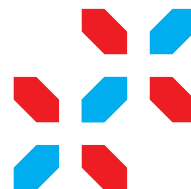


Lao People's Democratic Republic

LUXEMBOURG
AID & DEVELOPMENT



GUIDELINES FOR MAINSTREAMING ENVIRONMENT AND CLIMATE CHANGE IN ICP V



Luxembourg Development
Cooperation Agency







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Rationale

“Development cooperation cannot meet development needs if it fails to account for current and future climate risks. To fulfil its mandate, development co-operation needs to align with the Paris Agreement’s objectives across all activities and ensure more consistent financing for mitigation and adaptation across sectors”

(OECD, 2009)

Overall rationale and approach

Why mainstream environment and climate change?

Mainstreaming is the process of integrating a particular concern into development actions. Actions to reverse rapidly accelerating climate change, natural resource depletion and biodiversity loss need to be mainstreamed into current and future development cooperation. Otherwise, they will jeopardise the results of past decades of development cooperation. Areas that are characterised by fragile socio-political systems and that are economically dependent on natural resources are especially vulnerable.

The United Nations’ Agenda 2030 and its 17 Sustainable Development Goals (SDGs) include environmental considerations, also reflecting the interdependencies and integrated nature of these development goals. The SDGs therefore call for a radical acceleration of the integration of environmental and climate change issues into all development policies and programmes. The Organisation for Economic Co-operation and Development (OECD) notes that all technical and financial partners in development cooperation should more closely align their activities with the Paris Agreement objectives to help create low-emission and climate-resilient economies and¹ avoid supporting unsustainable activities. The European Commission provides specific guidance for actions in agriculture, food security and rural development and gives concrete answers to the question “when and how to integrate environment and climate” into the project cycle by presenting entry points.²

The new strategy on “The integration of environmental and climate concerns into the operations of the Luxembourg Cooperation” calls on its development partners to seize the opportunities and to act in order to:

- identify, avoid and mitigate any harmful impact on the environment, climate and natural resources;
- prevent and address environmental and climate-related risks and constraints that could hamper the achievement of the objectives, policies, plans and programmes of partner countries supported by Luxembourg Development Cooperation;
- seize opportunities to reap longer-term benefits in terms of socio-economic development and socio-political stability, as well as in terms of environmental preservation (positive co-benefits of actions).³

The Lao PDR’s 9th National Socio-Economic Development Plan (NSED) and the Lao Green Growth Strategy demonstrate why “greening” development cooperation is a necessity (see section on policy or strategic frameworks below). Further support for green mainstreaming is found in the Mid-term Review of the Indicative Cooperation Programme (ICP) IV 2016–2020 findings (See Annex 1 for a summary of ICP IV), suggesting that mainstreaming environment and climate change has been uneven across projects, and there is significant scope for further enhancing this across projects, especially for the climate change dimension.

The rationale for mainstreaming environment and climate change in ICP V is:

IF	THEN	SENSITISING	LEADING	ENSURING	CONTRIBUTING
implementing partners apply a coherent approach and commit to ensure that all projects developed under ICP V integrate environmental and climate concerns in all stages of the project life cycle.	their commitments will effectively reflect the environmental and climate change dimensions, applying them constructively for overall strengthening of their «green» engagements.	all project stakeholders increase their capacity on environment and climate change, leading to improvements within their sphere of engagement.	to enhanced environmental and climate outcomes in Lao PDR, aligned to its Nationally Determined Contribution (NDC) commitments, visible through ongoing evaluation, and enhancing Lao PDR’s climate resilience.	that Lao PDR can deliver on international (United Nations Framework Convention on Climate Change (UNFCCC) and Association of Southeast Asian Nations (ASEAN)) and domestic (legislation and policy) commitments benefiting its people.	to achieving NSED 2021 – 2025, targets particularly Outcome 4 and the Paris Agreement on climate change.

For Lao PDR, these aspects are reflected throughout domestic legal and policy frameworks, and through the ICP and the relevant guiding strategies described below.

Country context

Climate change scenarios for Laos⁴

Mean annual temperature has already increased slightly (but statistically significantly), at a rate of 0.16°C per decade over the last 30 years. Global climate models project a medium-strong temperature increase in the range of 1.5 to 4.1°C by the end of the century (compared to the reference period from 1971 to 2000). Further projects indicate a strong increase in how long heat waves last and a strong reduction in cold spell length. For precipitation, the annual total precipitation has already increased by 14% over the last 30 years (a statistically significant increase). Climate models project a further increase of +1% to +12% in annual total precipitation by the end of the century (compared to the reference period from 1971 to 2000). A tendency towards slightly more intense and more frequent heavy rainfall events, and a slight increase in dry spells duration, and increased water balance are projected for the future. See Annex 2 for an analysis of vulnerability across Laotian provinces.

The land-locked country of Lao PDR is highly exposed and vulnerable to flooding and drought. These impacts are induced by observable changes in the climate including higher than usual intensity rainfall events during the rainy season and extended dry seasons. The frequency of extreme weather events in Lao PDR increased from about once every two years before 1992⁵ to every year or even twice a year after 1992. Approximately 75% of the disasters in Lao PDR have been climate related⁶. Most storms - recently typhoons in the south - are followed by severe flooding, with more frequent and intense flooding happening almost yearly. Flash floods in the northern mountainous areas are common. Flooding threatens livelihoods and adversely impacts agriculture, housing, health and education, industrial activities, and infrastructure (transportation, water and sanitation).

The effects of climate change on relevant socio-economic sectors

Climate change impacts agriculture more than other sectors. Flooding and drought are the main climate hazards affecting agriculture, and they can be very destructive by altering the landscape, fauna, flora and vegetation, and also destroying public infrastructure, property, productive land, agricultural assets and upcoming harvests. Climate change and the increase in frequency and magnitude of these hazard events are expected to increase food insecurity, especially in rural areas. This is critical because around 65% of Lao people live in rural areas and 70% of the total population works in the wider agricultural sector.⁷ Rising temperatures are increasing the incidence and range of pests and waterborne diseases. When combined with decreased rainfall and increased demand, higher temperatures will present new challenges to water storage or transfer mechanisms.

Topography and landcover are factors influencing climate hazards (for example, storms and heavy rainfall), and most human activity is in the plateaus and river basins, that are facing the greatest climate impacts. Most agricultural fields are concentrated along the Mekong River and its tributaries, extending up hillsides onto cleared sloping land. Soils in the North tend to be heavily leached and acidic with low water retention capacity and generally low fertility. In the central and Mekong Basin areas, the soils are less acidic, with relatively good water retention and drainage capacity. Lao PDR consists of 70% mountainous and sloping lands of varying gradients. With heavy rainfall, cleared slopes are likely to erode with increasing chances for mudslides in upland areas, and rapid-runoff, flooding, and high levels of debris that can damage infrastructure.

Despite recent economic growth in Lao PDR, it has high economic vulnerability to climate and natural hazards because of its high dependence on natural resources. Rice is the key staple crop, accounting for 85% of total crop production, 80% of the nation's cropped land and 39% of agricultural Gross Domestic Product (GDP). However upland crops like coffee, cassava, and banana are the economic drivers of Lao agriculture, and they are most likely to be impacted by climate change. Overall, despite its importance for livelihoods, agriculture "only" contributed 15% of the GDP.⁸ Yet new market dynamics, mainly regional labour market integration (migration), and increased demand for waged farm labour from external investment, have started to re-structure agricultural production toward larger-scale monocultures (banana, rubber).

This shift makes Laos more vulnerable to climate-related risks. People often face food insecurity, with over 30 per cent of the population experiencing seasonal shortfalls in rice. Natural disasters exacerbate food insecurity when people use negative coping strategies (reducing food consumption, taking children out of school, selling productive assets for example, livestock and tools), providing proof of poor adaptive capacities.

Lao PDR is the most densely forested country in mainland Southeast Asia. Yet forest cover has dropped from an estimated 70% of the overall land surface in the mid-1960s to around 50% in 1982, to less than 40%, with an average annual loss of about 134,000 ha from an increase in population, economic growth, excessive and partly illegal logging, and land-use change. Forests are very important in Laos, with 80% of the population relying to some extent on forests for income, food, shelter, herbal medicine, and other resources. Forests are the source of timber and non-timber products that are critical income and livelihood resources for rural communities. Yet, forest loss is Laos' single biggest source of greenhouse gas emissions.

Climate change threatens all of Lao's ecosystems, including forests, karst landscapes, wetlands, lakes and rivers and the biodiversity within. Forest health is also susceptible to increased temperatures, with some trees unable to withstand heat stress, and greater chances of more frequent forest fires, and pest and disease outbreaks affecting forests. Changes in precipitation patterns might affect the survival of seedlings and saplings. Cleared and sloping lands will have erosion, causing sedimentation in rivers. Warmer temperatures will negatively affect a range of species, and rivers and lakes could see higher biodiversity loss and threats to livelihoods as fisheries decline. Laos has globally important biodiversity, that is threatened by multiple drivers. Yet there is potential for revenue and job creation from nature-based tourism to grow significantly and exceed revenues from extractive industries.⁹

Lao PDR is rich in water resources that will be affected by climate hazards. Laos has good quality, fresh water at its origin. Water resources in the country are used in several sectors and activities such as irrigation, hydropower, navigation, fisheries, urban and rural water supply. Water usage is predominantly agricultural (92%), followed by industrial (4%) and municipalities/domestic (3%).¹⁰ Water is used for hydropower; the country which aims to become the "battery of Southeast Asia" has the potential to produce 23,000 megawatts of electricity. Currently, around 25-30% of that capacity has been exploited with key players coming from China, Thailand and Vietnam. More than three hundred dams are currently in the design/negotiation/feasibility study stage. Many of these dams – complete, under construction, or in planning stages – are controversial with regard to their negative environmental and social impacts.¹¹ Three flooding incidents in the summer of 2018 affected 17 out of 18 provinces, 90 districts and 268,000 people. Attapeu Province was particularly impacted by the breached saddle dam of Xe Pien - Xe Nam Noy hydropower dam.¹² Beside surface water and natural springs, without regulation, groundwater is also becoming increasingly exploited for small-scale agriculture with limited understanding of the resource.¹³

Climate change might increase the risk of flooding in Mekong River and its tributaries, increasing the basin runoff by 21%, which would be worsened by the cascades of (hydropower) dams withholding or releasing waters, which causes flash flooding downstream. The lack of adequate early warning systems and coordination put life and assets at risk. More frequent droughts and higher temperatures are likely to lead to water scarcity in dry seasons with major implications for the rural areas. Potentially, areas with high use could see lakes and smaller rivers experience seasonal drought or dry out completely.

Health sector impacts from climate change are often indirect and related to the impacts of hazards cited above. The Strategy on Climate Change and Health Adaptation 2018 – 2025 summarises climate impacts as potentially increasing:

- vector borne diseases: malaria, dengue, other diseases transmitted by mosquitoes such as the Japanese meningitis, chikungunya and Zika virus;
- disease associated with water supply, sanitation and inadequate hygiene such as diarrhoea and soil-transmitted helminth infections;
- health impacts from severe weather events (injuries happening during storm events);
- respiratory diseases as consequence from air pollution (for example from shifting cultivation and forest fires);
- malnutrition and food insecurities;
- reproductive and women's health.

Child malnutrition rates remain high in Lao PDR (43% of children aged under 5 show stunted/short growth and around 26% underweight and 6% showing severe acute malnutrition symptoms), numbers varying in different literature sources but all show that trends are not improving much. While stunting is mostly associated with chronic food insecurity resulting from poor nutrition, coupled with poor hygiene, underweight and wasting are often symptoms of a short and extreme situation of food insecurity, often related to a weather event which is worsened by the same factors of poor nutrition, hygiene and health.

Cholera, diarrheal diseases, dengue fever and malaria outbreaks have affected the country in the past decades, but since 2014 serious efforts (policies, strategies, monitoring and control measures) have resulted in a constant decrease of malaria cases.¹⁴ According to the World Health Organization, 70% of the population is still at risk of

malaria, with only 7% of people living in malaria free areas (data from 2014). Lao PDR has seen an increasing number of patients with diseases due to the inadequacies of the (public) health system and people's lack of access to quality health care. The high disease incidence also reflects failures in provisioning basic social services, including access to safe drinking water and appropriate environmental sanitation. The COVID-19 pandemic is still a stress test for the public health system.

COVID-19 recovery and why “green” mainstreaming matters?

The COVID-19 pandemic (still ongoing) has evolved from a major public health crisis to a triple crisis, including both economic and jobs crises. The full extent of these crises is still unfolding, but in Laos, almost half a million people are predicted to lose their employment, and 383,000 people are projected to return to poverty, exacerbating pre-existing disparities.¹⁵ COVID-19 jeopardises Lao PDR's hard-won growth gains over the last decade, obstructing progress toward the SDGs and its goal of becoming a middle-income nation.

Countries, including Laos, can use the COVID-19 pandemic recovery to create opportunities for a green and inclusive economic recovery that happens across sectors. For example, agriculture and rural development are important sectors for buffering the economic and (un)employment impacts of the pandemic yet they are failing to address rural food security challenges for masses of jobless migrant workers returning to their home villages. This intensifies pressures on wild natural resources either for own consumption or for income (bushmeat, forest products). Until there are alternatives, hunting and gathering remain coping strategies for the rural poor. Creating opportunities in rural communities for returning migrant workers formerly employed in other sectors (for example, tourism, manufacturing), is important for both food security, improving social cohesion, and providing alternatives to high dependence on wild lands and their resources.

The pandemic's impacts underscore the importance of One Health approaches that jointly consider the human, animal, and environment interface as essential in preventing, understanding and treating health.¹⁶ One Health has demonstrated the linkages between global environmental issues such as biodiversity loss, wildlife trade, climate change, air and water pollution, and waste management, and both emerging infectious diseases (for example, COVID-19, SARS, and H1N1) and environmental health. One Health approaches can support public health in Laos, while also supporting agricultural production, food and nutritional security, disaster resilience, tourism, and ecosystem health – which are all key to development.

A green recovery from COVID-19 can significantly enhance both economic and social resilience given both the severe recession and accelerating environmental challenges.¹⁷ Various “green” sectors and activities offer significant prospects for job creation. Transitioning to a greener economy also requires new skills, both for newly emerging jobs and for existing jobs that are evolving. The Ministry of Natural Resources and Environment (MoNRE) has identified measures and actions for climate change and environmental protection as part of COVID-19 recovery. These measures and actions support long-term paradigm shifts aimed at redesigning current socioeconomic and sociocultural systems to be sustainable and resilient.¹⁸

Policy or strategic frameworks on environment and climate change

This section compares and prioritises the different strategic/reference frameworks for environment and climate change, identifies areas of shared interest and ensures that strategic recommendations align with Laotian priorities.





Lao PDR

Climate change was integrated at the policy level in 2010 with the first national strategy on climate change and leading to a 2021 updated version of the Strategy (Vision to the year 2050, Strategy and programmes of action to the year 2030). Lao PDR has implemented and improved its capacity to respond to climate change in line with the objectives of the UNFCCC, the Paris Agreement, and national socioeconomic development policies. The key actions include improving response readiness and developing policies and improving organisations, networks, cooperation, human resources, education and awareness, research and information, and financial mechanisms. Importantly, Lao PDR has implemented climate change adaptation and mitigation programmes and projects in key sectors at both national and local levels.¹⁹

The 9th NSEDP (Outcome 4 – Environmental Protection and Natural Disaster Risk Reduction) refers to environment, climate change, and green growth at the objective's highest level, reflecting the global trend to put more emphasis on these crosscutting themes. More specifically, its Outcome 4 is “Environmental Protection and Natural Disaster Risk Reduction” with outputs for “Sustainable natural resource use and management” (Output 1) and “Green growth and climate change actions” (Output 2). The NSEDP includes relevant targets and indicators and a list of relevant priority activities to which future Luxembourg funded interventions will contribute.

Lao PDR National Green Growth Strategy (NGGS) is a main tool to ensure longer term outcomes of the national socio-economic development, especially Least Developed Countries graduation, an upper middle-income country goal and SDGs in 2030 as per the green and sustainable direction. The Strategy will contribute (among others) to raise efficient, effective, and sustainable use of the nation's scarce natural resources for optimal benefits, including forestry, land, minerals, water, water sources, and biodiversity, among other key resources. The NGGS will contribute to reducing the economic risks and vulnerabilities posed by increasingly more severe and frequent natural disasters and hard-to-predict global economy dynamics.

Key climate change documents are Lao PDR Nationally Determined Contribution (NDC) (March 2021) and the National Adaptation Plan, which will strive to facilitate their implementation, their measurement, reporting and verification. The National Adaptation Plan will support the development and review of adaptation plans at the national and sub-national levels. The National Adaptation Program of Action (2009), the National Climate Change Strategy (2010), Climate Change Action Plan for Lao PDR for 2013 – 2020, and the previous INDC (2015) all emphasise the need to build climate resilience in the most vulnerable sectors:

-  agriculture, forestry and land use;
-  water resources;
-  transport and urban development;
-  public health.

Long-term adaptation objectives in key sectors relevant for the ICP V include (among many):

- climate resilient farming systems and agriculture infrastructure;
- appropriate technologies including nature-based solutions;
- sustainable water resources management;
- strengthened early warning systems;
- climate resilient forestry production and forest ecosystems;
- integrated land use planning including natural resources management;
- improving public health services for climate change adaptation and coping with climate change induced impacts.

To implement their conditional mitigation (and adaptation) measures of the NDC, Lao PDR seeks support from developed country parties in designing innovative financial mechanisms that can blend public and private capital to mitigate risks and unlock private sector investment in climate projects. The country also requests continuous administrative, legal, technical and institutional capacity building, policy design and support for implementing its NDC, including measurement, reporting and verification, climate modelling, carbon trading and enhanced mainstreaming of climate change into national and sub-national policies, including through climate action planning tools such as climate risk screening and climate budgeting.²⁰

Luxembourg

Luxembourg Cooperation Strategy (Road to 2030) contributes to eradicating extreme poverty and promoting economic, social and environmental sustainability. Road to 2030 refers to climate change and environmental sustainability as a crosscutting priority. While climate change is mainly seen as a risk factor aggravating poverty, there are limited indications on the potential role of development cooperation regarding climate action. Multilateral organisations are identified as key partners for Luxembourg development cooperation to maximise efforts to promote poverty eradication, environmental sustainability including climate action and human rights. Under Luxembourg's contributions to promoting food security and nutrition, sustainable agricultural development and building domestic resilience to future crises, including climate change, are mentioned as being crucial.

Luxembourg Strategy for the integration of environment and climate change in development cooperation²¹ defines the strategic orientations of Luxembourg Cooperation for environmental protection and the fight against climate change, to proactively contribute to the collective effort undertaken at international, European and national levels, and to guarantee the effectiveness and sustainability of the projects and programmes it implements. Under this strategy the Cooperation will significantly strengthen its action in the sustainable management of natural resources, especially by support for establishing sustainable and agroecological production systems to benefit small farmers, thereby contributing to food security. It will also encourage developing environmentally friendly natural resource use, development, and income-generation, which can target women to support their empowerment.

The Luxembourg strategy for inclusive and innovative finance and private sector development views value chain strengthening as an important building block by establishing partnerships and creating synergies with public and private partners and leveraging technical assistance. For instance, Luxembourg support to agricultural value chain market actors contributes to:

- enhancing farm risk mitigation and transfer instruments;
- fostering the adoption of more responsible and sustainable business practices;
- climate-smart farming practices in line with agroecological principles, which in turn increase the resilience of smallholder farmers;
- strengthening gender equality and encouraging women's economic empowerment;
- creating jobs for youth.

Combined with the responsible financial services that Luxembourg promotes, value chain strengthening contributes to creating economic opportunities and sustainable growth, which in turn improves resilience and income generation for vulnerable populations on all levels of the value chain, including women and young people.

LuxDev Vision 2030 is based on the General Strategy of Luxembourg Cooperation, and on Luxembourg's international commitments for sustainable development. LuxDev Vision 2030 integrates principles of development effectiveness and social, economic and environmental challenges of sustainable development in its actions and its contributions that benefit the development plans and programmes of its partner countries. Vision 2030 supports the "green" dimension as LuxDev's partners further operationalise their legal and strategic framework linked to priority themes and cross-cutting programme priorities, including environmental sustainability and gender equality. Furthermore, under Vision 2030 LuxDev is recognised for its capacity to operationalise climate change projects related to the environment and/or natural resources. These future thematic projects can be funded through dedicated Official Development Assistance (with relevant OECD Development Assistance Committee markers) or bilateral or international climate finance (see below). The "environmental mainstreaming" effort can create new opportunities for launching complementary and additional projects under climate financing, investing in new partnerships, identifying promising practices and scaling-up what works to promote green growth and sustainable development for more resilient communities.²²

LuxDev is officially accredited with the Green Climate Fund (GCF)²³ as an international implementing entity at the micro-level (meaning up to USD 10 million per project/portfolio) and for Category C projects (meaning none or minimal environmental and social risks).

European Union (EU)

EU Joint Programming in Lao PDR 2021-2025 – Team Europe Green Initiative focuses on three broad priority areas under the Green and Inclusive Economy: agriculture and rural development; natural resources and environment; private sector development, trade and tourism. The Team Europe Green Initiative aims to make a transformational contribution to the Lao PDR's Green Growth Agenda 2030 and its green-oriented NSED 2021-2025. This initiative seeks to focus and integrate European partners support in areas with a high potential for climate-adaptation action, private sector development, international trade, and sustainable socio-economic development. The transformation towards sustainable agriculture value chains plays a crucial role in this and becomes even more urgent and relevant in the wake of the COVID-19 crisis. Climate-adapted, resilient and well-managed agriculture value chains positively impact land-use management, reducing malnutrition and fostering inclusive growth. Two priority areas are identified below.

Phakhao Lao (Lao concept for "farm to fork") actions aim at stimulating a transition to sustainable agriculture and improving food value chains. Agriculture is a main driver of deforestation, biodiversity loss, freshwater depletion, pollution, greenhouse gas emissions, and land and soil degradation. Yet agriculture and fisheries are the main source of livelihoods, and its value chains offer good potential for 'green' decent employment and growth, through sustainable, inclusive and climate-adapted agriculture, particularly when value chains serve local markets or promote quality niche products with known export potential (for example, coffee, tea, bamboo). Interventions will transform agriculture and food systems, so they promote sustainable, safe, diverse, healthy and nutritious food while effectively addressing malnutrition through access to fruits, vegetables, and proteins.

The European Partners will be promoting a strong, coherent and joint policy dialogue with the Lao authorities and a wide range of relevant stakeholders (civil society, public and private sector, and financing institutions), to promote the European Green Deal and its external dimension, and sustained progress on many of the SDGs. An initial in-country “mapping exercise” of European Partners done in 2020 identified Luxembourg’s presence (only) in complementary areas of the Green Initiative for sustainable tourism and green skills and decent work (LuxDev/Swiss Agency for Development and Cooperation technical vocational education and training (TVET) project). Luxembourg’s support to landscape and watershed management is based on its support to the Mekong River Commission (regional project, not under LuxDev management). Luxembourg is practically not present on the two priority areas above.

Regional (Association of Southeast Asian Nations, Mekong River Commission)

ASEAN Social-Cultural Community (ASCC) Blueprint 2025 aims to realise:

- a sustainable community that promotes social development and environmental protection through effective mechanisms to meet the current and future needs of the peoples;
- a resilient community with enhanced capacity and capability to adapt and respond to social and economic vulnerabilities, disasters, climate change as well as emerging threats, and challenges.

Further, ASCC aims to achieve the following key result areas:

- sustainable climate;
- disaster resilient ASEAN that is able to anticipate, respond, cope, adapt, and build back better, smarter, and faster;
- a climate adaptive ASEAN with enhanced institutional and human capacities to adapt to the impacts of climate change;
- strengthened social protection for women, children, youths, the elderly persons, and more general any vulnerable and marginalised/minority groups, and people living in at-risk areas, including remote and border areas and climate sensitive areas, to reduce vulnerabilities in times of climate change-related crises, disasters and other environmental hazards.

Mekong River Commission has just recently launched the 10-year Basin Development Strategy (BDS) 2021-2030 which focuses on the entire Mekong River Basin. The BDS sets out five strategic priorities, of which two of them linked to environment and climate change namely:

- maintain the ecological function of the Mekong River Basin;
- strengthen resilience against climate risks, extreme floods and droughts.

The Green Climate Fund

GCF – Lao PDR country programme (2019) sets out the country’s priorities in relation to the GCF which can be summarised as:

- adaption and resilience strengthening in the short term (next 2-5 years) by focusing on rural areas and their vulnerability to climate induced droughts and floods, enhancing resilience of smallholder farming communities in vulnerable areas and climate friendly agribusiness value chain;
- mitigation-related interventions in the medium to longer term (beyond 2025) including energy efficiency measures, increasing renewable energies, and low carbon transport.

Potential additional/complementary climate financing from other sources should be included in the ICP V for including the Climate and Energy Fund (MECSD) and GCF which can help Lao PDR to achieve their Nationally Determined Contribution and set objectives under the National Adaptation Plan.

Other Multilaterals

The Global Environment Facility’s small grants programme, implemented by the United Nations Development Programme, aims to deliver environmental benefits on biodiversity conservation, climate change mitigation, protection of international waters, prevention of land degradation through community-based approaches.

The Asian Development Bank’s support to the Lao PDR combines financing, knowledge, and partnerships, with operations focusing on institutional capacity, agriculture, and natural resources, as well as human and social services. In 2019, the Asian Development Bank supported the government in adopting a decree on climate change, which includes scope for a climate change fund. The bank is also providing support to update the country’s existing climate change strategy to reflect the government’s latest priorities and international commitments under the Paris Agreement.

Strategies and Guidelines for Mainstreaming Environment and Climate Change under ICP V

Objectives





A key requirement for translating the different strategic/reference frameworks on Environment and Climate Change into action is to:

- have a clear strategy and sector specific implementation guidelines for mainstreaming;
- locally adapted tools and methodologies aligned to our existing “toolbox” and the project cycle management.

Approach

To help Lao PDR improve its capacities to face increasing climate change and environmental sustainability challenges, ICP V interventions will mainstream environmental, climate change adaptation and resilience measures in each thematic priority area. ICP V will capitalise on innovative and solid approaches and techniques to contribute to the ecosystem conservation, strengthen capacities to adapt to increasing climate variability, extreme weather events, drought and floods, to gradually improve local infrastructure and make livelihoods climate resilient.

Below we provide strategic direction on strengthening climate change and environment within the ICP’s four priority sectors:

-  health and nutrition;
-  technical and vocational training;
-  local and rural development;
-  good governance and the rule of law.

The order of sectors follows their relevant/potential contribution for environmental and climate change mainstreaming and suggested entry points are not exhaustive and would require further analysis during formulation and implementation.

Local and rural development

Local and rural development has been a cornerstone of Luxembourg cooperation in Laos. Rural communities will be increasingly affected by environmental degradation and climate change with higher projected climate variability, which will impact agriculture production, food security but also lead to higher risks for communities including from landslides, floods, heatwaves or droughts. Agriculture production will remain pivotal in supporting rural communities’ livelihoods and strengthening the resilience of the sector to climate change is needed. Yet, this needs to go hand in hand with productivity improvement, higher value addition created by local communities within agricultural value chains and lower emissions where possible. Under the ICP V, greater attention will be given to the environment and climate change in local and rural development interventions through three entry points described below:

- climate sensitive village development funds supporting resilience enhancing investments;
- identify and support the development of climate smart value chain/s;
- mobilising finance for sustainable rural development.

Climate sensitive village development funds: village development funds are proven, successful participatory instruments to ensure villagers’ priorities are considered and villages gain a stronger ownership in managing resources. This was at the centre of LAO/030 project. Village development funds appear to be an appropriate instrument to support local responses to climate change impacts. Piloting climate smart investments focusing on resilience and adaptation at village level, that are demand/need driven, seems to be a good entry point. An increased effort will have to be put on showing and explaining the economic benefits of adaptation related interventions and how these contribute to poverty reduction. Overall, the participatory and co-design process of possible solutions ensures high levels of ownership.

While village level activities represent an effective instrument for strengthening resilience, establishing successful climate change strategies will need to take a broader perspective. From that point of view, a mix of value chain and national level activities could be explored. Robust participatory processes to map the landscape of actors and identify opportunities to bring actors together to implement climate change activities is advisable (See Annex 3).

Value chain strategies development provides multiple co-benefits, including enhancing climate resilience, fostering social inclusion and enhancing gender equality while contributing to food security livelihood diversification, and private sector development.²⁴ LuxDev has a long track record in strengthening (food) value chains in other countries. There are several ongoing or recently completed value chain-related assessments and interventions in Laos that LuxDev can learn from, shown in Box 1 and further references are provided in Annex 4.

BOX 1 • VALUE CHAINS: LESSONS FROM PAST PROJECTS

World Bank programme (2017) analysing rice and vegetable value chains found that high production costs diminished farmers' revenues, while poor coordination between producers and processors, and a fragmented retail market, prevented high-volume marketing.

GIZ project (2017) examined five value chains across three provinces alongside a sectoral skills assessment for the agricultural and food-processing sectors. GIZ found that all the value chains analysed – coffee, tea, cassava, maize, dairy, and meat – were operating well below their potential.

United Nations Conference on Trade and Development programme (2020) reviewed maize value chains and recommended cooperative membership to facilitate aggregation among larger networks of small producers and provide an opportunity to drive down the price of inputs through bulk purchasing. It also recommended improving post-harvest practices to reduce losses, and injecting finance to both producers and traders to mitigate shocks and reduce dependency on invidious pre-sales arrangements.

Under ICP V, the integration of a value chain approach to complement the current local development programme should be assessed carefully. The CGIAR developed the LINK methodology²⁵ which identifies bottlenecks across the value chain and recommend business models to link smallholder farmers to markets and identify climate resilient solutions across the value chain. Based on this methodology outputs, climate resilient business strategies and business plans that address identified gaps can be developed targeting community-based enterprises, cooperatives and Small and Medium Enterprises.

Following a thorough needs assessment, various complementary components become relevant in order to assess and develop business models and need to be considered. As such access to finance is essential for adopting improved inputs, production methods and processing techniques. Market access for both inputs and products is often inaccessible to farmers, who are unable to access input markets for purchasing necessary inputs or directly sell at output markets. Farmer organisations have greater collective potential than individual farmers, who have little power in negotiations and are less well organised to share and receive information and training. The programme could identify potential partners able to support or strengthen existing farmer organisations and increase their “climate-smartness” through targeted training and capacity building on improved practices.

Mobilising finance for sustainable rural development can maximise impacts and outcomes that the ICP V promotes, and also supports the development and application of sustainable and innovative finance schemes whenever possible. Mobilising finance for climate smart and sustainable agri-food systems is therefore a priority to explore. However, a broad range of possible sustainable and innovative finance mechanisms can be used and implemented, ranging from venture capital to support digital solutions to impact investment funds or green bonds issued by Development Finance Institutions, etc. Since the financial sector in Lao PDR is highly under-developed and the financial system (esp. regulatory framework, capacities) is still very basic and depending on a small number of commercial or state-owned banks. However, there are some areas worth exploring under ICP V, including the LAO/032 project - Triangular cooperation in financial sector between Laos, Luxembourg and Vietnam - where awareness raising and initial trainings on some of these subjects can be initiated or even through the partnership with the Thailand International Cooperation Agency since Thailand's financial sector is already well advanced on many of these topics.

The above-mentioned sustainable finance mechanisms are not yet very present and developed in Laos and are yet beyond the scope of ICP V, these will not be elaborated here.

As highlighted above under value chain strategies development, the opportunities for mobilising finance and the type of financing instruments required will be very much linked to the type of value chains ICP V would support. Across all value chains, an interesting entry point to promote sustainable finance includes working directly with local financial institutions (for example, banks) or microfinance institutions. ICP V could explore developing their capacities to better understand the risks associated with financing agricultural activities. The high perceived risks often being a barrier for lending. In addition, developing credit products that target Climate Smart Agriculture practices could be an effective lever to facilitate access to finance, in particular for smallholder farmers.

Health Sector Support

Based on the priorities of the Strategy on Climate Change and Health Adaptation 2018 – 2025, entry points for a stronger integration of environment and climate in the health sector support under ICP V can be summarised as follows:

- improving healthcare waste management and disposal;
- support the implementation of the Strategy on Climate Change and Health Adaptation and its related Action Plan;
- crosscutting priorities nutrition and water, sanitation and hygiene are being tackled in a coherent manner;
- application of Green tendering process for procurement of equipment and construction of infrastructure.

Improving healthcare waste management and disposal

Luxembourg funded health sector programme could support measures to ensure the safe and environmentally sound management of healthcare waste in order to prevent adverse health and environmental impacts from such waste including the unintended release of chemical or biological hazards, including drug-resistant microorganisms, into the environment thus protecting the health of patients, health workers, and the general public. (See Annex 7 for more information on healthcare waste).

Healthcare waste management would respond to immediate and yet identified needs for a sector lacking adequate infrastructure and capacities to deal with general healthcare waste and more specifically the share of hazardous medical waste. In the past programme medical waste management was not seen as a priority but due to the recent improvements of medical capacities (supported by LAO/027 project) combined with the responses to COVID-19 and the fast scale up of related medical and laboratory activities (incl. sampling, analysing) subsequently generate more waste and create new challenges showing the limits of the current system. With the growing waste quantities, adequate solutions are urgently needed.

As a first step, as part of ICP V, coordinate with the World Health Organization country office to understand the ongoing work on the assessment of current waste management gaps and needs in this sector.

Laos could implement a waste management policy for medical waste. The process of institutionalisation of a good healthcare waste management system is complex. It entails a waste assessment and evaluation of existing practices, evaluation of waste management options, development of a waste management plan, promulgation of institutional policies and guidelines, establishment of a waste management organisation, allocation of human and financial resources, implementation of plans according to a set timeline, as well as a programme of periodic training, monitoring, evaluation and continuous improvement.

Support the implementation of the Strategy on climate change and health adaptation

During the formulation of the health sector support programme, a detailed assessment of this strategy should be conducted to identify potential priority components and activities that the future Luxembourg funded programme could support. Under the leadership and governance component, support could be provided to define an effective coordination mechanism from central to local level to ensure that climate change and health have been incorporated into health strategic plans to deal with potentially harmful health risks related to climate change. Under the organisational component the knowledge capacities, and skills of health workers and institutions should be strengthened for better preparedness and response to related health risks. Finally, related vulnerability and health data need to be collected, assessed, and integrated in a risk monitoring and (early) warning system for an enhanced preparedness and response of the health sector with regard to the increasing climate risks.

Crosscutting priorities nutrition and water, sanitation and hygiene

The poor nutrition outcomes mainly in rural areas and predominantly in poorer households are reflected by elevated rates in stunting, wasting, and underweight in children under 5. Poor childhood nutrition is a burden for society and a vicious circle that has to be broken if SDGs are meant to be reached. Because nutrition practices are related to both: access to healthcare as well as water, sanitation and hygiene practices promoted under local and rural development interventions.

In ICP V, it is recommended to develop a coherent approach to better mainstream crosscutting “health” priorities like nutrition and water, sanitation and hygiene in both sector interventions: health and local/rural development. During inception of the local development programme, the coordination of nutrition committees could be improved. Furthermore, the nutrition/health angle could be integrated in the climate smart agriculture component, for example when considering diversification of livelihoods, agroforestry, and (food) value chains.

Application of Green tendering process

For procurement of equipment and construction of infrastructure ensure that a prior cost-benefit analysis looks not only at the economic viability and environmental risks (impact assessment) but rather considers a lifecycle assessment of the construction. This assessment should consider energy efficiency factors and make recommendations to find a balance for what is acceptable to spend extra on either energy efficiency/renewable energy measure. If the capacity and knowledge of the partner organisation is found to be low, relevant trainings could be provided.

Skills development and employability

Luxembourg's previous interventions and ongoing support for TVET have focused on the tourism and hospitality sector, a sector that has high potential to promote economic growth, poverty reduction and create jobs for the people, both urban and rural, in line with green and sustainable direction.

The NGGS of the Lao PDR has identified tourism development as a priority sector for encouraging economic growth, poverty reduction and for creating jobs and income generating activities for the people in line with the green and sustainable direction and in respect of a post-COVID-19 relaunch. The following recommendations, supported by the NGGS, will focus on "greening" the future interventions related to the skills development and employability in the tourism and hospitality sector under ICP V:

- improve the quality of tourism services through capacity strengthening and trainings;
- promote local food production and handicraft products to provide concrete economic and social benefits for local communities and meet tourism demand;
- promote and adopt environment friendly practices;
- develop and implement the standards of "green tourism" by engaging with the private sector.

Improve the quality of tourism services and the services of the related sectors. The programme will continue to provide capacity strengthening and trainings for tour guides, hotel management and staff, and restaurant owners and staff. Awareness about environmental matters and good practices will be a fundamental priority of any tourism and hospitality training. The Global Sustainable Tourism Council (GSTC)²⁶ has developed a global baseline standard for sustainable destinations and industry (hotel and tour operators). The criteria are used for education and awareness-raising, policymaking for businesses and government agencies and other organisation types, measurement and evaluation, and as a basis for certification and could be used as a foundation for any measures related to capacity strengthening and trainings in this regard. The criteria are the minimum, not the maximum, which businesses, governments, and destinations should achieve to approach social, environmental, cultural, and economic sustainability.

Promote local food production and handicraft products to provide concrete economic and social benefits for local communities and meet tourism demand (quality and quantity). This relates to the recommendations to develop and strengthen local climate resilient value chains of food and non-food products incl. non-timber forest products. Ethnic handicraft can complement and diversify rural livelihoods.

Promote and adopt environment friendly practices. Under ICP V the following concrete elements should be part of the training curriculum content:

- reduce;
- recycle;
- reuse;
- raise awareness.

Waste management and options to reduce single use plastic (water dispenser instead of plastic bottles), raise awareness of guests and staff on sustainable practices (saving water and energy, less laundry), lower the energy bill by installing energy efficient devices in hotels (key card electric circuit switch), work with local producers and serve/promote seasonal organic produce, use and promote environmentally friendly products for cleaning and housekeeping.

Develop and implement the standards of "green tourism" by engaging with the private sector (for example, federation or association if existing), applying/adjusting the standards aligned with the global baseline standard developed by the GSTC, conducting the assessment, issuing the certificates (labels) and promoting the visibility and use of these green tourism service places. For example, the ASEAN Green Standards which every country of ASEAN could serve as a basis. Further, the programme could support on improving products / operations and the communication / marketing around these standards and for ecotourism sites, including the protection of cultural and natural heritage. Provide support to companies to learn about the demands of different source markets (esp. regional) such as a more comprehensive "China-Ready" style programme.

More generally, integrating climate/environmental considerations into the support for TVET could include:

- sustainable and environmentally friendly architectural design of the training buildings (green tender process, local materials, bio-climatic design, cradle to cradle principle for resources);
- environmental awareness of managing the infrastructure (environmental management plan to operate the training and vocational education colleges) and adequate teacher training;
- working with schools to improve individual behaviour patterns through school-led initiatives;
- adapting training content to preparing students for new “green jobs” to actively participate in the green economy (a prior study of the labour market and potential sectors promoted in the NGGS would need to be done).

Legal sector and Rule of Law

Potential entry points for ICP V for environmental and climate change mainstreaming through the legal sector support programme should take outset in a rights-based approach, emphasising inclusion, empowerment through participation and accountability, and non-discrimination especially in terms of ensuring that also those more marginalised (including, gender, disability and ethnicity in particular) and in close coordination with the local development project under the focus of governance for development.²⁷ It is vital for villagers to understand their land rights and options to be able to negotiate and protect their interests.

This includes a number of elements contributing towards legal empowerment, including:

- empowering rights-holders at the community level;
- enhancing the capacity of duty-bearers;
- ensure that access to justice is provided;
- elaborate and pilot a “Do No Harm” policy screening tool.

Empowering rights-holders at the community level so that villages can better understand their land rights and control access and profit from their resources. This could link to work under the local development programme on participatory land use planning to enhance land rights and community land management. These efforts would include, for example, the development and distribution of a range of tools and materials to educate communities about land rights in accessible ways, providing information and awareness raising on rights and obligations to individuals and communities and on their options for conflict resolution and redress. Furthermore, it could involve more structured trainings and workshops based on the material but with emphasis on learning aimed at those who will further serve as community focal points and reservoirs of knowledge in their respective communities.

Enhancing the capacity of duty-bearers, including strengthening the capacities of government officials to protect villages’ land rights and mediate land disputes, and ensuring that for example at the district and provincial levels, relevant institutions and individuals working in these are well versed in the area of land rights and understand the conflict potential and how to address it most relevantly. This should include both the formal justice system, as well as the broader administrative mechanisms.

On this basis, specifically ensure that access to justice is provided, for example enhancing villages’ legal advocacy structures for sustainable access to justice mechanisms. This would, when relevant, anchor well in the context of the Legal Aid Centres and Village Mediation processes as well as university clinics supported under the Rule of Law programme. This should imply in each case identifying the most appropriate assistance, for example in many cases relating to filing of petitions and other formalities for example related to transfer of deeds, matters relating to civil and family law, and conflict resolution – for example not limited to access to the formal justice system – although also including free legal aid when necessary. Under ICP V the project could foster collaboration and connect with the work done by NGO’s that have developed specific expertise and long track record in this area, for example Village Focus International and the LIFE project.

At a central level the programme could support the law drafting processes, ideally at the preparatory stages with relevant line ministries and Ministry of Justice (MOJ), ultimately at the National Assembly. The aim should be to elaborate and pilot a “Do No Harm” policy screening tool in order to screen any new regulations before they are endorsed. The screening should assess in a structured manner if these new regulations could cause (unnecessary) harm on people’s rights, the environment or impact the climate or the social dimension. Such a screening would not be restricted to environmental issues, although this would form the basis for a pilot, but would be applicable to all thematic areas. This sustainability check could be applied to various sectors of Lao national legislation to (pre)identify the potential undesired impact of the legislation and hence inform legislators about ways of addressing these shortcomings. The screening tool could contribute, through scientifically based decision support, to practical pathways for the innovation of institutional, procedural and substantive arrangements in existing legislation and strengthen the rule of law and the role of the National Assembly.²⁸

Cross-cutting: Disaster Risk Management

The ability of governments and communities to manage disaster risk effectively relies on performance related to various aspects of a comprehensive Disaster Risk Management (DRM) system. Regarding DRM a strong legal and institutional framework is needed, covering different stakeholders and with dedicated financial, technical, and human resources. Laos has disaster management strategies (Disaster Management Country Strategy) and plans and DRM structures have yet been established from central to village level. However, there has been relatively little investment in proactive risk management measures (for example improved weather forecasting, infrastructure investment) and most of the funding has been mobilised in response to disasters.

Provincial and district-level disaster committees are fragmented among offices of all sectors. With limited capacity, district committees are charged with supporting villages and NGOs in local-level risk management activities and projects. Village disaster prevention and control committees are led by the village chiefs and include local civil defence, security, school, health, and other volunteers. They are to plan and implement local-level risk management, while training communities for this purpose.²⁹

ICP V could support and strengthen DRM procedures and capacities at different sub-national levels, mainly village level, through a series of potential interventions which could fit under local development, but also under other priority areas:

- improving disaster and climate risk assessment and management capacities for DRM at the local level contributing to disaster risk reduction;
- strengthen information management and ICT tools and capacities for disaster preparedness;
- enhancing institutional environment and pilot an adaptive social protection mechanism for enhanced resilience and recovery.

Improving disaster and climate risk assessment and better managing information for DRM. Improve the climate risk management capacities of members of the Disaster Prevention and Control Committee (subnational levels) to enhance evidenced-based planning for integrated and comprehensive disaster and climate risk reduction. The output could be a strategy for risk-informed development at the local level, particularly in districts most affected by floods and vulnerable to future risks and ensuring the needs of vulnerable social and ethnic groups are considered. Combined with strengthened human capacities this would contribute directly to disaster risk reduction and enhanced resilience.

Strengthen the information management and ICT capacities (and tools) of the provincial and district disaster committees. Strengthening capacity to manage and prevent disasters, raise risk awareness, and provide education (cf. digital for development guidelines). Enhanced ICT capacity and tools could support end-to-end early warning/early action as well as supporting the development and testing of Standard Operating Procedures at local level.

Enhancing institutional environment for long-term resilience and protection. Support the development and pilot implementation of an adaptive social protection mechanism integrated at district and village level to build resilience to shocks. Additional dimensions could include risk insurance, human mobility, as well as recovery frameworks (building back better). These could be provided through executing partners.

Caritas Luxembourg is active in Laos at the grassroot level in Xiengkhuang province with a Community Disaster Risk Reduction and Management project and has developed good understanding on local DRM needs. LuxDev local development intervention could organise a study tour in order to exchange on methodologies, tools and approaches to strengthen disaster risk reduction within LuxDev's target area.

Locally adapted implementation guidelines and tools

This section defines clear mainstreaming implementation guidelines within the programming cycle including formulation, inception, execution, and closing phases. This is based on existing tools and procedures, not meant to be exhaustive, and to be complemented by other relevant steps/procedures identified during formulation process.

STEP 1 - FORMULATION

- problem and stakeholder analysis – including preliminary assessments to determine environment/climate change (ENV/CC) sensitivity within target sectors (diagnostics, screening or analysis before the design of interventions). Tools must be adapted according to local context and capacity;
- definition of ENV/CC ToR/guiding questions for formulation mission (a participatory co-creation process could be applied);
- integration of ENV/CC targets in the project/programme logical framework or theory of change, and identification of Key Performance Indicators;
- mainstreaming ENV/CC performance targets or indicators in ToR/job descriptions of international and national technical assistants.

Note: these stakeholder analysis / studies and identification of indicators and targets should, whenever possible, be combined and aligned with the relevant gender dimension analysis.

STEP 2 - INCEPTION

- mapping of existing ENV/CC initiatives within target sectors and geographic areas;
- determine the relevant type of assessment (for example, Strategic Environment Assessment, Environment Impact Assessment, Strategic Impact Assessment, Climate Risk Assessment, ecosystems assessment, etc.) that needs to be carried out prior to project execution and if applicable, include a summary of the assessment in the inception report or technical and financial document (TFD);
- ensure appropriate stakeholder consultations, in particular with project beneficiaries (refer to the relevant recommendations under the gender guidelines);
- a sound methodology and performance measurement framework (included in inception report/revised TFD) for measuring the selected environment/climate change indicators/sub-indicators at output and outcome levels.
- ENV/CC capacity strengthening approaches, materials and tools are developed to support project staff and implementing partners.

STEP 3 - EXECUTION

- systematic integration of ENV/CC actions within the Annual Operational Plan (AOP);
- annual reporting to the Project Steering Committee (PSC) on ENV/CC indicators;
- capacity strengthening of project staff and implementing partners on ENV/CC;
- design and/or adaptation of tools and methodologies for practical implementation of ENV/CC tasks and activities.

STEP 4 - CLOSURE AND TRANSFERRING

Several activities are recommended to be undertaken to ensure the long-term sustainability of the programme and consider the exit strategy as early as during the formulation phase:

- consider teaming with a local partner in project implementation.
- consider the inclusion of national and/or local capacity-building activities/revision of regulatory frameworks as a project component.
- consider various possible (new) technologies to be used in the project as part of the technical assessment and/or technology transfer and how those will be sustained (refer to D4D guidelines).
- prepare an operation and maintenance plan that would be used following project completion.

Resources, accountability, and capitalisation

Mainstreaming has often been more successful in producing effective policy outcomes than in translating them into concrete initiatives on the ground. This implementation gap is primarily due to a lack of effective human, technical and financial resources; insufficient accountability, or a lack of capital. These are described in this section.

Human, technical and financial resources

Human resources are needed to support and guide the effective mainstreaming of environment and climate change. Options under ICP V include:

- recruiting a dedicated ENV/CC expert at country/regional office level to support all LuxDev projects in Laos but more broadly the ASEAN region. The mandate of this expert could include:
 - facilitating policy dialogue with key stakeholders,
 - supporting the Embassy in implanting the ENV/CC Action Plan under the climate strategy,
 - spearheading technical support and capacity strengthening of project staff and implementing partners in Laos and in the region,
 - liaising with other DP ENV/CC experts,
 - participating in relevant working groups,
 - participating in project design, etc.,
 - being the Corporate Social Responsibility (CSR) focal point;The expert will work in close collaboration with HQ's ENV/CC expert and will also make use of nationally recruited specialist(s) for improved contextual relevance and facilitating engagement with local networks and communities of practice;
- recruit a dedicated national technical assistance for ENV/CC to specifically support the “green” interventions under the local development programme. The mandate of this expertise could include:
 - provide technical support on identified interventions incl. guidance on the environmental projects under the Village Development Fund,
 - supporting the Local Climate Adapting Living facility,
 - advise on relevant indicators and support the monitoring/evaluation,
 - identify and document best practices,
 - provide input for communication purposes. The technical assistant will work in close collaboration with regional ENV/CC expert;
- for all project managers, a point on the sector specific ENV/CC mainstreaming should be included in the ToR of project/programme managers job description.

The LuxDev HQ's environment and climate change expert will act as backstopping resource and provide advice and guidance when needed. The expert would be able to assess and ensure a relevant organisational response for questions related to capacity development in the relevant areas. For implementing project partners, a strategically designed capacity strengthening effort should be foreseen and implemented. Based on assessment of specific individual and institutional needs for capacity strengthening of implementing partners and stakeholder groups in the substantial areas of environmental and climate change mainstreaming, a capacity strengthening programme for dedicated focal points should be foreseen. Integrated in the programme/projects this can help to pave the way for a more holistic, “green” and sustainable impact of LuxDev's interventions.

The technical resources to support mainstreaming environment and climate change include:

- implementing a robust monitoring and evaluation database to improve data collection and dissemination and build the evidence base for mainstreaming of ENV/CC;
- integrating ENV/CC issues in programme documentation (TFD, AOP, annual reports, mid-term and final evaluations, etc.);
- at the regional office, taking action on LuxDev's Corporate Social Responsibility (CSR) aligned with the continuous quality improvement, identifying current gaps and drafting a CSR action plan;
- developing a toolbox (repository) with existing and contextually tailored tools and technical guidance documents to facilitate the processes of integrating environmental and climate consideration during all phases of the project lifecycle at all levels in order to ensure participation and strengthen local ownership.

Financial resources allocation for mainstreaming ENV/CC will be determined based on identified needs during the inception and execution phases by the regional office in consultation with the project implementation team.

Accountability

Accountability can happen at multiple scales, including the project scale, and the national scale. Monitoring and evaluation are important dimensions of accountability since they assess progress against mainstreaming targets and objectives.

Project-scale accountability

For each project or programme Monitoring, Evaluation, Accountability and Learning (MEAL)³⁰ framework, the successful realisation of the ENV/CC dimension will be screened against prior-defined baseline criteria. This includes (not exhaustive):

- defining baseline and target values and sources which are coherent in relation to programme design, and realistically applicable. All annual project/programme reports must report progress against ENV/CC indicators;
- ongoing tracking and adjustment for example, relative to data access and outcomes harvested, and scheduled assessments of “lessons learned” with implementing partners;
- punctual reporting, for example, annually to PSC, with focus on added value and outcomes on such indicators;
- include specific ENV/CC questions in the ToR of programme evaluations;
- preparation of contractual documents with an emphasis on environmental sustainability (where applicable);
- ENV/CC explicitly taken into account in mid-term and final evaluations;
- capitalisation of successful mainstreaming approaches for learning purposes and facilitate replication (see below).

National-scale accountability

The Public Expenditure and Financial Accountability (PEFA) Climate assessment³¹ informs on whether laws and regulations, institutions, systems, procedures and processes contribute to the implementation of climate change activities throughout the budget cycle, including the planning and design of budgetary policies considering climate, the budget allocations needed to implement them, the tracking of these allocations to ensure that policies are implemented as intended, and the monitoring and evaluation of the efficiency and effectiveness of these policies and investments.

Under ICP V, Luxembourg could advocate Lao PDR to apply the PEFA Climate methodology when conducting its next assessment. A re-run of the PEFA Assessment is set out in the Public Finance Management (PFM) Strategy of the Ministry of Finance. A suitable entry way could be the EU-Joint Programming, as the EU is the Trust-Fund donor of the PFM programme. See Annex 8 for further information on PEFA.

Capitalisation

Identify potential success factors and barriers to ENV/CC mainstreaming within Lao PDR context and disseminate lessons learned and good practices. The capitalisation of relevant environment and climate mainstreaming experience will follow the LuxDev guide for capitalisation.

The following criteria can be used for the identification and selection of an experience to be capitalised:

- the relevance of the experience to the overall purpose or objective. In other words, the experience is a good example of what is being done in the sector or under the theme and can serve as inspiration for other interventions;
- the results are known in terms of outcomes and impacts. Indeed, the target group of the capitalisation - those who will use the capitalisation products - are above all interested if the experience has led to results. Moreover, these results allow for better learning;
- resources, information on the experience and its results are available, accessible and reliable. This includes quantitative and qualitative information documented in activity reports, studies and evaluations;
- the actors involved are still available to participate in the capitalisation. An important part of the information on the experience is in the heads of those who have lived it (implicit knowledge). When key staff leave, there is a risk of losing important know-how;
- the originality and innovation of the experience i.e., what distinguishes the experience from other interventions of the Agency or others operating in the same sector or on the same theme.

Endnotes

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- 2 Sectoral note: Agriculture, food security and rural development. EC
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- 20 Lao PDR Nationally Determined Contribution (NDC), Draft, March 2021
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- 26 <https://www.gstcouncil.org/>
- 27 Please also see Thematic Guideline, Gender and Rights, for details on this approach and examples within the various sectors.
- 28 Mauerhofer, A 'Legislation-Check' based on '3-D Sustainability' – Addressing global precautionary land governance, Land Use Policy, 2012. <https://doi.org/10.1016/j.landusepol.2011.10.008>
- 29 https://www.gfdr.org/sites/default/files/publication/PDNA%20Lao%20PDR%20Report_FA%20WEB%20020419.pdf
- 30 Including relevant indicators underpinned by relevant baselines, and including Risks and Assumptions, must be designed and actively implemented through the entire cycle, including regular feedback and reflection scheduled into project planning and, when necessary, including capacity strengthening of key involved stakeholders.
- 31 <https://www.pefa.org/sites/pefa/files/resources/downloads/PEFA%20Climate%20Framework%20from%20August%204%202020%20Final.pdf>

LIST OF ANNEXES (available upon request)

- Annex 1 – Environment and climate change approach in ICP IV
- Annex 2 – Provinces and districts vulnerability
- Annex 3 – Designing interventions and selecting priorities for Village Development Funds
- Annex 4 – Value chain selection process steps
- Annex 5 - Supporting the development of a climate services supply chain in rural development projects
- Annex 6 - Good practices
- Annex 7 - Sector facts
- Annex 8 - Climate public expenditure and financial accountability

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