

Country programme

Lao People's Democratic Republic

February 2019





Lao People's Democratic Republic
Peace Independence Democracy Unity and Prosperity

Lao PDR GCF Country Programme

Department of Climate Change
Ministry of Natural Resources and Environment

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ABBREVIATIONS

ADB:	Asian Development Bank
AFD:	Agence Française de Développement
ASEAN:	Association of Southeast Asian Nations
CDM:	Clean Development Mechanism
CDP:	Committee for Development Policy
DCC:	Department of Climate Change
DRRM:	Disaster risk reduction and management
EPF:	Environment Protection Fund
EVI:	Economic Vulnerability Index
FAO:	Food and Agriculture Organisation
GCF:	Green Climate Fund
GDP:	Gross Domestic Product
GEF:	Global Environment Facility
GHG:	Greenhouse Gas
GIZ:	German Society for International Cooperation / Deutsche Gesellschaft für Internationale Zusammenarbeit
GGGI:	Global Green Growth Institute
GNI:	Gross National Income
HAI:	Human Asset Index
IFAD:	International Fund for Agricultural Development
IUCN:	International Union for Conservation of Nature
KfW:	German Development Bank for Reconstruction / Kreditanstalt für Wiederaufbau
JICA:	Japan International Cooperation Agency
LDC:	Least Developed Country
LDCF	Least Developed Countries Fund
Lao PDR:	Lao People's Democratic Republic
MoNRE:	Ministry of Natural Resources and Environment
MAF:	Ministry of Agriculture and Forestry
MEM:	Ministry of Energy and Mines
MoIC:	Ministry of Industry and Commerce
MPWT:	Ministry of Public Works and Transport
NAMAs:	Nationally Appropriate Mitigation Actions

NAP:	National Adaptation Programme
NAPA:	National Adaptation Programme of Action
NEC:	National Environment Committee
NDA:	National Designated Authority
NDC:	Nationally Determined Contribution
NRES 2016-2025:	Ten Year Natural Resources and Environment Strategy 2016-2025
8 th NSEDP:	8 th National Socio-economic Development Plan
NOP:	No Objection Procedure
PONRE:	Provincial Department of MonRE (PoNRE)
REDD+:	Reducing Emissions from Deforestation and Forest Degradation
SNC:	Second National Communication
TNC	Third National Communication
TWG:	Technical Working Group for Climate Change
UNDP:	United Nations Development Programme
UNEP:	United Nations Environment Programme
UNFCCC:	United Nations Framework Convention on Climate Change
WB:	World Bank
WFP:	World Food Programme

EXECUTIVE SUMMARY

The Green Climate Fund (GCF) is a multilateral climate fund operating under the United Nations Framework Convention on Climate Change (UNFCCC) to promote paradigm shift towards low-emission and climate-resilient development pathways. The GCF has substantial potential to support Lao PDR to implement its priority climate change adaptation and mitigation projects and achieve broader national goals in relation to green growth and the sustainable use of natural resources.

Lao PDR's GCF country programme sets out country priorities in relation to the GCF, as well as the current pipeline of investment and readiness projects. These priorities have been selected since they align with the GCF's results areas and investment criteria. The country programme was developed by synthesising national climate change and development strategies and action plans, and intensive stakeholder engagement at the national and sub-national level.

The overall priorities for the Country Programme can be summarised as (not in order of priority):

- Short term priorities (2019-2021):
 - Increase and maintain national forest cover
 - Increase the resilience of urban areas to water impact, in particular to floods
 - Increase the resilience of rural areas to climate induced droughts and floods
 - Enhance resilience of smallholder farming communities in vulnerable areas
 - Climate friendly agribusiness value chain.
- Medium to long term priorities (2022-2030):
 - Promote energy efficiency measures
 - Increase renewable energy supply
 - Implement low carbon transport measures
 - Increase the resilience of the health system (infrastructure and population)
 - Enhance the resilience of urban infrastructure.

The Country Programme is a live document and will be updated annually, based on changes in national priorities and circumstances including the next National Socio-economic Development Plan.

1. INTRODUCTION

1.1 BACKGROUND

Lao PDR is a landlocked country and classified as Least Developed Country (LDC). Lao PDR is particularly vulnerable to climate change impacts, particularly floods and droughts, due to its high dependence on climate-sensitive natural resources and low adaptive capacity. Forest cover has declined from 70% of the total land area in 1943 to 41.5% in 2002⁵, resulting in Lao PDR changing from being a net sink to a net emitter. In 2007, the Government committed to increase the proportion of forest to 70% of total land area by 2020¹.

Lao PDR's long-term national development priorities are to transition to an upper-middle-income country by 2030, ensuring green economic growth that prioritises the sustainable use of natural resources and is resilient to natural disasters. This is summarised in Lao PDR's key strategic development policies:

- Lao PDR's Vision 2030 prioritises innovative, green and sustainable economic growth².
- Lao PDR's Ten-year Socio-economic Development Strategy (2016–2025) consists of seven strategies, one of which focuses on “**green economic growth**” and another which focuses on “**sustainable and green environment** with effective and efficient use of natural resources”³
- Lao PDR's 8th National Socio-economic Development Plan (2016- 2020) has three outcome areas including the third outcome area: “Natural resources and the environment are effectively protected and utilised according to **green-growth and sustainable** principles; there is readiness to cope with natural disasters and the **effects of climate change** and for reconstruction following natural disasters⁴.”

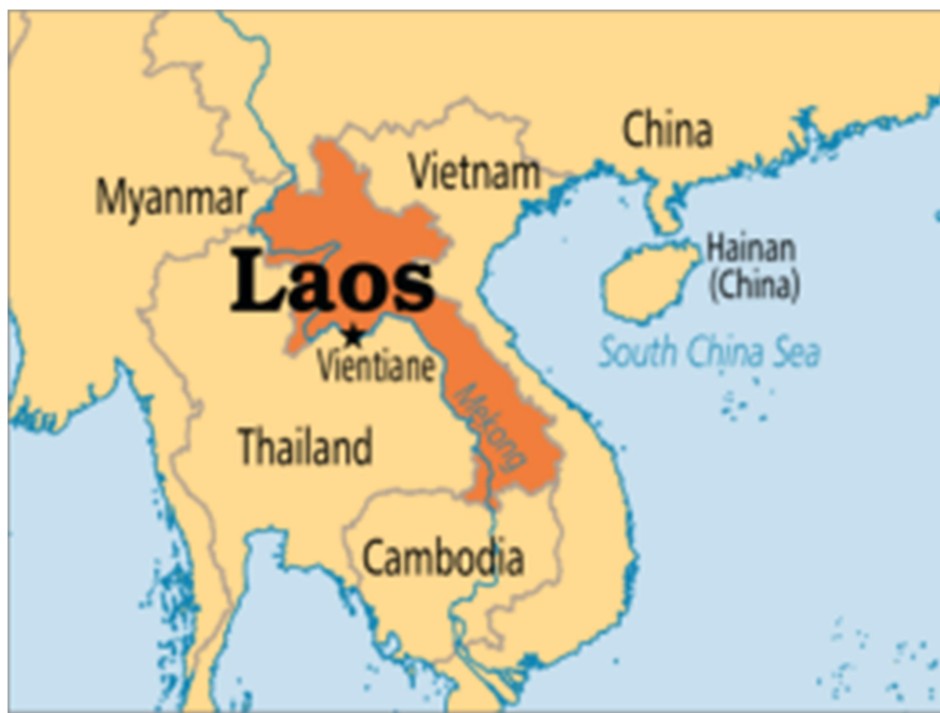


Figure 1: Map of Lao PDR

¹ Source: National Climate Change Strategy (2010)

² Source: Vision 2030

³ Source: Ten-year Socio-economic Development Strategy (2016–2025)

⁴ Source: 8th National Socio-economic Development Plan (2016- 2020)

1.2 COUNTRY PROFILE

Table 1: Country profile

Geographical location	South-east Asia
Land area	236,800 sq km
Population	6.86 million (2017) with an average growth of 2.1 percent per year
Type of climate	Lao PDR has a tropical monsoon climate, with a rainy season from May to September (with a mean annual precipitation of 1,300 to 3,000 mm) and dry season from late October to April (with an average annual precipitation of 1,950 mm). Floods normally occur during the rainy season when monsoon rains accumulate in the upper Mekong river basin, while droughts occur during the dry season between monsoon seasons.
Greenhouse gas emissions profile	<p>In year 2000, Lao PDR emitted a total of 43,811 Gg CO_{2eq} and removed about 2,047 Gg CO_{2eq} – hence emitting net 41,764 Gg CO_{2eq}. Emissions increased substantially compared to Lao PDR having been a net sink of 104,570 Gg CO_{2eq} in the year 1990⁵.</p> <p>Nearly all emissions were from the land-use change and forestry sector (42,758 Gg tCO_{2eq}), with only 7,606.34 Gg CO_{2eq} from agriculture sector and 1,004 Gg CO_{2eq} from the energy sector. Industrial processes contributed 48.4 Gg CO_{2eq}, while emissions from waste were 131.88 Gg CO_{2eq}.</p>
Key emitting sectors	Land use change and forestry, agriculture, energy
Key climate risks	Floods, epidemics, storms, drought
Key vulnerable sectors	Agriculture, housing, transport, health, water resources
National Designated Authority	Department of Climate Change, Ministry of Natural Resources and Environment (MoNRE)
National Accredited Entities	None
Accredited Entities active in Lao PDR	Asian Development Bank (ADB), Agence Française de Développement (AFD), Food and Agriculture Organisation (FAO), German Society for International Cooperation / Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Global Green Growth Institute (GGGI), International Fund for Agricultural Development (IFAD), International Union for Conservation of Nature (IUCN), German Development Bank for Reconstruction (KfW), Japan International Cooperation Agency

⁵ Source: Lao PDR Second National Communication (2013)

	(JICA), United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP), World Food Programme (WFP), World Bank
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1.3 CLIMATE CHANGE PROFILE

Lao PDR's economy is already experiencing the impacts of climate change, with the majority of the population highly vulnerable to climate hazards, especially to floods and droughts. This is because Lao PDR's economy and over 70% of population depends on natural resources for their livelihoods and to ensure food security. The agriculture sector is responsible for 29.9 % of gross domestic product (GDP) and approximately 70% of the population are dependent on the sector for their livelihoods.

Climate change impacts

Average annual **temperatures** have increased compared to historical trends, total **precipitation** per year is increasing across most of the country, and there are a wide range of potential future changes projected to occur over the next 20 to 50 years⁶:

- Model projections indicate a fairly quick and drastic change in the **spatial distribution of bioclimatic conditions** across the northern and mountainous region of the country, with significant warming and modification of rainfall patterns predicted for 2030, increasing in this general trend and direction substantially by 2060.
- **Temperatures** are projected to increase across the country as well as in the Lower Mekong Basin and across seasons. The only real uncertainty is the magnitude of the increase and how quickly it occurs. By 2060, the average annual basin-wide increase could be as low as 0.4°C or as high as 3.3°C depending on the global emissions trajectory and pattern of changes that follow.
- **Rainfall** could increase or decrease with significant **variation in the magnitude of change and the location** of impacts. Average change in rainfall by 2060 under the dry and high emission scenario is projected to be -16%, under the wet, and high emission scenario up to +17% in the most part of the country.

Climate change hazards

The frequency of the extreme weather events in Lao PDR increased from about once every two years before 1992 to every year or even twice a year after 1992⁶. Approximately three-fourths of the disasters in Lao PDR have been climate related⁵. During 1966 to 2009, **flooding** was the most frequently occurring climate change hazard, followed by **epidemics** (such as dengue, cholera, diarrhea and avian influenza (H5N1)), **storms** and **drought**⁶.

Most **storms** are followed by **severe flooding**, threatening livelihoods almost every year, and with more frequent and intensified flooding in recent years⁷. Flash floods in the northern mountainous areas are common. Flooding has an adverse impact housing, health and education, industrial activities, and infrastructure (transportation, water and sanitation). For example, the 2005 floods caused widespread disruption with estimated economic costs of USD 29 million⁵. The July 2018 flooding affected 13 provinces across the northern, central, and southern parts of the country; Attapeu Province was

⁶ Source: Mekong Climate Change Adaptation Strategy and Action Plan, November 2017
<http://www.mrcmekong.org/assets/Publications/MASAP-book-28-Aug18.pdf>

⁷ Source: Lao PDR First Nationally Determined Contribution

particularly impacted by the breached saddle dam of Xe Pien -Xe Nam Noy hydropower dam. Three flooding incidents in the summer of 2018 affected 17 out of 18 provinces, 90 districts and 268,000 people⁸.



Figure 2: Flooding during late July 2018 in Attapue province, Lao PDR

Lao PDR is also experiencing increasingly frequent episodes of **drought**, with shortages or delays in rainfall contributing to drought. Severe drought occurred in 1996, 1998 and 2003. It is estimated that 6 out of 17 provinces are already at high risk of droughts. Droughts adversely affect water resources, hydroelectricity generation and agricultural production resulting in widespread economic losses⁷.

The sectors most exposed to more frequent and severe damages from climate change (especially flooding and drought) are agriculture, housing, transportation networks and public health services⁵. The most vulnerable sector overall is agriculture, compounded by vulnerabilities in sectors linked to agriculture such as water, transport and public health. Increasing climate resilience with respect to agriculture is therefore a high priority, as well as the provision and management of water resources.

1.4 SOCIOECONOMIC DEVELOPMENT PROFILE

Socioeconomic development status

Lao PDR is a lower middle income country and has the long term goal to become an upper middle income country by 2030. Lao PDR is one of the fastest growing economies in Southeast Asia, with the economy grew at an average annual rate of 7.9 percent over 2011 to 2015. Gross domestic product (GDP) per capita was US\$1,217 in 2011, increasing to US\$1,671 in 2014 and US\$1,730 in 2017. This continuous economic growth is due to the appropriate macroeconomic management measures and mechanisms of the Government, peace in the country, social order, political and economic stability, and increased regional and international integration⁴. Poverty rates have been consistently declining since 1990, however 80% of the population live in rural areas, of which the majority still rely on subsistence agriculture⁹.

Table 2 below summarises the Lao PDR data from the 2018 Committee for Development Policy (CDP) triennial review, showing significantly improving living standards for many Lao citizens and Lao PDR reaching the threshold for graduation from LDC status. For example, gross national income (GNI) per capita grew from \$510 to \$1,996 between the 2009 and 2018 reviews.

⁸ Source: Terms of Reference, Post Disaster Needs Assessment: July 2018 Lao PDR Floods (September 2018)

⁹ Source: Plan of Action for Disaster Risk Reduction and Management in Agriculture (2014—2016)

Table 2: Lao PDR LDC graduation data over time¹⁰

CDP LDC review year ¹¹	GNI per capita, 3-year average (USD)	Human Asset Index (HAI)	Economic Vulnerability Index (EVI)
2006	\$350	54.0	57.9
2009	\$510	62.3	59.9
2012	\$913	61.4	37.1
2015	\$1,232	60.8	36.2
2018	\$1,996	72.8	33.7

The components of the Human Asset Index (HAI) are further detailed in Table 3 below, illustrating progress across all dimensions of the HAI, especially those related to education. For example, since 2006, adult literacy increased from 69% to 85% of the population and gross secondary enrolment ratio rose from 44% to 62%.

Table 3. Components of the Human Asset Index¹⁰

CDP LDC review year ¹¹	Health		Education	
	Prevalence of undernourishment in total population (%)	Under 5 mortality (per 1000)	Literacy rate	Gross secondary enrolment ratio
2006	22.0	140.6	68.7	44.0
2009	19.0	84.4	73.2	43.5
2012	22.0	56.8	72.7	44.7
2015	21.8	71.4	72.7	50.5
2018	17.1	63.9	84.7	61.7

Development policies

Lao PDR's priorities and development goals are set out in a number of harmonised national development strategies: Vision 2030, Ten-year Socio-economic Development Strategy (2016–2025) and 8th National Socio-economic Development Plan (2016– 2020).

Vision 2030 aims to transform Lao PDR into an upper-middle income developing country by 2030, with innovative, green and sustainable economic growth, quadrupling the country's per capita GDP and GNI. This includes a strong basic infrastructure system to support industrialisation and modernisation, the country systematically following a socialist market economy, social justice, peace and order, improving people's livelihoods and solidarity, reduced development disparities between urban and rural areas, improved human development that ensures all have access to quality social services, people's rights protected under the effective rule of law, the administrative system following the Three Builds¹² directive,

¹⁰ Source: United Nations, Lao PDR Department of Economic and Social Affairs (DESA), Committee for Development Policy Secretariat

¹¹ Note that the CDP review dates do not directly align with data for that specific year. They typically refer to the most recently available data point for each indicator. This means that the increases between the 2015 and 2018 reviews are not necessarily representative of changes during the 8th National Socioeconomic Development Plan period. For example, the literacy rate measured during the 2018 review for Lao PDR is from 2015.

¹² Three Builds Directive on devolution aims to build up provinces as strategy-making units, districts as comprehensively strengthened units, and villages as development units. Further information: <https://laospdrnews.wordpress.com/2013/03/21/vice-president-addresses-vientiane-on-three-builds-directive/>, <https://laospdrnews.wordpress.com/2013/03/31/sam-sang-directive-to-be-deeply-implemented-minister/>

environmental protection through efficient utilisation of natural resources to ensure sustainability, political stability and strength and Lao PDR actively moving towards regional and international integration.

The **Ten-year Socio-economic Development Strategy (2016-2025)** aims to double per capita gross national income by 2020, underpinned by seven sub-strategies⁴ :

- Strategy on quality, inclusive, stable, sustainable and green economic growth
- Strategy on least developed country (LDC) graduation by 2020 and progress on the Sustainable Development Goals
- Strategy on human development
- Strategy on sustainable and green environment with effective and efficient use of the natural resources
- Strategy to enhance government's role in social management under the effective rule of law
- Strategy on regional and international integration
- Strategy on industrialisation and modernisation.

The **8th National Socio-economic Development Plan (2016-2020)** (8th NSEDP) set out actions to implement the Ten-year Socio-economic Development Strategy, with the overall objective of: ensuring political stability, peace and order in society, significantly reducing poverty in all areas, continuous, inclusive and sustainable growth to graduate Lao PDR out of LDC status by 2020, effective management and efficient utilisation of natural resources, enhancing development through the national potential and advantages and participating in regional and international integration with ownership. The 8th NSEDP has three outcome areas:

- Outcome 1: Sustained, inclusive economic growth with economic vulnerability reduced to levels required for growth support.
- Outcome 2: Human resources are developed and the capacities of the public and private sectors are upgraded; poverty in all ethnic groups is reduced, all ethnic groups and both genders have access to quality education and health services; the unique culture of the nation is protected and consolidated; political stability, social peace and order, justice and transparency are maintained.
- Outcome 3: Natural resources and the environment are effectively protected and utilised according to green-growth and sustainable principles; there is readiness to cope with natural disasters and the effects of climate change and for reconstruction following natural disasters.

Outcome 3 of the 8th NSEDP is focused on natural resources and the environment, with three output areas:

- Output 1: Environmental protection and sustainable natural resources management
- Output 2: Prepare to cope with the disaster risks and impacts from climate change
- Output 3: Reducing the instability of agricultural production caused by disaster impact.

The priority activities and projects to achieve Output 2 of Outcome 3 of the 8th NSEDP are:

- Enhance capacity to adapt and alleviate the impact of climate change by conducting a study in areas vulnerable to climate change and high risk areas
- Enhance and develop reduced emissions from deforestation and forest degradation (REDD+) projects to reduce greenhouse gas (GHG) emissions
- Establish a committee to prevent and control disasters and climate change at both the central and local levels
- Establish a system to systematically and comprehensively manage, monitor and evaluate the impact of water, air and noise pollution

- Establish mechanisms for managing, grouping and reducing the amount of waste by promoting four approaches (reduce, re-use, recycle and rehabilitation)
- Establish mechanisms for managing toxic chemicals and hazardous waste and wastewater treatment systems in cities and provincial municipalities and Vientiane Capital
- Establish a comprehensive warning system (with testing equipment, tools, vehicles and personnel with knowledge and skills to respond to an emergency in a timely manner)
- Establish sustainable financial mechanisms to manage natural resources and protect the environment as tools for determining sustainable sources of funding and capital
- Establish management mechanisms and information sharing network systems to ensure regional and international integration in accordance with national commitments by implementing international agreements and conventions effectively within the given timeframe
- Strengthen disaster management
- Establish guidelines for incorporating climate change, risk mitigation and GHG reduction in the strategy and action plan of the priority sectors to develop capacity on these issues
- Create a map of vulnerable areas and develop medium- and long-term national adaptation plans and provincial and sectoral plans
- Develop the Third National Communication on Climate Change and develop plans to reduce GHG emissions in relevant sectors (land use and forestry, agriculture, energy, industry and waste management)
- Create favorable conditions for Lao PDR to access international funds on climate change
- Improve the Committee for Prevention and Disaster Management at each level, and develop risk reduction and readiness and response plans to disasters at national and local levels
- Establish the national emergency coordination and command centre, as well as providing information and communications technology equipment for reporting and communicating data and solving disaster-related problems on a timely basis.

These national development strategies are supported by sectoral strategies and action plans, as summarised below:

- **Ten Year Natural Resources and Environment Strategy 2016-2025 (NRES 2016-2025):** The vision is to make Lao DPR green, clean and beautiful, based on green economic growth, ensuring ensure sustainable, resilient economic development. The strategy includes 2030 targets that address forest cover, biodiversity protection, tree planning, urban parks, water and air pollution, water quality, use of hazardous chemicals in the agriculture and forestry sector, municipal waste generation and separation, waste collection systems, climate change mitigation, green production, resource consumption from industry and tourism, minimising social and environmental impacts from investment projects (e.g. hydropower, mining, infrastructure, industry, industrial plantation, urban development), access to climate change data and information, knowledge and understanding to respond and recover from disasters, and reducing risks and impacts from natural disasters. The following five objectives are to be achieved by 2025:
 - Ensure sustainable use, management, protection and conservation of natural resources to support long term sustainable economic development
 - Improve the environmental quality in Lao Cities and rural areas to ensure better quality of life of Lao people
 - Ensure Lao PDR is informed and prepared for adapting climate change, responding to climate change impacts (natural disasters) and contributing to global greenhouse gas emission reductions

- Ensure effective and collaborative implementation of MoNRE vision, strategy and action plan including multilateral environmental agreements related to natural resources and environment to ensure mutual benefits and to reduce cumulative and trans-boundary impacts
- Ensure MoNRE has capacity to achieve the MoNRE mandate.
- **Renewable Energy Development Strategy:** The vision for the Renewable Energy Development Strategy is to promote renewable energy as an important part of national economic development, to ensure energy security, sustain socio-economic development and enhance environmental and social sustainability. The Renewable Energy Development Strategy includes targets to increase the share of renewable energy to 30% of total energy consumption and the share of biofuels to 10% of transport fuel demand by 2025.
- **Agriculture Development Strategy to the Year 2025 and Vision to 2030:** The vision to 2030 for the agriculture sector is to ensure food security, produce comparative and competitive agricultural commodities, develop clean, safe and sustainable agriculture, and shift to a modern, resilient and productive agricultural sector, linked with rural development and contributing to the national economy. The Strategy 2025 focuses on preventing, controlling and addressing impacts from natural disasters including flood, drought, outbreak of animal and plant diseases, particularly in agricultural production areas. Strategy 2025 sets out priority measures:
 - Construct, improve and renovate water gates and weirs such as the areas along both river banks of Xe Bang Fai (Khammouan and Savannakhet), along Xe Bang Hieng river bank and other areas with risks
 - Utilise infrastructure such as irrigation reservoirs and hydropower reservoirs by controlling and determining appropriate and safe water level in the reservoirs ahead of flooding season
 - Carry out the study, research, development and improvement and turn to use rice and crops/plant seeds that are durable, resilient and can be able to adapt with climate change such as durable to flooding and drought a long side with the development and application of appropriate plantation techniques
 - Promote people to stock water by constructing small-scale weirs to block creeks, making small-sized ponds for stocking water for drought risk area.
- **Climate Change and Health Adaptation Strategy:** The vision of the Climate Change and Health Adaptation Strategy is for people to be healthy and strong, with the overall target of promoting public health and community sectors to protect people's health from unstable and changing climate conditions.
- **Urban Development Strategy to 2030:** The vision for the Urban Development Strategy is for modern towns, protecting their artistic and cultural uniqueness and architecture, ensuring liveable environments, and supporting towns be economic, cultural, social and services centres that enable rural development, industrialisation, modernisation and linkages to the Greater Mekong Sub-region.

1.5- CLIMATE CHANGE POLICY RESPONSE

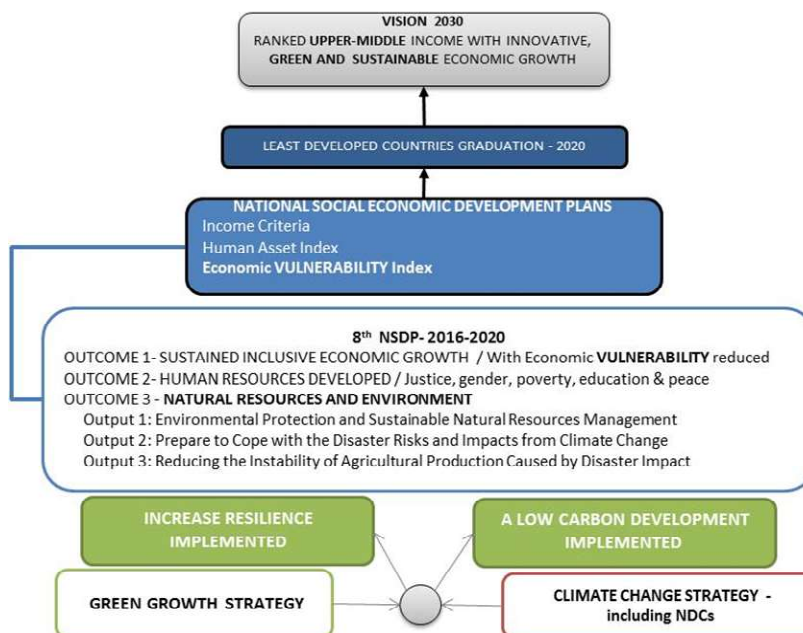


Figure 3: Synergies and interactions between key development and climate change policies

Lao PDR's climate change challenges are recognised in Lao PDR's key development strategies and plans. A number of climate change strategies, action plans and legislation have been developed to guide and drive Lao PDR's response to climate change. Figure 3 summarises the synergies and interactions between key development and climate change policies.

Legal and regulatory framework

The Lao PDR ratified the United Nations Framework Convention on Climate Change in 1995 and ratified the Kyoto Protocol in 2003. As a party to the Convention, Lao PDR submitted its First National Communication in 2000, National Adaptation Programme (NAPA) in 2009, National Strategy on Climate Change in 2010 with action plan for 2013-2020, and submitted Second National Communication in 2013.

In 2015, Lao PDR passed a national law on its NDC, making it the first country in the Association of Southeast Asian Nations (ASEAN) and 26th country in the world to **ratify the Paris Agreement** under the UNFCCC¹³.

Currently the **Climate Change Law** is being developed and will provide an overarching legal framework for climate change adaptation and mitigation. The law will clarify the legal mandates and reporting lines among relevant ministries and different administrative bodies in relation to climate change. The law will identify sources of climate finance and the management of these funds. At the same time, Third National Communication is being developed and is intended to be submitted to the UNFCCC by the end of 2019.

The **Forestry Law** was revised in 2008 and informs national policy on reforestation and deforestation, sustainable use of forests and forest resources, and the use of forests and ecosystems for ecotourism. The law requires the increase of forest cover as sink source for greenhouse gas emissions, classifying forests into three types for their management and use:

- Protected Area with the main objective of conserving rich forest, forest resources and biodiversity

¹³ Source: UNFCCC <https://unfccc.int/process/the-paris-agreement/status-of-ratification>

- Protection Forest with the main objective of protecting forests for specific uses (e.g. watershed management, upstream forest protection)
- Production Forest for sustainable use.

The **Water and Water Resources Law** was updated in 2017 and aims to improve the sustainability of Lao's water resources. The law is expected to influence the monitoring, management and planning of the country's rivers. The update adds new provisions on water rights and use, including waste-water discharge permits, wetlands and water-resources protection, ground-water management, and river-basin management. Additionally, the law expands the terms and conditions of large, medium, and small-scale uses and includes articles on environmental flows for hydropower as well as stipulations related to irrigation use¹⁶.

Climate related strategies and policies

The **National Climate Change Strategy** (2010)¹⁴ has the overall objective of securing “a future where Lao PDR is capable of mitigating and adapting to changing climatic conditions in a way that promotes sustainable economic development, reduces poverty, protects public health and safety, enhances the quality of Lao PDR's natural environment, and advances the quality of life for all Lao People”. The National Climate Change Strategy sets out mitigation and adaptation measures in seven sectors: agriculture and food security, forestry and land use change, water resources, energy and transport, industry, urban development and public health.

To support the implementation of the National Climate Change Strategy, the draft **Action Plan on Climate Change (2013-2020)** sets out climate change actions for the seven priority sectors in the National Climate Change Strategy. Priority climate change adaptation actions include: (i) climate resilient agriculture, land use change and forestry, (ii) water resource management; (iii) ecosystem based adaptation solutions, (iv) climate resilient transport and urban development and (v) adaptation in health sector. Priority climate change mitigation actions include: (i) increasing and maintaining national forest cover, (ii) increasing use of renewable energy sources and energy efficiency in rural electrification, (iii) emission reduction by developing public transport services.

Lao PDR's **Nationally Determined Contribution** (2015)¹⁵ (NDC) sets out adaptation and mitigation activities to be implemented over 2015-2030, as summarised in Tables 4 and 5 below.

Table 4: Mitigation activities set out in the NDC

No	Activity	Objectives of the activity	Estimated emission reduction
1	Implement Forestry Strategy to the year 2020	To increase forest cover to 70% of land area (i.e. to 16.58 million hectares) by 2020. Once the target is achieved, emission reductions will carry on beyond 2020.	60-69 MtCO _{2eq} (once the target has been met by 2020 onwards)

¹⁴ Source: National Climate Change Strategy (2010)
http://www.la.undp.org/content/lao_pdr/en/home/library/environment_energy/climate_change_strategy.html

¹⁵ Source: Lao PDR First Nationally Determined Contribution (2015)
<http://www4.unfccc.int/submissions/INDC/Published%20Documents/Laos/1/Lao%20PDR%20INDC.pdf>

2	Implementation of Renewable Energy Development Strategy	To increase the share of renewable energy to 30% of energy consumption by 2025. (Note that large scale technologies with installed capacity equal to or greater than 15MW are not included in this policy's target.) For transport fuels the objective is to increase the share of biofuels to meet 10% of the demand for transport fuels by 2025.	1,468 MtCO _{2eq} (by 2025)
3	Implementation of Rural Electrification Programme	To make electricity available to 95% of households in rural area by the year 2020. This will offset the combustion of fossil fuels to produce power where there is no access to the electricity grid.	63 ktCO _{2eq} /pa (once the target has been met by 2020)
4	Implementation of transport focused Nationally Appropriate Mitigation Actions (NAMAs)	In one NAMA feasibility study, road network development is identified as a first objective which will reduce the number of kilometres travelled by all vehicles. The second objective is to increase the use of public transport compared to the business as usual (BAU). In addition to a reduction in GHG emissions, the activity will lead to a reduction in NO _x and SO _x emissions which will have significant co-benefits such as improvement in air quality which in turn will have positive impacts on human health.	Road network development is 33 ktCO ₂ /pa, and 158 ktCO ₂ /pa for public transport development
5	Expansion of the use of large scale hydroelectricity	The objective of this activity is to build large-scale (>15 MW) hydropower plants to provide clean electricity to neighbouring countries. Approximately 5,500 MW is planned for construction by 2020. In addition, 20,000 MW of additional hydroelectric capacity is planned for construction after 2020.	16.284 ktCO _{2eq} per annual (2020-2030)
6	Implementation of climate change action plans	To build capacity to monitor and evaluate policy implementation success, with a view to producing new policy, guidance and data. The objective is to develop and implement effective, efficient and economically viable climate change mitigation and adaptation measures.	To be estimated as part of the implementation plan

Table 5: Adaptation projects and programmes set out in the NDC

No	Sector	Focus of Projects and Programmes
1	Agriculture	<ul style="list-style-type: none"> - Promote climate resilience in farming systems and agriculture infrastructure - Promote appropriate technologies for climate change adaptation
2	Forest and land use change	<ul style="list-style-type: none"> - Promote climate resilience in forestry production and forest ecosystems - Promote technical capacity in the forestry sector for managing forest for climate change adaptation
3	Water resources	<ul style="list-style-type: none"> - Strengthening water resource information systems for climate change adaptation - Managing watersheds and wetlands for climate change resilience - Increasing water resource infrastructure resilience to climate change

		- Promotion of climate change capacity in the water resource sector
4	Transport and urban development	- Increasing the resilience of urban development and infrastructure to climate change
5	Public health	- Increasing the resilience of public health infrastructure and water supply system to climate change - Improving public health services for climate change adaptation and coping with climate change induced impacts.

The **National Green Growth Strategy**¹⁶ sets out priorities, activities and a monitoring framework to support the country's vision of green growth and help mainstream green growth into Lao PDR's planning systems. The Green Growth Strategy identifies six priority sectors/areas: agriculture, forestry, urban development, transport, energy, and tourism. Climate change mitigation indicators are expected to include total greenhouse gas emissions, average greenhouse gas emission per person, share of renewable energy within the energy mix, urban waste reuse and disposal, natural forest coverage rate and conservation forest coverage rate.

The **National Adaptation Programme of Action** (2009)¹⁷ (NAPA) identifies 45 projects to increase resilience in the priority sectors of agriculture, forestry, water and public health, setting out the objective, activities, outputs, implementing agencies and budget for each project.

The **Plan of Action for Disaster Risk Reduction and Management in Agriculture 2014-2016** (2014)¹⁸ provides a roadmap for operationalising a proactive approach to managing natural hazards and risks by emphasising mitigation, prevention and preparedness in short term and long term planning. The Plan of Action consolidates needs and priorities for the sector, with actions and areas of work around five priorities:

- Strengthening good governance, institutional and technical capacities for disaster risk reduction and management (DRRM) and climate change adaptation in agriculture
- Assessing and monitoring climate risks and vulnerabilities and issuing early warnings for food and nutrition security and transboundary threats
- Improving knowledge management, awareness raising and education on DRRM, climate change impacts and adaptation
- Reducing underlying risks and vulnerabilities by promoting technical options and community-based planning for DRRM/climate change adaptation in the agriculture sector
- Enhancing capacities, facilities and procedures for effective disaster preparedness and response and integrate climate change adaptation in recovery initiatives.

Renewable Energy Development Strategy seeks to increase the share of renewable energy within total energy consumption to 30% by 2025. The key objectives of the strategy are: (i) ensuring adequate supply of energy and energy security, including promoting energy efficiency and energy conservation, and supporting the cultivation of biofuel crops to replace imported fossil fuels, (ii) delivering socio-economic

¹⁶ Source: Mid-term Review of the 8th National Socio-economic development plan, 2016-2020 (2018)

¹⁷ Source: National Adaptation Programme of Action (2009) <https://unfccc.int/resource/docs/napa/laos01.pdf>

¹⁸ Source: Plan of Action for Disaster Risk Reduction and Management in Agriculture 2014–2016 (2014) http://www.fao.org/fileadmin/user_upload/FAO-countries/Laos/docs/PoA_Lao.pdf

benefits and (iii) ensuring environmentally and socially sustainable development through enforcement of adequate safeguards. The priority actions to achieve these goals include the promotion and development of biofuels and other alternative energy sources for the transport sector, as well as small-scale hydropower, solar, biogas, energy, biogas and wind energy. To support these actions, the strategy proposes to establish a renewable energy fund under the Institute of Renewable Energy Promotion.

A **Climate Change Strategy for the Health Sector** is currently under preparation, to strengthen the capacity of the health and community sectors to address the health related impacts of climate change, with the overall vision of ensuring that ‘people are healthy and strong’. Strategic priorities within the strategy are strengthening resilience to climate change including technology and infrastructure, developing a public health plan that incorporates climate change data, financing the implementation of the strategy, integrating the monitoring of climate risks into early warning systems and undertaking further research into the health impacts of climate change.

Two sectoral climate investment plans have been prepared: **Climate Investment Plan Agriculture and Forestry** (2018), and **Climate Investment Plan Sustainable Cities** (2018)¹⁹. The objective of the climate investment plans is to identify projects which can synergistically support paradigm shift towards a low carbon, climate resilient development pathway for the sectors. The climate investment plans set out project pipelines and strategic interventions to scale up climate investment for each sector. In addition, a **GCF Programmatic Approach for Forestry and Land Use** is under preparation (see section 2.2 for more details).

The **draft Clean Renewable Vehicle Development Strategy** is being prepared by the Ministry of Energy and Mines, and focusses on: (i) promoting the development of electric vehicles, (ii) promoting the development of hydrogen vehicles, (iii) applying advanced technologies in the vehicle industry, and (iv) developing the infrastructure networks needed for clean renewable vehicles. The first strategy will cover 2018-2025, the second round of the strategy will cover 2026-2030 and the third round 2031 – 2050. To achieve this strategy, the following priority actions are proposed for implementation:

- Promote and develop electric motorbikes
- Promote the conversion of existing gas stations into electric charger stations (about 500 stations over the country)
- Promote the use of electric transport in the central and southern parts of the country
- Implement pilot hydrogen vehicle projects.

¹⁹ Climate Investment Plan Sustainable Cities (2018), Climate Investment Plan Agriculture and Forestry (2018)

1.6- CAPACITY DEVELOPMENT NEEDS

Considerable capacity exists within MoNRE in relation to climate change and the development of project investment proposals.

However, the development of GCF projects and investment proposals (and hence the implementation of the Country Programme) will require leadership and engagement from other Ministries, especially those active within the priority sectors identified in section 2.1. In order to further engage line Ministries and sectoral stakeholders, the NDA is channelling readiness resources to these sectors to enhance climate finance coordination, private sector engagement and to define programmatic approaches to financing climate change action (see section 2.2 for more information). Further development of capacity and skills is required across Ministries on the below topics:

- Identifying, screening and developing climate change projects, including developing the climate change rationale for projects supported by climate change logic models
- Understanding linkages between sectoral development objectives and Lao PDR climate change policies, targets and action plans
- Accessing and engaging with international public climate finance funders, including the GCF but also co-financiers for GCF projects such as bilateral and multilateral funders
- Preparation of GCF funding proposals including the GCF's results areas and investment criteria
- Improved tracking of climate finance, including considering integrating a climate change marker into the Official Development Assistance Management Information System (ODA-mis.gov.la) being developed by MPI
- Enhancing inter-sector and inter-agency dialogues and coordination on climate resilience, mitigation and climate-related disaster risk reduction -for example, by reinforcing the function of the existing Climate Change Committee
- Enhanced planning of the technical assistance and capacity building required to deliver paradigm shift in priority sectors – for example, by developing long term sectoral technical assistance and capacity building roadmaps.

2. COUNTRY PRIORITIES AND GCF PIPELINE

2.1 PRIORITIES FOR THE COUNTRY PROGRAMME

Process for identifying the priorities

The priorities for the Country Program were identified via a combination of top-down and bottom-up approaches as summarised in Figure 4 below.

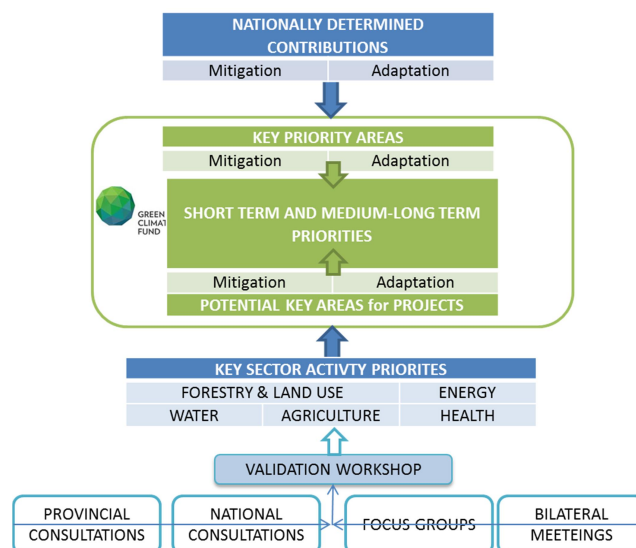


Figure 4: Combined top-down and bottom-up approach used to identify the priorities for the Country Programme

Lao PDR has defined its overall priority climate investment areas in its NDC, as summarised in Figure 5 below.

NATIONALLY DETERMINED CONTRIBUTION	
Mitigation	Adaptation
M1-Forestry and Land Use Land Change <ul style="list-style-type: none"> -Increasing and maintaining national forest cover 	A1-Agriculture <ul style="list-style-type: none"> • Farming systems and agriculture infrastructure • Appropriate technologies
M2-Renewable Energy- <ul style="list-style-type: none"> • Increasing use of renewable energy sources 	A2-Forestry and Land Use Change <ul style="list-style-type: none"> • Forestry production and forest ecosystems
M3-Rural Electrification <ul style="list-style-type: none"> • -Increasing the level of rural electrification 	A3-Water <ul style="list-style-type: none"> • Water resource information systems • Managing watersheds and wetlands for climate change resilience • Water resource infrastructure resilience to climate change • Climate change capacity in the water resource sector
M4-Sustainable Transport <ul style="list-style-type: none"> • -Improving the road network and developing public transport services 	A4-Transport and Urban Development <ul style="list-style-type: none"> • Urban development and infrastructure

M5- Institutional and policy framework <ul style="list-style-type: none"> • Climate change policy and implementation plans 	A5-Public Health <ul style="list-style-type: none"> • Public health infrastructure and water supply systems
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Figure 5: Summary of priority climate investment areas in Lao PDR's NDC

Taking a top-down approach based on the NDC, the key priority areas for GCF financing were identified as below (not in order of priority):

- Climate change mitigation
 - REDD+ by forest management and responsible agriculture measures
 - Low carbon transport including public transport and biofuels
 - Energy efficient and clean technologies
 - Renewable energy expansion and diversification.
- Climate change adaptation
 - Increasing resilience to climate change related disasters and changes in water flow, especially in the water, agriculture and urban sectors
 - Increasing the resilience of the health sector.
 - Mainstreaming climate change into all national, sub-national and sectoral development strategies and action plans.

Sectoral priority climate activities to implement the above GCF priority areas were identified via extensive provincial and national stakeholder consultations (see section 3.3), analysis of sectoral strategies and action plans, bilateral meetings and multi-stakeholder workshops (bottom-up). The sectoral priority climate activities are summarized below (not in order of priority), with more detail available in Annex 2:

- Short term priorities (2019-2021):
 - Increase and maintain national forest cover
 - Increase the resilience of urban areas to water impact, in particular to floods
 - Increase the resilience of rural areas to climate induced droughts and floods
 - Enhance resilience of smallholder farming communities in vulnerable areas
 - Climate friendly agribusiness value chain.
- Medium to long term priorities (2022-2030):
 - Promote energy efficiency measures
 - Increase renewable energy supply
 - Implement low carbon transport measures
 - Increase the resilience of the health system (infrastructure and population)
 - Enhance the resilience of urban infrastructure.

Priorities for the Country Programme

Tables 6 and 7 set out potential GCF projects for each of the sectoral priority climate activities, taking into consideration the GCF's investment criteria (see Annex 3) and GCF's results management framework. The tables cross-reference any relevant investment projects (P1, P2, etc) or readiness projects (R1, R2, etc) already in the pipeline. The priorities will be updated annually, based on changes in national priorities and circumstances including the next National Socio-economic Development Plan.

Table 6: Lao PDR GCF Country Programme short term priorities (2019-2021)

LAO PDR GCF COUNTRY PROGRAMME PRIORITIES	
Mitigation	Adaptation
SHORT TERM PRIORITIES (2019-2021)	
<p>Land Use Land Change and Forest</p> <p><u>Increase and maintain National Forest Cover (R4)</u></p> <p>Potential projects key areas:</p> <ul style="list-style-type: none"> - REDD+ Provincial plan implementation (P4) - REDD+ Results Based Payments (P6) - Regional collaboration and law enforcement - Landscape and forest restoration approach (P7) - National Protected Areas protection (P5) - Private sector engagement (credit lines, guarantees, (R4) - Regulatory and legal framework (taxes, FLEGT, etc.) <p><u>Current situation:</u></p> <p>An ADB technical assistance has supported DCC and MAF to prepare a climate investment plan for the agriculture and forestry sector, including the identification of key barriers and strategic interventions. With a focus on the GCF, the readiness support to FAO (R4) will result in the development of a theory of change for REDD+ (see Figure 7). The Department of Forest, in collaboration with the GIZ and with the EPF as key executing entity are finalizing a proposal (P4) for submission to the GCF. The proposal is expected to implement the FCPF Emission Reductions Program (ERP) in supporting Lao PDR to address key drivers of deforestation (including the agriculture sector) and forest degradation and hence reduce GHG emissions in six northern provinces.</p> <p>Moreover, JICA has expressed interest for the submission of a proposal (P6) under the GCF pilot REDD+ results based payment. Finally, the World Bank is seeking for GEF/GCF synergies (P7) with a focus on a landscape approach</p> <p><u>Way forward:</u></p> <p>Using GCF readiness and existing national mechanism such as the REDD+ Task force and sub-</p>	<p>Water Related</p> <p><u>Increase the resilience of urban areas to water impact, in particular to floods (R8)</u></p> <ul style="list-style-type: none"> - Small scale infrastructures, i.e. water retention, dykes P1 - Ecosystem based adaptation (P1) - Climate proofing infrastructures - Knowledge and data information production and sharing <p><u>Increase the resilience of rural areas to climate induced droughts and floods (R8)</u></p> <ul style="list-style-type: none"> - Small scale infrastructures - Ground water development - Ecosystem based adaptation - Watershed approaches - Knowledge and data information production and sharing <p><u>Current Situation</u></p> <p>UNEP has submitted a funding proposal (P1) on the use of ecosystem based adaptation and small scale measures to reduce the vulnerability to floods of 3 cities. Moreover, support has been provided to GGGI to work on sustainable cities, from the adaptation as well as from the low carbon development perspective.</p> <p><u>Way forward</u></p> <p>Mainstreaming climate change (in particular water) into national processes, including activities on the following areas:</p> <ul style="list-style-type: none"> - Implementation of the Climate Change Law - Development of a GCF funded water-NAPs with the objective to identify key water-related measures to address climate change impacts in urban and rural areas - Implementation of NAP identified measures packaged in projects

sector working group, this sector will work on increasing coherence and complementarity between projects and to enhance private sector engagement.

Agriculture

Enhance resilience of smallholder farming communities in vulnerable areas (P2)

- Food and nutrition security (P5)
- Micro watershed management
- Climate information systems

Climate friendly agribusiness value chain (P3)

- Enhancing crop productivity
- Climate proofing production and post-harvest infrastructures
- Climate sensitive agri-business (i.e. climate smart agriculture)
- Promote climate-related insurance

Current situation

The UNDP (P2) and the ADB (P3) investment project funding proposals on the agriculture sector are complementary proposals that seek to increase the resilience to climate change of the agriculture sector. Both initiatives are closely aligned with the objectives of the Lao PDR's Agricultural Development Strategy 2025 and Vision to the Year 2030. Furthermore, MAF and DCC have approved a scoping note developed by the World Food Program (P5) to further support the climate resilience of food and nutrition security activities. Finally, it is to be noted that the linkages between the agriculture sector and the land use, land use change and forestry sector and the work undertaken by the MAF to ensure complementarity of the projects and the activities.

Way Forward

To further enhance the linkages between the rural-water and the forestry sector in particular in the areas of agro-forestry and zero-deforestation and private sector engagement.

Table 7: Lao PDR GCF Country Programme medium to long term priorities (2022-2030)

LAO PDR GCF COUNTRY PROGRAMME PRIORITIES	
Mitigation	Adaptation
MEDIUM to LONG TERM PRIORITIES (2022- 2030)	
Energy Efficiency and renewable energy <u>Promoting energy efficiency measures</u> <ul style="list-style-type: none"> - Energy efficient appliances (R6) - Energy efficiency of public buildings - Engagement of Private sector and market development (R6) <u>Increasing use of renewable energy sources</u> <ul style="list-style-type: none"> - Waste to energy in sustainable cities (R3) - Renewable energy sources financing - Biofuels development - Engagement of Private sector and public-private partnership 	Public Health <u>Increasing the resilience of the health system (infrastructure and population)</u> <ul style="list-style-type: none"> - Resilient Water Supply Systems expansion and development - Climate change health strategy Development - Climate-health sensitive urban planning (R3 and P1)
Sustainable Transport <u>Implementing a low carbon transport development</u> <ul style="list-style-type: none"> - Develop public transport nationally and regionally - Support implementation of the Clean Renewable Vehicle Development Strategy (draft) 	Transport and urban development <u>Enhance the resilience of urban infrastructures</u> <ul style="list-style-type: none"> - Climate proof infrastructure - Land use planning

2.2 CURRENT GCF PIPELINE

To support the development of a strong GCF project pipeline, several areas of activity are being undertaken in parallel:

- Investment projects- this includes the preparation and submission of GCF investment project funding proposals, as well as enhanced engagement with stakeholders and coordination between Accredited Entities to support the development of future GCF investment projects
- Readiness projects – these activities include enhancing climate policy frameworks to identify potential GCF projects and capacity building to support the development of climate change projects and GCF investment project funding proposals
- Accreditation of national entities – this includes identifying potential national Accredited Entities who can access and blend domestic and international sources of funding.

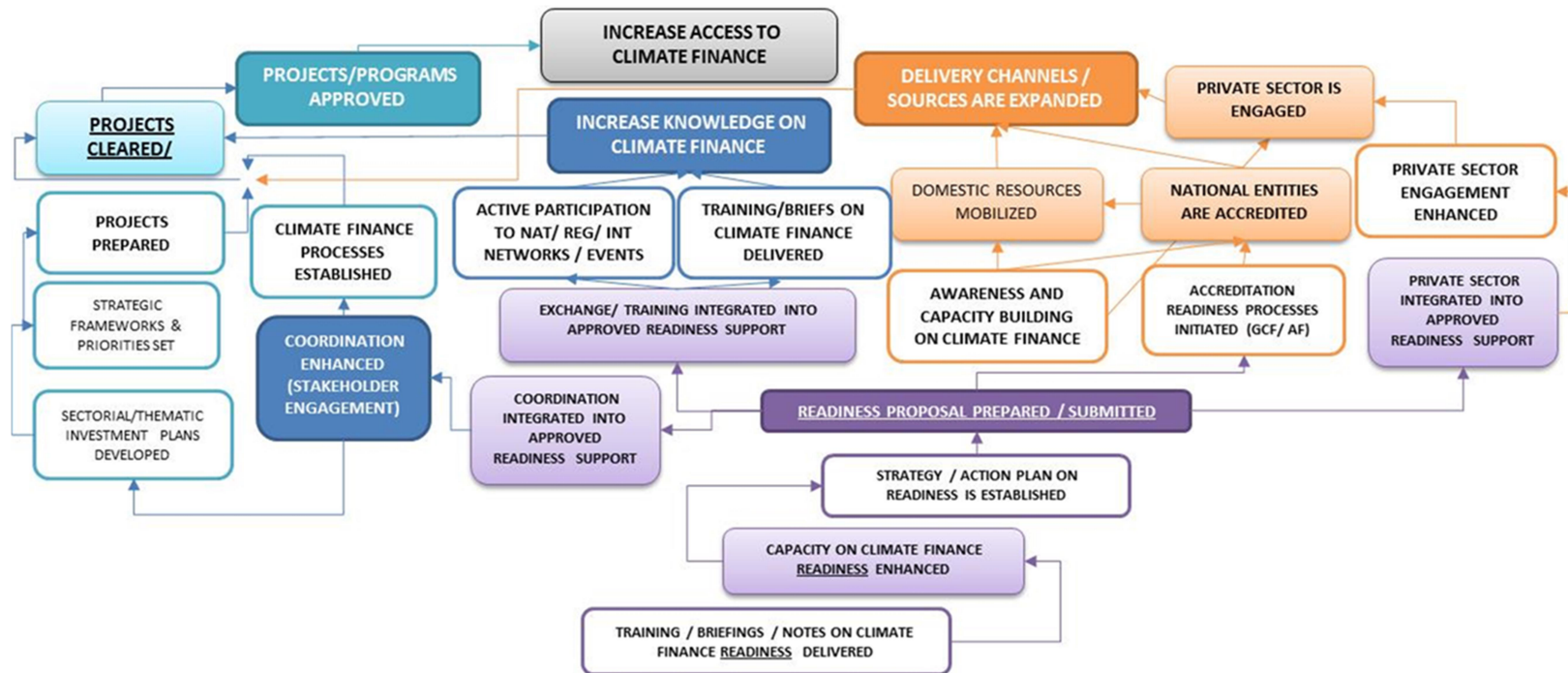


Figure 6: Activities being undertaken in Lao PDR to build a strong GCF investment project pipeline

Investment projects

Table 8 provides GCF project funding proposals either submitted or currently under preparation. Note that the first four proposals support the agriculture and forestry sector in a synergistic way, with different targeting strategies for the projects' beneficiaries and focusing on different geographic regions²⁰.

Table 8: Pipeline of current GCF projects submitted and/or under preparation

Project title	Accredited Entity	Lead Agency(s)	Total budget (US\$)	GCF contribution (US\$)	GCF instrument	Status
P1 - Building resilience of urban populations with ecosystem based solutions	UNEP	MoNRE	22,267,000	19,267,000	Grant	Proposal submitted to GCF Secretariat
P2 - Resilient Integrated Food Systems (RIFS) in rural Laos	UNDP	MAF	TBC	31,425,910	Grant	Proposal submitted to GCF Secretariat
P3 - Climate-friendly agribusiness value chain sector project	ADB	MAF	TBC	30,000,000	Grant	Proposal submitted to GCF Secretariat
P4 - Climate change mitigation by implementing provincial REDD+ action plans through governance, forest landscapes and livelihoods	GIZ	MAF, MoNRE	169,000,000	45,000,000	Grant	Funding proposal under preparation; to be submitted by February 2019
P5 - Climate resilient smallholder farmers and local communities supporting community-led school	WFP	MAF	10M	\$9,000,000	Grant	Project idea agreed by MAF

²⁰ For more detail regarding the synergies and interactions between the agriculture and forestry pipeline, please see the Climate Investment Plan Agriculture and Forestry (2018).

feeding						
P6 – Lao PDR REDD+ results-based payment for results period 2015-2018	JICA	MAF	N/A	TBD	Grant	Project idea under discussion
P7 - Lao PDR Landscapes and Livelihoods Project	WB	MAF, MoNRE	>60M	TBD	Grant, loan	Project idea under discussion

Readiness projects

A range of readiness support is required including capacity building for the NDA, for potential national accredited entities and to support the development of GCF projects by country stakeholders. Note that readiness projects can be led by Accredited Entities or Delivery Partners. Delivery Partners are entities which can demonstrate they meet the GCF's fiduciary requirements for readiness activities. Current GCF readiness projects are listed in Table 9 below.

Table 9: Current GCF readiness projects

Project name	Partner	Agency	Description	Status
R1 - Green Climate Fund readiness and preparatory support for Laos PDR	UNDP	DCC	Supporting the development of the country work programme, no objection procedure and stakeholder engagement guideline	Approved; project in progress
R2 - Getting Lao PDR Environment Protection Fund accredited to the GCF	GIZ	EPF	Supporting the accreditation of EPF to the GCF	Approved; project in progress
R3 - Readiness support to enhance green finance in the areas of green cities	GGGI	DCC	Identifying priority projects/programs related to green, climate resilient cities and assessing opportunities and challenges to private sector engagement (including banking) in Lao's priority projects/programmes	Approved; project in progress
R4 - Incentive mechanisms for private sector engagement under REDD+	FAO	DOF	Developing a strategy for financing the forestry and land use sector	Approved; project in progress

R5 - Enhancing NDA capacity and access to the GCF in Lao PDR	GGGI	DCC	Further building NDA capacity in relation to accessing the GCF and engaging with the private sector	Proposal submitted to GCF Secretariat and comments received from GCF
R6 - Market transformation of energy efficient lighting, air conditioners and refrigerators in Lao PDR	UNEP	MEM	Market study and potential activities in relation to energy efficient lighting, air conditioners and refrigerators	Proposal submitted to GCF Secretariat
R7 - Urban climate change resilience in cities along the Greater Mekong Sub-region East-West Economic Corridor	UN-Habitat	MPWT	Climate change exposure and adaptation measures in an economic priority area of Lao PDR	Proposal being considered by DCC
R8 - NAP financing and implementation for the water sector	TBD	DCC, EPF	Supporting the development of projects, including their financing strategy, to implement the NAP	Application being considered by DCC

REDD+ linkages between readiness support and the Country Programme

Given the importance of forestry to achieving Lao PDR's national objectives (as reflected in the 8th NSEDP) and international commitments (as reflected into the NDC), GCF readiness support is being utilized to develop a programmatic approach to paradigm shift in the forestry and land use sector: 'GCF Programmatic Approach to Forestry and Land Use'. The forthcoming 'GCF Programmatic Approach to Forestry and Land Use' will develop a strategy for financing mitigation activities relevant the sector, including a coherent framework and theory of change for achieving national climate change goals in the sector. Noting the significant role of the private sector in land-use change decisions, the strategy will consider the role of the private sector and opportunities for leveraging private finance. The 'GCF Programmatic Approach to Forestry and Land Use' will be integrated into subsequent yearly updates of the Country Programme.

Figure 7: Example of linkages between readiness support and further development of the Country Programme

Accreditation pipeline

The pipeline of potential national Accredited Entities is provided in Table 10 below.

Table 10: Potential national accredited entities

Name of Entity	Type of Entity	Current status	Timeline
EPF	National government entity	EPF is preparing its accreditation application, with capacity building support provided by GIZ	2019
Central Bank of Lao	Central government bank	Bank of Lao is currently considering applying to be an accredited entity and is in the process of assessing its status against the GCF accreditation criteria.	To be determined

3. GCF COORDINATION AND ENGAGEMENT

3.1 INSTITUTIONAL ARRANGEMENTS

The **National Designated Authority** is the official communication interface between a country and the Green Climate Fund. The NDA is expected to communicate the country's strategic priorities for financing low-emission and climate-resilient development across its economy, and ensure the country's Country Program is aligned with national priorities. Hence, the NDA should have the knowledge and expertise of both mitigation and adaptation efforts and needs in the country.

Consequently, in Lao PDR, the **Department of Climate Change** (DCC) within Ministry of Natural Resources and Environment (MoNRE) is the National Designed Authority (NDA). DCC consists of: (i) Division of General Affairs, (ii) Division of Climate Change Education and Awareness, (iii) Division of Climate Change Management Promotion; (iv) Division of GHG Mitigation; (v) Division of Adaptation; and (vi) Division of Disaster Risk Reduction. The Division of General Affairs is the NDA Office and leads all communication with the GCF. The roles and responsibilities of DCC are summarised in Figure 8 below.

COORDINATION	- coordination with line agencies and local administrations on climate change activities
OPERATIONALIZATION	- development and implementation of CC action plans and programmes
REPRESENTATION	- national focal point for climate change conventions and agreements
REPORTING	- evaluation and reporting to the government the implementation of CC activities
KNOWLEDGE	- collection & monitoring the information on implementation of climate change activities
AWARENESS	- raising the public awareness and engaging people to contribute to climate change
COMMUNICATION	- dissemination of CC decisions/actions to the public

Figure 8: Roles and responsibilities of Department of Climate Change

The **GEF and GCF Committee** is a cross-sectoral committee chaired by the Deputy Minister, who is responsible for environment management under MoNRE. The GEF and GCF Committee will approve GCF no objection letters for investment funding proposals and nominating national entities for accreditation to the GCF.

At the **sub-national level**, each province is identifying a provincial coordinator for communication and coordination with NDA through Environmental and Climate Change Units of Provincial Department of MonRE (PoNRE).

The **Disaster, Climate Change and Environmental Sub-Working Group** is a cross-sectoral sub-working group co-chaired by the Director General of DCC and UNDP. The sub-working group is under the Natural Resources & Environment Working Group of the Round Table Meetings, which take place every year (with High-Level Round Table meetings every five years) to provide inclusive forums to support the design and implementation of Lao PDR's national development plans. The sub-working group provides a platform for dialogue and coordination between the government with development partners and other key stakeholders working in environmental protection, including climate change adaptation and mitigation and disaster risk management. The sub-working group provides recommendations on policies, strategies and legal frameworks

in relation to environmental, climate change and disaster risk management. NDA provides updates on GCF activities at each meeting of the Sub-Working Group, including the status of current GCF readiness and investment projects and the GCF pipeline.

The **National Environment Committee (NEC)** is a cross sectoral and non-standing committee, chaired by the Deputy Prime Minister. It is the top body to provide overall policy guidance on natural resources and environment including climate change. Under the guidance of NEC, MoNRE is responsible for natural resources and environmental policies and plans, with the Department of Climate Change under MoNRE carrying out tasks related to climate change. NEC meets on an ad-hoc basis to provide guidance in case an environmental issue arises or there is a need for decision making on a specific task.

Under the NEC is the **Technical Working Group on Climate Change (TWG)**, a cross-sectoral working group chaired by the Director General of DCC. TWG meets on an ad-hoc basis and facilitates communication, cooperation and coordination between Ministries on climate change and climate finance. TWG supports the formulation and implementation of climate change strategies and action plans, National Communications, adaptation planning, greenhouse gas emissions inventory, and NDC and other climate change commitments to the UNFCCC. TWG is a body for technical consultation at the national level in relation to the GCF. TWG consists of technical representatives from:

- Ministry of Energy and Mines
- Ministry of Science and Technology
- Ministry of Health
- Ministry of Industry and Commerce
- Ministry of Education and Sports
- Ministry of Agriculture and Forestry
- Ministry of Public Works and Transport
- Lao Women's Union.

3.2 ACCREDITED ENTITIES

There are a number of Accredited Entities to the GCF already active on climate change in Lao PDR and engaged with the NDA; with the potential for additional Accredited Entities to become engaged on GCF projects in Lao PDR. Table 11 summarises the priorities of a selection of Accredited Entities in Lao PDR in relation to the GCF.

Table 11: Accredited Entities actively engaged with GCF and NDA

A.E. Name	Climate change related activities in Lao PDR	Status of GCF engagement in Lao PDR
ADB	<ul style="list-style-type: none"> • Watershed management, with a focus on upgrading irrigation systems (working with GIZ) 	<ul style="list-style-type: none"> • Project funding proposal submitted to GCF on 'Climate-friendly Agribusiness Value Chains Sector Project' • Interested in co-financing GCF proposals with other Accredited Entities • Interested in leading future GCF proposals as appropriate
AFD	<ul style="list-style-type: none"> • Rural development including watershed management (adaptation) 	<ul style="list-style-type: none"> • Interested in partnering and co-financing GCF proposals with other Accredited Entities, especially in relation to watershed management

A.E. Name	Climate change related activities in Lao PDR	Status of GCF engagement in Lao PDR
	<ul style="list-style-type: none"> • Sustainable agriculture (adaptation and mitigation) including increasing soil sequestration • Biodiversity conservation including reforestation and avoiding deforestation 	
FAO	<ul style="list-style-type: none"> • REDD+ • Climate change scenarios in the present and future agricultural sector (adaptation) • Technologies and practices to support mitigation and resilience in the agriculture sector • Forest and landscape restoration • Agro-meteorology • Climate change adaptation in wetlands 	<ul style="list-style-type: none"> • Delivery partner for GIZ led project funding proposal 'Implementation of the Lao PDR Emission Reductions Program through improved governance and sustainable forest landscape management' • Delivery partner for UNDP led project funding proposal 'Promoting Climate Resilient Food Systems for Improved Food and Nutrition Security Among the Most Vulnerable Communities in Lao PDR'
GIZ	<ul style="list-style-type: none"> • REDD+ • Sustainable forest management • Climate change related policy frameworks (forestry and land use) • Forest landscape restoration 	<ul style="list-style-type: none"> • Project funding proposal 'Implementation of the Lao PDR Emission Reductions Program through improved governance and sustainable forest landscape management' under preparation • Delivery Partner for GCF readiness project • Interested in partnering with other Accredited Entities, especially in forestry sector
JICA	<ul style="list-style-type: none"> • Sustainable forest management • REDD+ 	<ul style="list-style-type: none"> • Co-financier for GIZ led project funding proposal 'Implementation of the Lao PDR Emission Reductions Program through improved governance and sustainable forest landscape management' • Interested in leading future GCF proposals, including in REDD+ results based payment
UNDP	<ul style="list-style-type: none"> • Climate change policy and regulatory frameworks • Climate change and disaster management capacity building • Reforestation • Resilience in agriculture sector and for small scale infrastructure • Flood response and recovery 	<ul style="list-style-type: none"> • Project funding proposal 'Promoting Climate Resilient Food Systems for Improved Food and Nutrition Security Among the Most Vulnerable Communities in Lao PDR' submitted to GCF • Delivery Partner for GCF readiness project • Interested in leading future GCF proposals, as appropriate
UNEP	<ul style="list-style-type: none"> • Sustainable cities • Energy efficiency policies, regulations and financing in the buildings sector • Energy efficient appliances • Decentralised renewable energy 	<ul style="list-style-type: none"> • Project funding proposal 'Building resilience of urban populations with ecosystem based solutions' submitted to GCF • Delivery Partner for GCF Readiness proposal submitted on 'Market Transformation of Energy Efficient Lighting, Air Conditioners, and Refrigerators in Lao PDR'

A.E. Name	Climate change related activities in Lao PDR	Status of GCF engagement in Lao PDR
	<ul style="list-style-type: none"> generation • Electric vehicles 	
WFP	<ul style="list-style-type: none"> • Climate and food security analyses • Agro-ecology and climate-adaptive local food production • Strengthening smallholder farmers' capacity through improved agricultural practices • Asset creation programmes to provide alternative livelihood options for vulnerable communities 	<ul style="list-style-type: none"> • Concept note 'Climate Resilient Smallholder Farmers' under preparation
World Bank	<ul style="list-style-type: none"> • Sustainable forest management • REDD+ • Water resources management • Disaster risk management • Climate smart agriculture • Climate resilience of roads • Green growth 	<ul style="list-style-type: none"> • Project funding proposal 'Lao PDR Landscapes and Livelihoods Project' may be submitted to the GCF for GEF-GCF co-financing
UN Habitat ²¹	<ul style="list-style-type: none"> • Urban sector • Water sector 	<ul style="list-style-type: none"> • In the process of applying to be a Delivery Partner for GCF readiness projects • In the process of applying to be an Accredited Entity • GCF Readiness Funding proposal: • Urban climate change resilience in cities along the Greater Mekong Sub-region East-West Economic Corridor (EWEC) in Lao PDR

3.3 STAKEHOLDER ENGAGEMENT

Stakeholder engagement on GCF in Lao PDR is an ongoing process encompassing stakeholder coordination and engagement by the NDA, as well as stakeholder engagement by project developers and line Ministries in relation to GCF project development and implementation. This section set outs stakeholder engagement and coordination activities led by the NDA, highlighting Lao PDR's commitment to further engage with the private sector, and with a summary of stakeholder engagement undertaken as part of developing the Country Programme. Lao PDR's GCF Stakeholder Engagement Guidelines sets out the overall approach to stakeholder engagement as part of identifying, developing and implementing GCF projects.

Stakeholder coordination and engagement

A range of mechanisms are utilised by the NDA to ensure that key stakeholders are kept informed regarding GCF activities and can give feedback, including in relation to the ongoing development and implementation of the Country Programme, and current GCF readiness and investment projects, concept notes and funding

²¹ UN Habitat is not yet an Accredited Entity, but is in the process of seeking accreditation; UN Habitat is a current Delivery Partner for readiness support.

proposals:

- The **Disaster, Climate Change and Environmental Sub-Working Group** – the NDA provides updates on GCF activities at each meeting of the Sub-Working Group, including the status of current GCF readiness and investment projects and the GCF pipeline.
- **Annual GCF Update meeting** – the NDA will lead an annual open meeting to receive feedback and provide updates regarding current and future GCF for all interested parties, including line Ministries, GCF Accredited Entities, development partners, private sector and civil society.
- Regular **cross-sectoral GCF dialogues** with line Ministries, GCF Accredited Entities and Delivery Partners – the scope, format, timing and mandate of these dialogues have yet to be set, but the intention is to have an ongoing forum where GCF project developers and implementers are able to exchange information, provide feedback and receive updates on GCF activities in Lao PDR.
- Regular **thematic GCF meetings** with line Ministries, GCF Accredited Entities and Delivery Partners – the scope, format, timing and mandate of these meetings have yet to be set, and will be demand-driven, but the intention is to have an ongoing forum for focussed discussion about specific themes as requested by stakeholders.
- **Monthly GCF email bulletin** – the NDA intends to prepare a monthly GCF bulletin for interested stakeholders, which summarise recent country engagement with the GCF, the outcomes of any recent no objection decisions, and the current GCF pipeline, including new concept notes, readiness proposals or investment funding proposals received.

In addition, the NDA will inform line Ministries and GCF Accredited Entities within 5 working days when any of the following are submitted to the NDA: concept notes, investment funding proposals, project preparation facility requests or requests from national entities for accreditation nomination letters.

Private sector engagement

The private sector, particularly the banking sector and small and medium enterprises have an important role in driving the country development, and hence climate change activities.

Private sector entities were invited to participate in the workshops which inputted into and gave feedback on the Country Programme, and increased proactive engagement with the private sector is a priority for the ongoing development of the Country Programme. Private sector engagement will be prioritised in relation to further developing the GCF project pipeline, readiness proposals and investment proposals. Specifically, Delivery Partners have been requested to integrate private sector engagement into any readiness proposals; an existing readiness proposal submitted to the GCF is focussed on private sector engagement (see section 2.2 for more details).

Contribution of key stakeholders to the country programme

The Country Programme was developed as part of an inclusive approach to engaging stakeholders at the national and sub-national level on GCF, as summarised in Table 12.

Table 12: Overview of stakeholder consultation process

Groups	Date	-Objectives	Results
National stakeholder consultation	5-6 April 2018	-To dissemination the information on climate change and GCF	-Climate change, climate change status in the country, and GCF introduced to key national stakeholders
National stakeholder consultation	31 May 2018	-To discuss on the capacity gap of the NDA and NDA's structure	-Agreed on capacity building plan/topic for NDA -NDA structure discussed and reported to Minister for guidance on establishment
Northern provincial stakeholders	6-8 June 2018	-To dissemination the information on climate change and GCF, and -To identify/update provincial priority needs for adaptation and mitigation	-Climate change, climate change status in the country, and GCF introduced to key provincial stakeholders -Priorities for adaptation and mitigation in Northern part of the country identified
Central provincial stakeholders	13-15 June 2018	-To dissemination the information on climate change and GCF, and -To identify/update provincial priority needs for adaptation and mitigation	-Climate change, climate change status in the country, and GCF introduced to key provincial stakeholders -Priorities for adaptation and mitigation in Central part of the country identified
Southern provincial stakeholders	20-22 June 2018	-To dissemination the information on climate change and GCF, and -To identify/update provincial priority needs for adaptation and mitigation	-Climate change, status in the country, and GCF introduced to key national stakeholders -Priorities for adaptation and mitigation in Southern part of the country identified
National stakeholder consultation brainstorming-workshop	21 November 2018	-To review and identify national priorities and funding sources on adaptation and mitigation -To discuss the approach for stakeholder engagement on GCF	-First Draft of Country Programme agreed -National Stakeholder process
National stakeholder workshop	24 January 2019	-To present the final draft of Country Programme for final comments from stakeholders	-Feedback received on final draft of Country Programme

3.4 COORDINATION BETWEEN GCF AND GEF

Ensuring synergies and coherence across the various sources of environmental and climate change related funding is key to financing and delivering green growth in Lao PDR. Lao PDR is developing a plan to maximise coherence and synergies between the two biggest public environmental and climate change funds, the GCF and Global Environment Facility (GEF).

In parallel, the GCF and GEF are seeking to pilot a 'coordinated engagement' approach, whereby countries synergise the programming of GCF and GEF resources, leading to enhance delivery of financing. This coordinated engagement can be undertaken by piloting innovative projects, aligning capacity building and

readiness support, or scaling up successful mechanisms or interventions. As part of this, GCF and GEF undertook a coordinated dialogue in Lao PDR in February 2019.

The main areas being targeted for coherence and coordination between GCF and GEF in Lao PDR are:

- Steering and oversight
- Planning to identify future GCF and GEF investments
- GCF-GEF investments.

Steering and oversight

Instead of having separate steering committees for the two funds, a combined GEF and GCF steering committee is being created for approving GCF and GEF funding proposals. Merging the two committees will strengthen coordination and the identification of synergies between GCF and GEF activities in Lao PDR. This will also streamline the overall administrative burden for approving GCF and GEF projects and enhance the knowledge of key decision-makers on the Committee regarding the opportunities presented by both funds.

Planning to identify future GCF and GEF investments – NAP process

GCF and GEF readiness support could be combined to further develop climate change policy frameworks and identify future GCF and GEF projects. This could include the NDC and National Adaptation Plan (NAP) processes.

For example, GEF support (Least Developed Countries Fund) has been approved for the project ‘Building the Capacity of the Lao PDR Government to Advance the NAP Process’. GCF NAP support could build upon the GEF project by identifying key investments that could be co-financed by GCF and the LDCF. This is summarised in Figure 9 below.

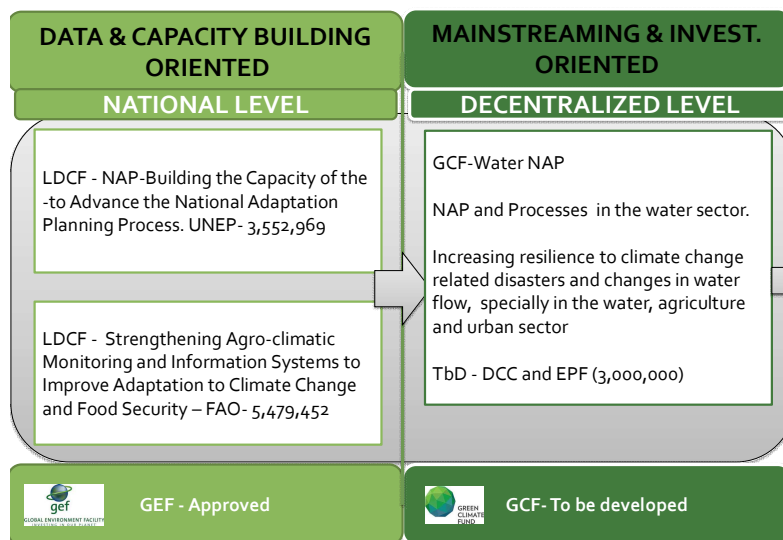


Figure 9: Example of how GEF and GCF support could support the NAP

GCF-GEF investments

There is substantial potential for GCF and GEF to develop and co-finance future climate change projects. This will require coordinated programming and identification of financing priorities, identifying the areas of

mutual interest to GCF and GEF in Lao PDR. Figure 10 provides an example of how potential investment approval arrangements could be coordinated between the GCF and GEF. The two options, GEF leveraging GCF resources for scaling up or replicating projects is illustrated as option 1 and GCF/GEF co-financing investment as option 2.

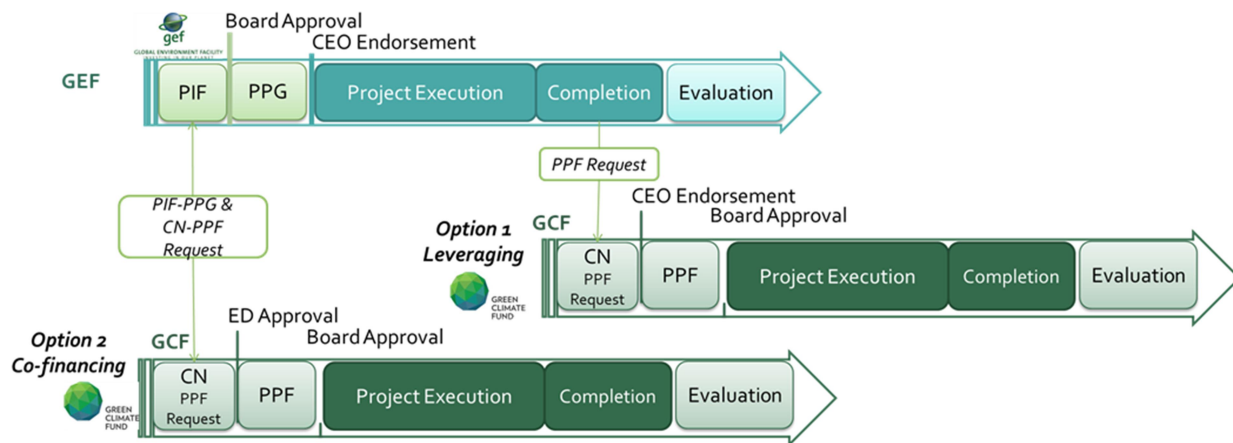


Figure 10: Example of how GCF/GEF investment approval arrangements

For example, under Option 2 (co-financing) the proposed ‘Lao PDR Landscape and Livelihoods Project’ will provide the integrated programmatic, multi-sector approach and large-scale financing needed to address natural resources issues such as decreasing forest coverage, loss of biodiversity and climate risks, which historically tend to be fragmented spatially and financially. In this context, the World Bank is planning to mobilize World Bank, GEF, GCF and potentially also private sector resources.

3.5 KEY IMPLEMENTATION MECHANISM: ENVIRONMENT PROTECTION FUND

There are a number of capable institutions in Lao PDR who are already participating in GCF readiness projects, identifying potential GCF projects and preparing GCF funding proposals. Among these institutions, the **Environment Protection Fund (EPF)** is unique since it has over 13 years of experience in managing grant funding windows, with a strong network of national and sub-national project developers and project beneficiaries.

EPF was established in 2005, with the aims of strengthening environmental protection, sustainable natural resources management, biodiversity conservation and community development. EPF is an autonomous national entity, both financially and administratively. EPF channels financial resources from World Bank, UNDP and domestic sources through five grant windows:

- Window 1: Policy implementation and capacity enhancement
- Window 2: Biodiversity and community investment
- Window 3: Pollution Control.
- Window 4: Water Resources Management.
- Window 5: Sustainable Land Resources Management.

EPF has an important role at the national level in relation to the GCF, including realising synergies between the GEF and GCF, GCF project implementation and as a potential national Accredited Entity to the GCF:

- Realising synergies between the GEF and GCF
 - EPF is Lao PDR's focal point to the GEF Fund and works closely with DCC to identify GCF-GEF synergies.
 - EPF is Secretariat for the GEF and GCF Committee, which approves the GCF no objection letters for Lao PDR.
 - EPF is well-placed to pilot complementary activities between the GCF and GEF, including identifying co-financing opportunities for GCF and GEF projects.
- GCF project implementation
 - EPF is expected to become increasingly active in relation to the GCF as a potential disbursement channel for grants.
 - It is anticipated that EPF will create a climate change-specific funding window to facilitate these activities.
- Potential national Accredited Entity to the GCF
 - EPF is in the process of preparing its application as an Accredited Entity to the GCF.

The NDA has nominated EPF to become a national accredited entity and allocated 488,000 USD to support EPF during the accreditation process. During this process, the GCF secretariat and the GCF Accreditation panel will assess the compliance of the EPF with GCF requirements and request adjustments as needed. Despite EPF's substantial experience and track record, adjustments will be needed and the process is expected to take 1.5 to 2 years.

As an Accredited Entity to the GCF, EPF will be as able to scale up its involvement in GCF project development and implementation, as well as enhance its ability to realise synergies between the GEF and GCF.

4. MONITORING AND EVALUATION

The Country Programme is a living document and will be updated over time to reflect new developments including updated climate change adaptation and mitigation priorities, progress in developing GCF readiness and investment projects, and other climate finance developments.

A framework for monitoring and evaluating the Country Programme will be prepared. It is expected that the framework will encompass periodic reviews of the Country Programme in response to updating the NDC and other policy cycles such as updating the Five-Year Socioeconomic Development Plan. The review will assess factors such as the relevance, effectiveness and impact of the Country Programme, and stocktake lessons learned for the NDA and relevant stakeholders. Performance indicators to be considered include:

- Number of adaptation and mitigation proposals submitted to the GCF Secretariat
- Volume of investment project funding approved and disbursed by project
- For adaptation projects, number of beneficiaries relative to total population, disaggregated by sex
- For mitigation projects, volume of greenhouse gas emissions reduced or avoided.

5. IMPLEMENTATION PLAN

The Country Programme is a living document that sets out priorities and summarises GCF-related activity in Lao PDR.

Next steps to implement the Country Programme are set out in Table 13f below.

Table 13: Country Programme implementation plan

Area	Action	Timeframe
Coordination GCF/GEF	NDA to continue to enhance coherence and coordination of GCF and GEF activities including identifying co-financed GEF/GCF project funding proposals,	Ongoing
DAE - Support	NDA to work with potential national accredited entities to develop the entities' first GCF investment proposals ahead of achieving accreditation.	Ongoing
Facilitation	NDA to support line Ministries to engage with Accredited Entities to identify and develop potential GCF project funding proposals.	Ongoing
Communication	NDA to establish mechanism, including distribution list, for informing line Ministries and GCF Accredited Entities within 5 working days when concept notes, investment funding proposals, project preparation facility requests or requests from national entities for accreditation nomination letters are received.	April 2019
Private Sector	NDA to develop strategy for engaging with the private sector.	Dec 2019
Planning	NDA to identify readiness needs, project preparation support and next steps required to develop project concepts and funding proposals for each of the climate change priorities set out in section 2.1 and Annex 2	Dec 2019
Stakeholder	NDA to establish mechanisms for ongoing stakeholder coordination and engagement: monthly email bulletin, Annual GCF Update meeting, regular cross-sectoral GCF dialogues and, if requested, regular thematic CF meetings.	Dec 2019
M&E framework	NDA to development framework for monitoring and evaluation of Country Programme, including indicators for readiness activities.	Jan 2020
Call for proposal	NDA to consider issuing a call for proposals, in case the funding proposals being put forward don't adequately cover the scope of priorities in the Country Programme.	Jan 2020
CP update	NDA to update Country Programme to reflect: <ul style="list-style-type: none"> • new readiness and investment projects • new priorities for sectors, using programmatic approaches for climate investment planning where ever possible, and taking into account activities already being implemented that relate to the priorities. 	Annually
CP Update	Update Country Programme to reflect new climate-related priorities, legislation, strategies, plans.	Biennially

ANNEXES

ANNEX 1: LIST OF STAKEHOLDERS CONSULTED

Public sector

Central Bank of Lao PDR

Committee of Economy, Technology and Environment, National Assembly

Department of Forestry, Ministry of Agriculture and Forestry

Department of Hygiene and Health Promotion, Ministry of Health

Department of Industry and Handicraft, Ministry of Industry of Commerce

Department of International Cooperation (DIC), Ministry of Planning and Investment

Department of International Finance, Ministry of Finance

Department of International Organization, Ministry of Foreign Affairs

Department of Meteorology and Hydrology, MoNRE

Department of Planning and Cooperation, MAF

Department of Planning and Cooperation, MEM

Department of Planning and Cooperation, Ministry of Agriculture and Forestry

Department of Planning, Ministry of Energy and Mining

Department of Pollution Control, MoNRE

Department of Small and Medium Enterprise Promotion, MoIC

Department of Social Welfare, Ministry of Labor and Social Welfare

Department of State Budget, Ministry of Finance

Department of Water Supply, MPWT

Environment Protection Fund

Faculty of Environment Science, National University of Laos

Institute of Renewable Energy, Ministry of Energy and Mining

National Agriculture and Forestry Research Institute, Ministry of Agriculture and Forestry

National Assembly

National Disaster Management Office, Ministry of Labour and Social Welfare

Natural Resources and Environment Research Institute, MoNRE

Permanent Secretary, Ministry of Education and Sports

Provincial PoNRE

Public Works and Transport Institute, Ministry of Public Works and Transport

Vientiane Capital (PONRE)

Private sector

Agriculture Promotion Bank

Banque Franco Lao
Banque pour le Commerce Exterieur Lao Public
Joint Development Bank
Lao Development Bank
Lao National Chambers of Commerce and Industry
New Chipxeng Co
Policy Bank
<i>Non-government</i>
Lao Biodiversity Association
Lao Women Union
Lao Youth Union
<i>Development partners and funders</i>
ADB
AFD
EU
FAO
GGGI
GIZ
IUCN
JICA
LNMC
SDC
UN Habitat
UNDP
UNEP
UNIDO
Village Focus International
WB
WFP
WHO

ANNEX 2: SECTORAL PRIORITY CLIMATE ACTIVITIES FOR COUNTRY PROGRAMME

Sectoral climate change priority		Reference	GCF results area	Lead Agency(s)
Water resources				
Adaptation				
1	Strengthen capacity within the water sector to develop climate change adaptation projects (including preparation of funding proposals) and reduce the impacts of natural disaster.	Ministry of Public Works and Transport ^{Error! Bookmark not defined.}	<ul style="list-style-type: none"> Increased resilience of health and well-being, and food and water security Increased resilience of infrastructure and built environment 	MoNRE, MWPT, local authorities
2	Prepare and implement a disaster management and prevention plan for the water sector to improve resilience to climate change impacts (e.g. flooding, drought).	NRES 2016-2025, MPWT ²²	<ul style="list-style-type: none"> Increased resilience of health and well-being, and food and water security Increased resilience of infrastructure and built environment 	MoNRE, MWPT
3	In drought-prone areas, particularly drought/mound paddy fields that are outside irrigation areas, encourage farmers to store water (via constructing small-scale weirs and small-sized ponds, but allowing for aquatic life to pass through).	MAF strategy 2025	<ul style="list-style-type: none"> Increased resilience of health and well-being, and food and water security 	MAF
4	Map existing meteorological and hydrological stations, and upgrade and increase the number of stations to provide better forecasting of climate related weather events to climate change related natural disasters and changes in water flow – including for villages and cities.	Multi-sector stakeholder workshop ²³	<ul style="list-style-type: none"> Increased resilience of health and well-being, and food and water security Increased resilience of infrastructure and built environment 	MoNRE, MPWT
5	In drought-prone areas, improve wetland management and analyse	Multi-sector	<ul style="list-style-type: none"> Increased resilience of 	MoNRE,

²² 16 January meeting 2019 with Water Supply Department, Ministry Public Works and Transport

²³ Multi-stakeholder workshop was held in November 2018, where an initial draft of the Country Programme was discussed and agreed

	and increase the use ground water	stakeholder workshops ^{Error!} Bookmark not defined., ^{Error!} Bookmark not defined.	health and well-being, and food and water security	MPWT
6	Promote and increase the implementation of the 3Rs (reuse, reduce, recycle) for waste water management, including identifying institutional owners (regulation, operations, implementation) for 3Rs within the government and increasing capacity to implement the 3Rs.	Multi-sector stakeholder workshop ^{Error!} Bookmark not defined. Ministry of Public Works and Transport ^{Error!} Bookmark not defined.	<ul style="list-style-type: none"> Increased resilience of health and well-being, and food and water security 	MoNRE, MPWT (and others)
7	Mainstream latest climate science and modelling (including use of GIS mapping) and adaptation actions into national socioeconomic development planning, especially in relation to livelihoods linked to the water sector.	NDC, NRES 2016-2025	<ul style="list-style-type: none"> Increased resilience of health and well-being, and food and water security 	MPI
8	Increase resilience of infrastructure in the water sector, particularly in drought-prone areas	MPWT ^{Error!} Bookmark not defined.	<ul style="list-style-type: none"> Increased resilience of infrastructure and built environment 	MPWT
Mitigation				
9	Promote the use of renewables and energy efficient resilient technologies in the water sector, including marketing to promote new technologies to the market and providing technical after-care including repair.	NRES 2016-2025, Ministry of Public Works and Transport ^{Error!} Bookmark not defined.	<ul style="list-style-type: none"> Reduced emissions from energy access and power generation Reduced emissions from building, cities and industries and appliances 	MoNRE, MPWT, MAF
10	Upscale REDD+ to avoid greenhouse gas emissions in the water sector, including via CDM.	NRES 2016-2025	<ul style="list-style-type: none"> Reduced emissions from forestry and land use 	MoNRE, MEM
Adaptation and mitigation (cross-cutting)				
11	Mainstream climate change adaptation and mitigation into relevant sectoral priority actions for the water sector.	NRES 2016-2025	<ul style="list-style-type: none"> Increased resilience of health and well-being, and food and water security 	MoNRE, MPWT

			<ul style="list-style-type: none"> • Reduced emissions from energy access and power generation • Reduced emissions from building, cities and industries and appliances 	
Agriculture				
Adaptation				
12	Integrate and mainstream the management, prevention and control of natural disasters into the agriculture development plan at every level in each period to protect livelihoods and ensure food security.	MAF strategy 2025	<ul style="list-style-type: none"> • Increased resilience of health and well-being, and food and water security 	MAF
13	Identify and map the areas most exposed to climate risks and impacts (e.g. flood, drought, outbreak of animal and plant diseases, soil erosion, etc.) using decision making support tools utilizing satellite imagery, modelling climate impacts on crops and aerial photos/maps.	MAF strategy 2025 MAF ²⁴	<ul style="list-style-type: none"> • Increased resilience of health and well-being, and food and water security 	MAF
14	Increase resilience to floods by utilising infrastructure such as irrigation reservoirs and hydropower reservoirs, and assess and maintain appropriate and safe water levels in the reservoirs ahead of the flooding season.	MAF strategy 2025	<ul style="list-style-type: none"> • Increased resilience of health and well-being, and food and water security 	MAF
15	Increase climate change resilience in the agriculture sector by promoting resilient technologies and farming systems and considering the use of financial instruments such as weather/index insurance.	NDC, multi-sector stakeholder workshop Error! Bookmark not defined.	<ul style="list-style-type: none"> • Increased resilience of health and well-being, and food and water security 	MAF
16	Ecosystem based adaptation to improve soil structure for agriculture, in areas vulnerable to climate change related land degradation and landslides	Multi-sector stakeholder workshop Error! Bookmark	<ul style="list-style-type: none"> • Increased resilience of health and well-being, and food and water security 	MAF

²⁴ 17 January meeting 2019 with NAFRI, Ministry of Agriculture and Forestry

		not defined.	security; <ul style="list-style-type: none"> Increased resilience of ecosystem and ecosystem services 	
17	Identify, develop and implement drought- and flood-resistant rice/crops/plant plantation techniques and, in the Northern part of Lao, cold-resistant agricultural techniques and livestock species	MAF strategy 2025	<ul style="list-style-type: none"> Increased resilience of health and well-being, and food and water security 	MAF
18	Crop harvesting, storage and processing facilities to reduce wastage in harvesting and storage. This will result in less land needed for cultivation and hence reduce the need to convert forest lands to agriculture. This will support small holder farmers moving towards commercial agricultural production; increase farmer's incomes will increase adaptive capacity and encourage them to use resilient technologies.	Climate Investment Plan Agriculture and Forestry ²⁵ , MAF Error! Bookmark not defined.	<ul style="list-style-type: none"> Increased resilience of health and well-being, and food and water security 	MAF
19	Match climate resilient products (for example, drought and flood resistant crop) with markets to create strong value chains for climate resilient products. This should include a strong focus on private-private partnerships.	Climate Investment Plan Agriculture and Forestry Error! Bookmark not defined. MAF Error! Bookmark not defined.	<ul style="list-style-type: none"> Increased resilience of health and well-being, and food and water security 	MAF
Mitigation				
20	Promote upland alternative livelihood development to reduce greenhouse gas emissions from slashing and burn cultivation in the Northern part of the country	NRES 2016-2025	<ul style="list-style-type: none"> Reduced emissions from forestry and land use 	MAF
21	Identify and implement measures to decrease methane emissions from livestock.	Multi-sector stakeholder workshop Error! Bookmark	<ul style="list-style-type: none"> Reduced emissions from forestry and land use 	MAF

²⁵ The Climate Investment Plan Agriculture and Forestry (2018) and Climate Investment Plan Sustainable Cities (2018) set out recommended short term interventions (to be implemented in the next 1-2 years), medium term interventions (to be undertaken over the next 3-5 years) and long term interventions (to be undertaken over the next 5+ years). This Country Programme highlights relevant recommended short term interventions from the Climate Investment Plans.

		not defined.		
22	Develop low-carbon, integrated management approaches in the livestock and fisheries sector.	Climate Investment Plan Agriculture and Forestry ^{Error! Bookmark not defined.}	<ul style="list-style-type: none"> Reduced emissions from forestry and land use 	MAF
23	Promotion and rolling out alternative livelihoods to shifting cultivation such as climate smart agriculture, forest enterprises with non-timber forest products and handicrafts, agribusiness support, village agroforestry, and expanding implementation support to REDD+.	Climate Investment Plan Agriculture and Forestry ^{Error! Bookmark not defined.}	<ul style="list-style-type: none"> Reduced emissions from forestry and land use 	MAF
Adaptation and mitigation (cross-cutting)				
24	Establish an improved information network/communication strategy between MAF, its decentralised offices and across technical departments to track climate change policy and action plan implementation and feed lessons learned back into the policy cycle. This requires defining specific roles and tasks for information sharing and reporting on climate change adaptation and mitigation action across both agriculture sub-sectors (including crops, livestock and fisheries) and forestry sub-sectors (incl. non-timber forest products). This network should use cost-effective mechanisms, such as online or mobile information sharing/management tools, as well as national and local communication media to outreach to field extension support units and farming communities.	Climate Investment Plan Agriculture and Forestry ^{Error! Bookmark not defined.}	<ul style="list-style-type: none"> Reduced emissions from forestry and land use; Increased resilience of health and well-being, and food and water security 	MAF
25	Implement low carbon, climate resilient agriculture sector technologies at the village level including renewable energy and small-scale mechanisation technologies developed for (i) dry season cropping such as solar-powered water pumps, (ii) solar powered drying kilns, (iii) improve cook stoves, (iv) climate-proofed storage facilities, (v) and small-scale mechanisation of agriculture such as excavators, (vi) climate-proofing of buildings, roads, and other logistics infrastructure.	Climate Investment Plan Agriculture and Forestry ^{Error! Bookmark not defined.}	<ul style="list-style-type: none"> Reduced emissions from energy access and power generation Reduced emissions from building, cities and industries and appliances Increased resilience of health and well-being, 	MAF

			and food and water security	
26	Capacity building and results-based incentives for cooperatives, technical service centres, and Village Development Funds on how to use payment for ecosystem services (incl REDD+) and other finance. For example, private sector support as either part of concession agreements, corporate social responsibility, or as an integral part of their operations to develop activities (alternative livelihoods to reduce forest degradation, carbon sequestration and soil protection through climate smart agriculture, climate proofed land use planning support).	Climate Investment Plan Agriculture and Forestry ^{Error! Bookmark not defined.}	<ul style="list-style-type: none"> • Reduced emissions from forestry and land use • Increased resilience of health and well-being, and food and water security 	MAF
27	Support communities and local businesses to adopt climate smart agriculture practices and sustainable forest management, through improved access to local and green finance, PES (incl. REDD+) payments, crop insurance schemes, village banking, etc.	Climate Investment Plan Agriculture and Forestry ^{Error! Bookmark not defined.}	<ul style="list-style-type: none"> • Reduced emissions from forestry and land use • Increased resilience of health and well-being, and food and water security 	MAF
28	Establishing comprehensive capacity building program on climate smart agriculture covering: <ul style="list-style-type: none"> i) adaptation solutions such as: ecosystem based agriculture, agro-silvo-pastoral agroforestry, grazing land improvement, and aquaculture and best rice crop practices ii) mitigation solutions such as: sustainable farm management, forest enterprise development for non-timber forest products and handicrafts, assisted natural regeneration of forest ecosystems, and the adoption of low-carbon renewable energy technologies such as improved cook stoves, solar, biogas digesters, and other waste-to energy solutions to reduce reliance on firewood and charcoal and curb emissions. 	Climate Investment Plan Agriculture and Forestry ^{Error! Bookmark not defined.} MAF ^{Error! Bookmark not defined.}	<ul style="list-style-type: none"> • Reduced emissions from energy access and power generation • Reduced emissions from building, cities and industries and appliances • Reduced emissions from forestry and land use • Increased resilience of ecosystem and ecosystem services • Increased resilience of health and well-being, 	MAF

			and food and water security	
29	<p>Mainstream climate change into extension support at provincial and local (district and community) level to support:</p> <ul style="list-style-type: none"> • resilient agribusinesses, resilient farmer producer groups and cooperatives; • increased non-forest timber products production, • improve monitoring and implementation of policies and safeguards • capacity building including. through Training of Trainer programs, and farmer field schools. • access to climate information for local stakeholders (district and communities). 	Climate Investment Plan Agriculture and Forestry <small>Error! Bookmark not defined.</small>	<ul style="list-style-type: none"> • Reduced emissions from forestry and land use • Increased resilience of health and well-being, and food and water security 	MAF
30	<p>Linking climate-related knowledge management and information systems with communication, awareness and extension approaches. The climate information dissemination mechanisms and extension approaches should include</p> <ol style="list-style-type: none"> dissemination, sharing and awareness raising of existing climate-relevant information to support the sustainable adoption of climate-smart agriculture, forest enterprise development, as well as the benefits of forest landscape restoration and agroforestry promotion and enforcement of climate change and sectoral policies and action plans as a joint responsibility of Government, communities, and the private sector strengthening awareness and ownership of integrated approaches²⁶ with communities 	Climate Investment Plan Agriculture and Forestry <small>Error! Bookmark not defined.</small>	<ul style="list-style-type: none"> • Reduced emissions from forestry and land use • Increased resilience of ecosystem and ecosystem services • Increased resilience of health and well-being, and food and water security 	MAF

²⁶ This includes climate-smart agriculture, forest enterprise development with the market analysis and development approach, role of renewable energy technologies in reducing the need of firewood and charcoal, the benefits of agroforestry and assisted natural regeneration in terms of improved grazing land management, soil conservation, fodder production, and low carbon protein production such as aquaculture

	iv) integrate ecosystem-based approaches ²⁷ in extension planning and implementation v) linking information on climate-proofed value chains and product processing chains in terms of reducing food wastage, matching products with markets with communication mechanisms vi) development of mobile applications related to climate information, including mobile banking apps, and extension support for integrated approaches on agriculture and forestry.			
31	Communication and awareness strategies rolled and developed to communities on the benefits of combining sustainable development and climate change benefits through a combination of traditional and modern approaches (radio, loudspeakers, mobile apps, etc.).	Climate Investment Plan Agriculture and Forestry ^{Error! Bookmark not defined.}	<ul style="list-style-type: none"> • Reduced emissions from forestry and land use; • Increased resilience of ecosystem and ecosystem services • Increased resilience of health and well-being, and food and water security 	MAF
32	Integrate adaptation and mitigation objectives into all MAF operational guidelines in all sectors (crops, fisheries, livestock and forestry, including the cross-cutting objectives related to water resource management and renewable energies).	Climate Investment Plan Agriculture and Forestry ^{Error! Bookmark not defined.}	<ul style="list-style-type: none"> • Reduced emissions from forestry and land use • Increased resilience of ecosystem and ecosystem services • Increased resilience of health and well-being, and food and water security 	MAF

²⁷ This includes assisted natural regeneration, agroecological agroforestry, climate smart agriculture, grazing land management, etc.

Public health				
Adaptation				
33	Capacity building on climate change risks and health impacts for health sector to strengthen institutional and staff at the central, sub-national and health facility level.	Multi-sector stakeholder workshop ²⁸	<ul style="list-style-type: none"> Increased resilience of health and well-being, and food and water security 	MOH
34	Climate vulnerability assessment to be undertaken that includes the health sector, to identify main climate risks for the sectors and actions to address those risks (e.g. climate information systems that can provide early warning on epidemic or disease outbreak linked to meteorological forecasts).	Multi-sector stakeholder workshop Error! Bookmark not defined.	<ul style="list-style-type: none"> Increased resilience of health and well-being, and food and water security 	MOH
35	Increasing the resilience of public health delivery, functions, infrastructure (including hospitals) and water supply systems to climate change and climate-related natural disasters.	NDC, Multi-sector stakeholder workshop Error! Bookmark not defined.	<ul style="list-style-type: none"> Increased resilience of health and well-being, and food and water security 	MOH
36	Increase the climate change resilience of communities and villages by expanding water supply services, providing improved sanitary facilities (to reduce climate-related disease outbreaks) and improving health care service centres in areas with vulnerable communities.	Multi-sector stakeholder workshop Error! Bookmark not defined.	<ul style="list-style-type: none"> Increased resilience of health and well-being, and food and water security 	MOH
Transport and urban development				
Mitigation				
37	To encourage increased low carbon transport at the national level (green freight) and at the city level (i.e. public transport, bus rapid transit, non-motorised modes), revise a city's master plan as a demonstration of the low carbon transport options available for villages and cities.	NDC, MPWT ²⁹	<ul style="list-style-type: none"> Reduced emissions from low emission transport 	MPWT

²⁸ Multi-stakeholder workshop was held in January 2019, where a final draft of the Country Programme was presented and feedback received.

²⁹ 16 January 2019 meeting with Department of Housing and Urban Planning, Ministry of Public Works and Transport

38	To encourage electric vehicles in Lao PDR, support the implementation of the draft Clean Renewable Vehicle Development Strategy, building on the experience of the electric vehicles NAMA	The draft Clean Renewable Vehicle Development Strategy	<ul style="list-style-type: none"> Reduced emission from low emission transport 	MPWT, MEM
39	Identify and implement measures to reduce greenhouse gas emissions from solid waste management	MOIC ³⁰ , Multi-sector stakeholder workshop Error! Bookmark not defined.	<ul style="list-style-type: none"> Reduced emissions from buildings, cities and industries and appliances 	MPWT
40	Increase the share of biofuels to meet 10% of the demand for transport fuels by 2025.	NDC, Renewable Energy Strategy	<ul style="list-style-type: none"> Reduced emissions from low emission transport 	MPWT, MEM
41	Replicate and upscale the use of public transport such as bus rapid transport from Vientiane to secondary towns	Multi-sector stakeholder workshop Error! Bookmark not defined.	<ul style="list-style-type: none"> Reduced emissions from low emission transport 	MPWT
Adaptation and mitigation (cross-cutting)				
42	To support improved climate change resilience in relation to land use planning and low carbon infrastructure development, including updating guidelines for urban planning for provincial governments to include climate change, revising (and implementing) each city's masterplan to include climate change risks, strengthening national and city-level building codes, and undertaking a sustainability gap analysis of the existing cities' legal and regulatory framework compared to best practice and provide support to address gaps in the framework.	NDC Climate Investment Plan Sustainable Cities Error! Bookmark not defined. , MPWT Error! Bookmark not defined.	<ul style="list-style-type: none"> Increased resilience of infrastructure and built environment Reduced emissions from buildings, cities and industries and appliances 	MPWT
43	To increase the development and implementation of climate change projects at the city level, conduct a study to map potential regional and international funding sources for sustainable cities	Climate Investment Plan Sustainable Cities Error! Bookmark not defined.	<ul style="list-style-type: none"> Increased resilience of infrastructure and built environment 	MPWT

³⁰ 18 January 2019 meeting with Department of Industry and Handicrafts, Ministry of Industry and Commerce

	and their funding criteria. Identify the appropriate personnel at the national and sub-national level to develop funding proposals, and provide targeted capacity building to develop climate projects and draft funding proposals. Information on funding sources should be shared with both public and private sector.	defined.	<ul style="list-style-type: none"> Reduced emissions from buildings, cities and industries and appliances 	
44	To support improved climate change resilience in relation to land use planning and low carbon infrastructure development, provide training to officials at the central and provincial level on environmental planning (including land use planning in relation to climate change), importance of regulation enforcement, best practices for enforcing environmental regulations, and to support a better understanding of the law, regulations and procedures relevant to their responsibilities.	Climate Investment Plan Sustainable Cities ^{Error! Bookmark not defined.}	<ul style="list-style-type: none"> Increased resilience of infrastructure and built environment Reduced emissions from buildings, cities and industries and appliances 	MPWT
Forestry and land use				
Mitigation				
45	Restoration of forest landscapes to improve carbon stock enhancement and carbon sequestration. For example: protected area management, protection forest management, production forest management, ecosystem-based adaptation, natural regeneration, assisted natural regeneration, plantation forestry and rotational agroforestry (trees, crops, and livestock).	Climate Investment Plan Agriculture and Forestry ^{Error! Bookmark not defined.} , Brainstorming workshop (Nov 2018), MAF ^{Error! Bookmark not defined.}	<ul style="list-style-type: none"> Increased resilience of ecosystem and ecosystem services Reduced emissions from forestry and land use 	MAF
46	Implement REDD+ and other greenhouse gas emission reduction projects/programmes in the forestry sector, including via results based payments.	Multi-sector stakeholder workshop ^{Error! Bookmark not defined.} , MAF ³¹	<ul style="list-style-type: none"> Reduced emissions from forestry and land use 	MAF
47	Identify and implement innovative village finance systems such as REDD+ and payment for ecosystem services finance.	Climate Investment Plan Agriculture and Forestry ^{Error! Bookmark not defined.}	<ul style="list-style-type: none"> Reduced emissions from forestry and land use 	MAF

³¹ 18 January 2019 meeting with Department of Planning and Cooperation Division, Ministry of Agriculture and Forestry

		not defined. MAF ^{Error! Bookmark not defined.}		
48	Implement and finance REDD+ projects identified by 'GCF Programmatic Approach for Forestry and Land use'	FAO ^{Error! Bookmark not defined.}	<ul style="list-style-type: none"> Reduced emissions from forestry and land use 	MAF
Adaptation and mitigation (cross-cutting)				
49	Increase technical capacity in the forestry sector in relation to climate change mitigation and adaptation	NDC	<ul style="list-style-type: none"> Increased resilience of ecosystem and ecosystem services Reduced emissions from forestry and land use 	MAF
Energy				
Mitigation				
50	Implement the Renewable Energy Development Strategy, i.e. to increase the share of renewable energy to 30% of energy consumption by 2025. (Note that large scale technologies with installed capacity equal to or greater than 15MW are not included in this target).	NDC	<ul style="list-style-type: none"> Reduced emissions from energy access and power generation 	MEM
51	Financing and implementation of (Lao Institute for Renewable Energy Management and UNDP) led NAMA on microgrids	FAO ³²	<ul style="list-style-type: none"> Reduced emissions from energy access and power generation 	MEM
52	Expansion of the use of hydroelectricity- The objective of this activity is to build hydropower plants to provide clean electricity to neighbouring countries. Approximately 5,500 MW is planned for construction by 2020. In addition, 20,000 MW of additional hydroelectric capacity is planned for construction after 2020.	NDC	<ul style="list-style-type: none"> Reduced emissions from energy access and power generation 	MEM

³² 22 January 2019 meeting with FAO

53	Assess and implement low carbon and green technology options (e.g. fuel switching, reducing process emissions, energy efficiency, waste to energy) for key emitting industry sectors (e.g. cement, beer, paper). Implementing low carbon and green technology options will include capacity building for the sectors.	MoIC Error! Bookmark not defined.	<ul style="list-style-type: none"> Reduced emissions from buildings, cities and industries and appliances 	MoIC
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Note: The sectors above reflect the mitigation priorities and 5 adaptation sectors highlighted in the NDC. This correlates to the sector coverage set out in the NCCS of agriculture and food security, forestry and land use change, water resources, energy and transport, industry, urban development and public health.

ANNEX 3: GCF INVESTMENT CRITERIA

Investment criteria	Scope of criteria
Impact potential: Potential of the programme/project to contribute to the achievement of the Fund's objectives and result areas	Mitigation impact
	Adaptation impact
Paradigm shift potential: Degree to which the proposed activity can catalyse impact beyond a one-off project or programme investment	Potential for scaling up and replication, and its overall contribution to global low-carbon development pathways being consistent with a temperature increase of less than 2 degrees Celsius (mitigation only)
	Potential for knowledge and learning
	Contribution to the creation of an enabling environment
	Contribution to the regulatory framework and policies
	Overall contribution to climate-resilient development pathways consistent with a country's climate change adaptation strategies and plans (adaptation only)
Sustainable development potential: Wider benefits and priorities	Environmental co-benefits
	Social co-benefits
	Economic co-benefits
	Gender-sensitive development impact
Needs of the recipient: Vulnerability and financing needs of the beneficiary country and population	Vulnerability of the country (adaptation only)
	Vulnerable groups and gender aspects (adaptation only)
	Economic and social development level of the country and the affected population
	Absence of alternative sources of financing
	Need for strengthening institutions and implementation capacity
Country ownership: Beneficiary country ownership of, and capacity to implement, a funded project or programme (policies, climate strategies and institutions)	Existence of a national climate strategy
	Coherence with existing policies
	Capacity of accredited entities or executing entities to deliver
	Engagement with civil society organizations and other relevant stakeholders
Efficiency and effectiveness: Economic and, if appropriate, financial soundness of the programme/project	Cost-effectiveness and efficiency regarding financial and non-financial aspects
	Amount of cofinancing
	Programme/project financial viability and other financial indicators
	Industry best practices



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