Lao PDR - National and Subnational Planning, Financing and Budgeting for Green Growth

Overview

Owning division: GGPI  
Country / Region / Global implementation: Lao PDR / Asia & the Pacific  
Thematic area: Multi-sectoral  
Project start date: Q1 2017  
Funding source: Core  
Approved budget for 2018: USD 852,537.34  
Actual expenditure: USD 803,562.75  
% utilization of inputs: 94.26%  
% of outputs achieved: 100.00%

Highlights

GGGI is collaborating with USAID to facilitate a solar auction for 40 MW in 2019. GGGI will provide a feasibility study for site selection, payment guarantee mechanism, and technical guidelines. If successful, GGGI will be credited with mobilizing approximately USD 40.00 million for the Government of Lao PDR.

GGGI identified 2 potential bankable projects, which are: (1) converting an existing plan to buy 150 diesel buses to electric and (2) developing a financial arrangement to increase the affordability of electric motorbikes. GGGI Lao team will discuss with project managers to make changes in the ADB funded project to purchase 150 diesel buses to electric ones. Also, GGGI will develop financial mechanisms to lower the cost of electric motorbikes in order to enhance its penetrations.

Context

Lao PDR has experienced rapid economic growth, with an extensive social growth. The government has the ambition to graduate out of the LDC group by 2020, which will require not only GDP growth but quality growth. Laos seeks to maximize impact of that growth on job creation and poverty reduction, where it faces several challenges, such as a lack of effective regulations on natural resource use fee collection and a weak tax structure on environmentally harmful production and consumption, rapid urbanization and a lack of financial resources as well as planning.

The concept of green growth (GG) has emerged as an innovative development path for the GoL to meet its long-term social economic development goals. The National GG Strategy (NGGS)3, mandated by the GoL, will provide policy direction on mainstreaming GG into national, sub-national and sector strategies and policies. This project is designed to support the government by addressing current knowledge and technical capacity gaps on GG in Laos.

Relevant SDGs

- **SDG 6.** Clean Water and Sanitation.  
- **SDG 7.** Affordable and Clean Energy.  
- **SDG 8.** Decent Work and Economic Growth.  
- **SDG 11.** Sustainable Cities and Communities.  
- **SDG 13.** Climate Action.

Overall objective

The objective of the project is to enhance Lao PDR’s capacity to implement green growth policy measures and investments. As results, Lao PDR experiences reduced localized pollutions and improved climate resilience with more fiscal space to finance poverty reduction programs and creating more job opportunities in industry and service sectors through green urbanization.
Results achieved in 2018

**OUTPUT 1**

**STATUS** | **Achieved**
---|---

**OUTCOME 1**  
The Government of Lao PDR has in place better strategies and institutions to support national, subnational and sector level green growth planning and implementation.

GGGI has supported the development of National Green Growth Strategy of Lao PDR by providing a number of technical analyses including 1) Green Growth Potential Assessment, 2) Green fiscal instruments for green growth delivery, 3) Green Growth in Lao PDR: Visions, Gaps and Prioritized Actions, and 4) Gender equality key to green growth in Lao PDR.

In addition, GGGI has enhanced the capacity of the Government of PDR to plan and implement green growth policies and projects by conducting six capacity building workshops. With the support from GGGI, the National Green Growth Strategy is approved by the Cabinet and will be made into a decree.

**OUTPUT 1.1**

**STATUS** | **Achieved**
---|---

Project management.

In addition to delivery of planned outputs, Lao team has initiated its work on NDC support and conducted additional capacity building activities. GGGI has successfully mobilized more than USD 7.00 million and submitted 2 concept notes and 2 proposals to build a pipeline of earmarked projects. Also, in order to enhance the performance of the projects, GGGI Lao team has actively promoted awareness raising activities.

**OUTPUT 1.2**

**STATUS** | **Achieved**
---|---

National Green Growth Strategy and Implementation measures developed.

GGGI has supported the development of national green growth strategy of Lao PDR by providing a number of technical analyses including 1) Green growth potential assessment, 2) Green fiscal instruments for green growth delivery, 3) Green growth in Lao PDR: Visions, gaps and prioritized actions, and 4) Gender Equality as key to green growth in Lao PDR.

**OUTPUT 2**

**STATUS** | **Achieved**
---|---

**OUTCOME 2**  
Increased knowledge of green urban development and green fiscal instruments among stakeholders, including the private sector, civil society (represented by Women and Youth groups) and academia.

Green city development concept is incorporated in the "vision to 2030 and urban development strategy for 10 years (2016-2025) and investment plan for 4 years (2017-2020)" but it is yet to be approved. GGGI also supported the development of "National Strategy for Urban Sanitation 2016-2030." All the survey participants expressed that their knowledge and skills to scale up green city development has increased.

**OUTPUT 2.1**

**STATUS** | **Achieved**
---|---

Green growth mainstreamed into the draft National Urban Development Strategy and piloted.

Green city pilot project on decentralized waste collection was produced for Vientiane Capital City. In addition, a number of additional intervention options are recommended in the following two publications.

1. Solid Waste Management in Vientiane, Lao PDR: situation assessment and opportunities for waste to resource was completed in Q2 2018.
2. "Blueprint of Sustainable Solid Waste Management Strategy for Vientiane, Lao PDR" was completed in Q2 2018.

**OUTPUT 2.2**

**STATUS** | **Achieved**
---|---

Capacity development on green growth planning and implementation delivered to a range of stakeholders, including the private sector, civil society (represented by Women and Youth groups) and academia.

GGGI has enhanced the capacity of the Government of PDR to plan and implement green growth policies and projects by conducting six capacity building workshops, which are:

1. Lao PDR Nationally Determined Contribution (NDC) refresh meeting.
2. Consultation workshop on urban sanitation strategy Lao PDR.
3. Consultation workshop on implementing nationally determined contribution in Lao PDR.
4. Training on green growth performance measurement.
5. Participatory workshop on decentralized waste collection services.

**Additional results**

With a request from the Government of Lao PDR, GGGI has supported the NDC update. GGGI Lao team has developed a work plan to assess the NDC status of Lao PDR, to conduct capacity building workshops, and to produce the updated NDC by early 2020. In 2018, GGGI has delivered 1 consultation workshop, 1 capacity building workshop, and 1 report summarizing the preliminary results of NDC, "The Overview of NDC Efforts in Lao PDR." In 2018, GGGI initiated its assessment in clean, affordable energy and sustainable transport to identify potential intervention areas for GGGI. Through various consultation meetings, opportunities in the field of solar rooftops and solar plants were identified. GGGI Lao team has also conducted a thorough pre-feasibility analysis assessing the overall situation of sustainable transport in Vientiane.

**Partners**

**Local**

- Ministry of Planning and Investment (MPI)
- National Institute for Economic Research (NIER)
- Ministry of Natural Resource and Environment (MONRE)
- Ministry of Public Works and Transport (MPWT)
- Vientiane City Office of Management and Service (VCOMS)
- Provincial Government of Champasak
- Urban Development Administration Authority (UDAA) – Pakse

**International**

- World Bank
- BORDA
- KOICA
- GCF
- WTA

**Lessons learned**

- Investment mobilization opportunities were identified through a series of consultation meetings and discussions with stakeholders. It is more efficient to identify opportunities through close engagements such as meetings and calls instead of any desktop analysis.
- Resource mobilization opportunities were seized when they are closely and quickly followed up and only when personal relationships were developed. In addition to producing quality proposals and concept notes, close relationships with donors need to be established for successful mobilizations.