, from developing the methodology to socialising the results. Proposals should also include plans for capacity building where appropriate. Stakeholders could include:

- Ministry of Energy and Mines (Institute of Energy and Mines Research)
- Ministry of Public Works and Transport (Public Works and Transport Research Institute)
- Ministry of Planning and Investment (Centre for Development Policy Research)
- National University of Laos (NUOL)