UNITED NATIONS
LAO PDR

United Nations Joint Programme on Green and Climate Finance

A. COVER PAGE

1. Fund Name:

2. MPTFO Project Reference Number:

3. Joint programme title: United Nations Coordinated Technical Assistance to the Government of Lao PDR on Green and Climate Finance

4. Short title: UN Joint Programme on Green and Climate Finance

5. Country and region: Lao PDR, Asia and the Pacific Region

6. Resident Coordinator: Mr Bakhodir Burkhanov, bakhodir.burkhanov@un.org

7. UN Joint programme focal point: Ms Martine Therer (UNDP Resident Representative, martine.therer@undp.org) / Ms Raniya Sobir (UNDP Economist, rania.sobir@undp.org) / Mr David Blackman (Senior Economist, UNRCO, david.blackman@un.org).

8. Government Joint Programme focal point: Mr Lienthong Souphany, Deputy Director General, Department of Planning, Ministry of Planning and Investment, lsouphany@yahoo.com

9. Short description:

Despite ambitious environmental and climate objectives, Lao PDR remains vulnerable to the impacts of the Triple Planetary Crisis and reliant on a growth model dependent on natural resource use. Recent economic and financial difficulties resulting from external and domestic factors have exacerbated the gap between Lao PDR's ambitious environmental policy and resources available to implement this agenda. As recognised by the Government of Lao PDR and development partners at February 2024 Roundtable Implementation Meeting, economic difficulties have driven Lao PDR "to rely on natural resource extraction as a coping mechanism" – often at the expense of environmental sustainability.[1]

Responding to a request from the Ministry of Planning and Investment, the United Nations Joint Programme on Coordinated Technical Assistance to the Government of Lao PDR on Green and Climate Finance seeks to provide integrated support to addressing policy and resource allocation incoherences through the implementation of chapter 5.3 on "Green and Climate Finance" of the 9th National Socio-Economic Development Plan (NSEDP) Financing Strategy, endorsed by Prime Minister H.E. Sonexay Siphandone in June 2023.

[1] Ministry of Planning and Investment (2023). Background Document, Round Table Implementation Meeting (paragraph 23).

As per its theory of change, the joint programme foresees a two-fold approach to support sustainably financing green growth and climate-resilient development objectives of the NSEDP: i. expanding technical assistance to address current gaps in green and climate finance policy implementation; ii. enhancing coordination for greater policy coherence and effectiveness.

10. Keywords: Green and Climate Finance; Financing National Plans; Sustainable Economic Transformation.

11. Overview of budget

Financing Strategy Action	Activity	Government lead(s)	UN Agency	Time period	Estimate funding required (USD)
Chapter 5.3 overall	Support to the Sub-Committee on Green and Climate Finance	MPI, MoF, MoNRE	UNDP	24 months	520,555
Action 8	Assessment and development of long-term policy and legislative reforms to strengthen the sustainability practices in the extractives sector	MEM, MPI	UNDP	14 months	250,000
Action 14	Budgeting for Sustainable, Resilient and Inclusive Growth	MoF	UNEP	12 months	175,000
Action 18	Promote Innovative Green Finance	MoF	UNDP	12 months	70,000
Action 50	Development of a report and capacity-building programme highlighting the policy recommendations to improve the environmental sustainability of the financial sector.	BoL	UNEP	12 months	175,000
Action 51	Environmental Fiscal Reform and Pre-market Interventions	MoF	UNEP	12 months	175,000
Action 52	Multi-stakeholder consultations towards a Payment for forest Environmental Services (PfES)	MAF, MoNRE	FAO	2025-2026	50,000
Action 53	Support to non-environmental ministries to build green and climate finance capacity	MoF, MPI	UNDP	24 months	189,330
	Incentivising investment in urban green growth	Municipal authorities	UN-Habitat	22 months	414,090
Action 54	Biodiversity Finance	MoNRE	UNDP	24 months	125,000
	Focused support sharing experience from forest carbon to other sectors	MAF, MoNRE	FAO	Targeted activity in 2025-26	10,000
Total estimate budget required:[2]					**2,153,975**
Estimate 1% administrative agent fee:					**21,540**

[2] Exclusive of 1% administrative agent (UN Multi-Partner Trust Fund Office) fee.

12. Timeframe:

Start date	**End date**	**Duration** (in months)
Q1 2025	Q1 2027	24

The joint programme will be carried out throughout the remaining period of the 9th NSEDP (2021-2025) and its Financing Strategy (2023-2025), bridging into the 10th NSEDP (2026-2030) period to ensure continuity.

13. Gender Marker: 1

14. Participating UN Organizations (PUNO) and Partners:

14.1 PUNO

- **UNDP:** Ms Martine Therer, martine.therer@undp.org / Mr Lai Dao dao.xuan.lai@undp.org / Ms Raniya Sobir, raniya.sobir@undp.org
- **UNEP:** Mr Jonathan Gilman, gilmanj@un.org
- **UN-Habitat:** Mr Avi Sarkar, avi.sarkar@un.org / Ms Kumiko Hino, kumiko.hino@un.org
- **FAO:** Ms Kyung-Mee Kim, kyung.kim@fao.org / Ms Akiko Inoguchi, akiko.inoguchi@fao.org

14.2 Partners

- **National Authorities**:
  - Ministry of Planning and Investment, Department of Planning
  - Ministry of Planning and Investment, Department of International Cooperation
  - Ministry of Planning and Investment, Department of Investment Promotion
  - Ministry of Planning and Investment, Lao Statistics Bureau (LSB)
  - Ministry of Finance, Department of Fiscal Policy
  - Ministry of Finance, Department of Tax
  - Ministry of Finance, Department of State Budget
  - Ministry of Finance, Department of Debt Management
  - Ministry of Natural Resources and Environment, Department of Planning and Finance
  - Ministry of Natural Resources and Environment, Department of Climate Change
  - Ministry of Natural Resources and Environment, Department of Environment
  - Ministry of Natural Resources and Environment, Environmental Protection Fund
  - Ministry of Agriculture and Forestry, Department of Forestry
  - Ministry of Agriculture and Forestry, Department of Planning and Cooperation
  - Ministry of Energy and Mines, Department of Planning and Cooperation
  - Ministry of Energy and Mines, Department of Mines Management
  - Provincial Administrative Office of Champasak
  - Governor's Office of Champasak
  - Maynor's Office of Pakse
  - Provincial Administrative Office of Savannaket
  - Governor's Office of Savannaket

- Mayor's Office of Kaysone Phomvihane
- Bank of Lao PDR (lead department to be determined).

UNITED NATIONS
LAO PDR

SIGNATURE PAGE

Resident Coordinator

Name: Mr. Bakhodir Burkhanov, UN Resident Coordinator in Lao PDR.
Date:

National Coordinating Authority

Name: H.E. Mme Phonevanh Outhavong, Deputy Minister of Planning and Investment.

Date: 29/4/2025

Convening UN Organisation
UNDP

Name: Ms. Martine Therer, UNDP Resident Representative in Lao PDR
Date: 24 February 2025

Participating UN Organisation
UNEP

Elizabeth Mrema
2025.04.28
19:05:10 +03'00'

Name: Ms. Elizabeth Maruma Mrema, Deputy Executive Director, UNEP
Date:

Participating UN Organisation
UN-Habitat

Name: Mr Avi Sarkar, Regional Advisor and Head of Office Lao PDR, UN-Habitat
Date: 07 March 2025

Participating UN Organisation
FAO

28 April 2025
Name: Ms Kyung-Mee Kim, FAO Representative to Lao PDR
Date:

B. STRATEGIC FRAMEWORK

1. Programme Outcome: The joint programme's objective is the achievement of the 9th NSEDP Financing Strategy objective 5.3.1 on Green and Climate Finance: *"Green growth and climate-resilient development are financed through sustainably increasing budget allocations, improved green budgeting, strategic mobilisation of ODA, and increasing private investments in an enabling business environment"*.[3]

By supporting the relevant Government stakeholders in the implementation of the 9th NSEDP's Financing Strategy chapter on Green and Climate Finance, activities under this joint programme will contribute to the achievement of Outcome 4 of Lao PDR's 9th NSEDP "Environmental protection enhanced and disaster risks reduced".

2. UNSDCF Outcomes: The joint programme will contribute to Outcome 4 of the Lao PDR-United Nations Sustainable Development Cooperation Framework (2022-2026): *"by 2026, people, especially the most vulnerable and marginalised, and institutions will be better able to sustainably access, manage, preserve, and benefit from natural resources and promote green growth that is risk-informed, disaster and climate-resilient"*.

3. SDG Targets directly addressed by the Joint Programme

3.1 List of goals and targets

SDG1: End poverty in all its forms everywhere.

- Target 1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.

SDG8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

- Target 8.4: Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead.

SDG11: Make cities and human settlements inclusive, safe, resilient and sustainable.

- Target 11.3: By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.

SDG12: Ensure sustainable consumption and production patterns.

- Target 12.2: By 2030, achieve the sustainable management and efficient use of natural resources.

[3] Government of Lao PDR. 9th National Socio-Economic Development Plan (NSEDP) Financing Strategy (2023-2025)

SDG13: Take urgent action to combat climate change and its impacts.

- Target 13.2: Integrate climate change measures into national policies, strategies and planning.
- Target 13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

SDG15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

- Target 15.2: promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.
- Target 15.5: Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.
- Target 15.9: Integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts.
- Target 15.a: Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems.
- Target 15.b: Mobilize significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation.

SDG17: Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.

- Target 17.1: Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection.
- Target 17.3: Mobilize additional financial resources for developing countries from multiple sources.
- Target 17.4: Assist developing countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief and debt restructuring, as appropriate, and address the external debt of highly indebted poor countries to reduce debt distress.
- Target 17.9: Enhance international support for implementing effective and targeted capacity-building in developing countries to support national plans to implement all the Sustainable Development Goals, including through North-South, South-South and triangular cooperation.
- Target 17.13: Enhance global macroeconomic stability, including through policy coordination and policy coherence.
- Target 17.14: Enhance policy coherence for sustainable development.

3.2 Expected SDG impact

SDG impact of the joint programme is consistent with its Theory of Change *(see section C.2.2 below)*. Technical assistance activities targeting specific sectors for the implementation of individual actions of the 9th NSEDP Financing Strategy will contribute to several SDGs targets,

including on forestry (target 15.2, 15.b), biodiversity (15.5, 15.9, 15.a), and sub-national level financing of green growth and climate action (11.3).

In addition, the joint programme will contribute extensively through its strengthening coordination and coherence component to SDG17 on strengthening means of implementation and partnerships. SDG target 17.14 (on enhancing policy coherence for sustainable development) is at the core of the joint programme, which through a series of coordinated technical assistance interventions seeks to re-align environmental and economic policymaking and ensure adequate financing for green growth and climate-resilient development. Through its envisioned contribution to increasing and enhancing sustainability of revenue generation for environmental priorities, including from public and private sector finance, the joint programme will contribute to targets 17.1, 17.3, 17.4, 17.13.

Ultimately, coordinated technical assistance and the joint programme's collective approach strives to make a significant contribution to advancing SDG targets 8.4 (decoupling economic growth from environmental degradation), 1.4 (equal rights to land and natural resources for poverty reduction), 13.2 and 13.3 (integration of climate change measures into national planning, and institutional strengthening accordingly – through the establishment of Green and Climate Finance governance structures, see governance section below), and 17.9 (on support to nation plans, specifically through the joint programme's contribution to the implementation the 9th NSEDP's Financing Strategy).

4. Relevant objective(s) from the national SDG framework

The Lao PDR national SDG framework is integrated into the 9th National Socio-Economic Development Plan (NSEDP) 2021-2025, with the indicators of the 9th NSEDP including relevant SDG indicators. By supporting the relevant Government stakeholders in the implementation of the 9th NSEDP's Financing Strategy chapter on Green and Climate Finance, and thereby realignment of financial flows (both sources and destinations) with the environmental targets of the 9th NSEDP, activities under this joint programme will contribute to the achievement of Outcome 4 of Lao PDR's 9th NSEDP "Environmental protection enhanced and disaster risks reduced".

In strengthening the enabling environment and Government capacity for mobilising and aligning sustainable finance, including public finance and quality private investments, activities under the joint programme will also contribute to the achievement of the "National Green Growth Strategy of the Lao PDR till 2030", under the coordination of the Ministry of Planning and Investment (MPI), and the anticipated graduation from the Least Development Country Status and the achievement of the SDGs by 2030.

By increasing the availability of financial resources for environmental and climate priorities, activities under the joint programme will also support the implementation of the environmental policy documents and strategies and the achievement of their objectives – including the National Biodiversity Strategy and Action Plan (NBSAP) 2016-2025 (of which the update is underway) and 2021 Nationally Determined Contribution of Lao PDR (e.g., through activities related to action 54 of the 9th NSEDP Financing Strategy on biodiversity finance and support to the development of environmentally robust forestry sector carbon markets – *see section C2.3 below*).

UNITED NATIONS
LAO PDR

5. Brief overview of the Theory of Change of the Joint programme

The joint programme will work towards the 9th NSEDP Financing Strategy chapter 5.3's objective of sustainably financing green growth and climate-resilient development in a two-fold approach. By leveraging the expertise of four UN agencies, the joint programme will provide technical assistance to relevant Government departments identified as "lead departments" for the implementation of 8 policy actions (of the 9th NSEDP Financing Strategy's 54 actions) related to chapter 5.3 on green and climate finance. In addition, the joint programme will contribute to the underlying governance and management of the 9th NSEDP Financing Strategy through supporting the coordination and coherence of green and climate finance-related policy with the establishment and operationalisation of a Sub-Committee on Green and Climate Finance under the "Financing Strategy for the 9th NSEDP National Committee". Supported by a joint programme integration team (chief technical advisor, national coordinator, administrative associate) jointly embedded in the Ministry of Finance and the UNDP Country Office, the Sub-Committee will bring together key Government ministries and departments – notably but not limited to MoF, MPI, MoNRE – to oversee and ensure coordination of the technical assistance component and of broader policy decisions related to the implementation of Lao PDR's 9th NSEDP's Financing Strategy chapter on "Green and Climate Finance". Together, technical support to the implementation of individual policy actions and strengthened inter-ministerial coordination and coherence are expected to contribute to the achievement of the 9th NSEDP Financing Strategy policy objective 5.3.1 whereby green growth and climate resilient development are more sustainably financed by the end of the 9th NSEDP and carrying over into the 10th NSEDP. *(See further details in section C.2.2 below.)*

C. JOINT PROGRAMME DESCRIPTION

1. Baseline and Situation Analysis

1.1 Problem Statement

Lao PDR's policy documents and national objectives foresee ambitious environmental and climate action, as set out amongst others in the National Green Growth Strategy of the Lao PDR till 2030, in Lao PDR's 2021 updated Nationally Determined Contribution (NDC), National Biodiversity Strategy and Action Plan (2016-2025), and in the 9th National Socio-Economic Development Plan (NSEDP 2021-2025) Outcome 4 on environmental protection and disaster risk reduction, amongst others. This ambition will continue to be a priority of the 10th NSEDP (2026-2030).

Yet, Lao PDR is highly vulnerable to the impacts of climate change and constrained by economic difficulties as it strives to shift away from the current economic model which relies on natural resource extraction, challenging effective environmental action. Consecutive economic and financial difficulties (i.e., COVID-19 pandemic, 4Fs crisis of Food, Fuel, Fertilisers and Finance), have aggravated unsustainability. The Government of Lao PDR recognises being compelled *"to rely on natural resource extraction as a coping mechanism"* to increase public revenue.[4] The private sector's currently limited contribution to Lao PDR's climate and environmental objectives further adds to the challenge.

The 9th NSEDP Financing Strategy is an inter-ministerial and multi-stakeholder-led set of policies and actions that aims to accelerate financing for the 9th NSEDP and the Sustainable Development Goals (SDGs). Using the Integrated National Financing Framework (INFF) approach to translate the Addis Ababa Action Agenda to national level, the 9th NSEDP Financing Strategy seeks to address significant policy trade-offs (e.g., revenue generation vs. sustainability, investment promotion vs. revenue generation) while tackling financing priorities. Accordingly, the 9th NSEDP Financing Strategy seeks to align public and private sources of finance, domestic and international, with the sustainable development objectives of the 9th NSEDP. **Priority Policy Area 5.3** and the related chapter of Lao PDR's Financing Strategy on **"Green and Climate Finance"** specifically seeks to decouple revenue generation from environmental degradation while increasing public and private financing for Lao PDR's climate and environmental priorities. However, the challenge to achieving this objective lies partially in fragmented nature of planning, financing, and environmental policy mandates within the Government ministries, coupled with weaker technical knowledge on environment and climate finance issues at the level of Ministries in charge of enacting national planning and fiscal policy. The OECD's recent Multi-dimensional Review of Lao PDR also reveals that, despite progress (e.g., establishment of the Department of Environment and Stability Statistics in the Lao Statistics Bureau), persistent challenges in strengthening environmental statistics (i.e., information gaps, coordination challenges between

[4] Ministry of Planning and Investment (2023). Background Document, Round Table Implementation Meeting (paragraph 23).

data producers and users, poor data sharing) also hinder effective climate financing in Lao PDR through instruments including carbon finance, green bonds, or debt-for-nature swaps.[5]

Following the 9th NSEDP Financing Strategy's cross-government formulation (led by the Ministry of Planning and Investment (MPI) and supported by the UN joint programme on Financing Efficiency in partnership with broad coalition of development partners), Prime Minister H.E. Mr Sonexay Siphandone endorsed the Financing Strategy on 30 June 2023, calling upon *"development partners to swiftly align their support to the Financing Strategy's policies, for a coordinated, effective, and efficient implementation"*.[6] Throughout the final formulation phases and upon endorsement, MPI requested continued integrated and coordinated support to the implementation of the Financing Strategy (including via an official letter to the UN Resident Coordinator on 16 June 2023), to ensure that the policy coherence is translated into practical reality.

This was followed by a high-level dialogue held in November 2023 to further define the governance and coordination mechanisms and key steps that would enable successful implementation of the 9th NSEDP Financing Strategy 2023-2025. The governance arrangements to effectively steer the implementation and monitoring of the 9th NSEDP Financing Strategy is being supported by UNDP under the National Planning and Financing for Inclusive Development (NPFID) project. This joint programme complements the overarching governance structure of the 9th NSEDP Financing Strategy by supporting the functioning of the sub-committee on green and climate finance and the associated climate finance hub to steer and monitor the environment-related actions under the "Green and Climate Finance" chapter of Lao PDR's 9th NSEDP Financing Strategy, ensuring that policy decisions to reduce the environmental impact of revenue generation and increase public and private financing for environmental protection and climate action are effectively and coherently implemented.[7]

1.2 Stakeholder mapping and target groups

National stakeholders:

The 9th NSEDP formulation process identified lead Government departments, and other Government entities to be involved for the implementation of each of the 54 actions of the 9th NSEDP Financing Strategy. These are listed in the Annex 2 "action matrix" of the 9th NSEDP Financing Strategy. For this joint programme supporting coordinated implementation of 8 of the 54 actions related to the Green and Climate chapter, key national stakeholders include:

[5] OECD (2024). Multi-dimensional Review of Lao PDR.
[6] Foreword of the 9th NSEDP Financing Strategy by H.E. Mr Sonexay Siphandone, Prime Minister of Lao PDR.
[7] While the 9th NSEDP Financing Strategy does not include specified definitions of "green finance" and "climate finance", terms are to be understood in line with global use. For example, climate finance, as defined by the UNFCCC, *"refers to local, national or transnational financing—drawn from public, private and alternative sources of financing—that seeks to support mitigation and adaptation actions that will address climate change"*. Green finance may be understood as *finance for achieving economic growth while reducing nature loss, greenhouse gas emissions, and pollution* (UNEP, OECD).

Ministry of Planning and Investment (MPI)

MPI led the multistakeholder development of the 9th NSEDP Financing Strategy, and is the central Ministry for the coordination of the Financing Strategy's implementation, expected to co-chair the "Financing Strategy for the 9th NSEDP National Committee" alongside MoF. More broadly, MPI chairs the main national vehicle to achieve the SDGs: the management of Lao PDR's five year development planning cycles, including the formulation and monitoring of the quinquennial NSEDPs and the associated Round Table Process, which is the national aid architecture that is composed of the annual Round Table Meeting (RTM) and the work of the ten Sector Working Groups (SWGs). The SWGs bring together relevant Government and Development Partner counterparts to deliver NSEDP priorities. As the lead Ministry for national planning, MPI plays a key role in the integration of the SDGs, environmental priorities, and is also the identified lead ministry for the implementation of several green and climate finance-related actions supported through the joint programme (e.g., MPI Investment Promotion Department is critical in leveraging private sector finance for sustainable development, and identified as lead for action 53 on policy recommendations to strengthen environmental sustainability of the investment promotion regime). MPI also hosts the Lao Statistics Bureau (LSB), the state agency responsible for the collection and publication of statistics related to the economy, population and society of Lao PDR, including its recently created Department of Environment and Stability Statistics.

Ministry of Finance (MoF)

As announced during the "High-level Dialogue on the 9th NSEDP Financing Strategy Governance, Coordination and Monitoring Arrangements" in November 2023, MoF is expected to co-chair the "Financing Strategy for the 9th NSEDP National Committee" with MPI. MoF is responsible for fiscal policy formulation, Public Finance Management (PFM), budgeting, and taxation, with the goal of delivering priorities in the NSEDP. Each year, MoF leads an extensive process to determine budget ceilings to be allocated by MoF for recurrent budget and by MPI for capital budget to Tier 1 budget entities, such as line ministries and provinces. Then, those budget entities shall prepare their budget plan accordingly. The consolidated budget plan, after being endorsed by the National Assembly, is executed by budget entities and the process closely monitored by MoF. Hence, MoF is a key stakeholder for the integration of environmental and climate priorities into fiscal policy and budgeting processes while, at the same time, the ministry can design fiscal incentives and innovative financing instruments to leverage green and climate finance from international climate funds, the financial sector / private sector and through debt restructuring. As per the 9th NSEDP Financing Strategy action matrix (Annex 2), MoF is identified as lead ministry for the implementation of actions 14 (sustainable budgeting), 18 (innovative and debt financing), and 51 (environmental fiscal reform), supported by the joint programme.

Ministry of Natural Resources and Environment (MoNRE)

MoNRE is the lead ministry in the Government of Lao PDR for environmental protection, climate action, green and climate finance, including as the Government's focal point for access to vertical funds (i.e., MoNRE's Department of Planning and Finance is the focal point for the Global

Environment Facility (GEF) and Green Climate Fund (GCF)), and oversees Lao PDR's Environmental Protection Fund (EPF). MoNRE plays a key technical role in coordinating with MPI to integrate environmental and climate priorities into national planning and has an important mandate in ensuring coherent subsequent financing of priorities identified through coordination of climate finance with broader budgeting processes led by MoF. As per the 9th NSEDP Financing Strategy action matrix (Annex 2), MoNRE is identified as lead ministry for the implementation of action 52 (capacity development of the EPF) supported by the joint programme, and is expected to play a leading role in 9th NSEDP Financing Strategy Sub-Committee on Green and Climate Finance established with support from the joint programme *(see governance arrangements section C3.1 below)*.

Other national stakeholders

Other key national stakeholders include the Bank of Lao PDR (i.e., Government lead for action 50 of the 9th NSEDP Financing Strategy on the formulation of policy recommendations to improve the green transition in the financial sector), the Ministry of Agriculture and Forestry (i.e., role on forestry sector carbon markets and Payments for forest Ecosystem Services – PfES), the Ministry of Energy and Mines (i.e., role on the moratorium on new extractives projects and safeguards update under action 8 of the 9th NSEDP Financing Strategy), amongst others. At sub-national level, the provincial governments of Champasak and Savannakhet and municipal authorities in Pakse and Kaysone Phomvihane City will be key partners for Activity 2.8 (Incentivising urban investment in green growth), which will target Kaysone Phomvihane and Pakse Cities.

<u>Development partners:</u>

Upon endorsement of Lao PDR's 9th NSEDP Financing Strategy by H.E. Mr Sonexay Siphandone, Prime Minister of the Lao PDR, the United Nations Resident Coordinator's Office (UNRCO) supported MPI to undertake a comprehensive mapping of ongoing support by development partners to relevant Government departments for the implementation of each of the 54 policy actions of the 9th NSEDP Financing Strategy.

Through this mapping, the Asian Development Bank (ADB), the World Bank, the International Finance Corporation (IFC), and the Global Green Growth Institute (GGGI) were identified amongst key multilateral development partners already supporting Lao PDR on issues related to green and climate finance, and invited to join a stakeholder consultation meeting with Government departments and UN agencies (March 2024) to ensure the joint programme proposal was developed with full consideration of ongoing development partner support.

Going forward, the comprehensive mapping of ongoing development partners' support will also be used for targeted bilateral consultations (most of which are already ongoing) with relevant stakeholders as technical support for the implementation of actions 8, 14, 18 and 50-54 of the 9th NSEDP Financing Strategy is initiated.

Critically, by supporting the Government of Lao PDR to establish and operationalise the Sub-Committee on Green and Climate Finance, this joint programme seeks to support MPI, MoF and MoNRE to jointly oversee and strengthen Government-led coordination of development partner support to the implementation of this chapter of the 9th NSEDP Financing Strategy.

Private sector:

As per the 9th NSEDP Financing Strategy's INFF approach, private sector finance, both domestic and international, represents two of four financing streams to support the achievement of national sustainable development and environmental objectives. Actions under Lao PDR's 9th NSEDP Financing Strategy and its chapter 5.3 therefore intend to further leverage private sector green finance, and supporting activities under this joint programme are designed accordingly. Private sector actors are thereby critical stakeholders to be engaged whenever relevant and throughout activities across the joint programme – including activities 2.1 (i.e., engaging with the private sector to strengthen environmental sustainability of the mining sector), activity 2.4 (i.e., environmental sustainability of financial sector institutions), activity 2.6 (i.e., PfES scheme and related consultations involving energy sector companies), activity 2.7 (i.e., environmental capacity-building), activity 2.8 (i.e., incentivising public and private investment for urban green growth), activity 2.9 (i.e., sharing forestry sector knowledge exchange for effective carbon trading, including by the private sector), and activity 2.10 (i.e., maximising private sector contribution to Lao PDR's biodiversity finance plans), amongst others.

2. Programme Strategy

2.1. Overall strategy

The overall objective and expected outcome of the joint programme is to support the achievement of the 9th NSEDP Financing Strategy chapter and on Green and Climate Finance and its objective 5.3.1 *"green growth and climate-resilient development are financed through sustainably increasing budget allocations, improved green budgeting, strategic mobilisation of ODA, and increasing private investments in an enabling business environment"*.

To date, while environmental objectives are clearly defined across Lao PDR's national policy documents *(see problem statement, section C1.1 above)*, **two overarching challenges** hinder their implementation:

i. Lack of coherence between sectoral policies, and coordination gaps within and between government entities creates unnecessary trade-offs between economic growth and environmental sustainability objectives (e.g., concessions for industrial development vs environmental conservation). Fragmentation and lack of coordination between development partners' including UN agencies' policy advice – often focusing on a single sector while addressing trade-offs requires a systemic approach – have so far been unable to reconcile trade-offs and overcome the issue.

ii. Addressing policy trade-offs to realign environmental and economic priorities is by nature a cross-sectoral challenge requiring technical expertise scarcely available within a single ministry, UN agency or development partner.

The 9th NSEDP Financing Strategy formulation process and the development of Chapter 5.3 on Green and Climate Finance specifically sought to address these challenges, with a series of policy actions identified to reduce the environmental impact of revenue generation and increase financial resources available from both public and private sector sources for environmental protection and climate action. The joint programme will therefore seek to support the implementation of the following actions related to the Financing Strategy Chapter 5.3:

- Action 8: *"Temporary halt on new resource extraction projects combined with the update of legislation, regulation, and processes for the future implementation of natural resources extraction projects in line with the inclusive, sustainable, and climate-resilient development pathway of the 9th NSEDP"*;
- Action 14: *"The acceleration of all PFM projects – e.g., IFMIS rollout, SDG, and 9th NSEDP budget-tagging, green and gender budgeting, CoA revisions – to integrate national development priorities in all stages of the budget cycle"*;
- Action 18: *"The continuation of debt consolidation through renegotiations to (1) cancel or reduce debt repayments and / or lengthen the maturity of loans to the second half of the 2020s without losing access to future loans and (2) explore debt swaps with major creditors"*;
- Action 50: *"The formulation of policy recommendations to improve the environmental sustainability of the financial sector"*;
- Action 51: *"The study of the costs, benefits, feasibility, and relevance of environmental fiscal reform (e.g., carbon tax), sin taxes, and other pre-market interventions, to simultaneously influence behaviours and development outcomes, and generate resources for priority sectors,*

with careful consideration of the current capacity of the tax administration and centralisation of the budget process";

- Action 52: *"Capacity development of national funds and establishment of the EPF as the first Accredited Entity for Lao PDR, combined with strengthened collaboration between DPs currently accredited to vertical funds, for strategic green ODA programmes and projects"*;
- Action 53: *"The formulation of policy recommendations to incentivise investments in green growth and to create a clear taxonomy for sustainable activities, which would inform policies and actions to improve the business environment and investment promotion regime"*;
- Action 54: *"Study of the feasibility and relevance of carbon credits and emissions trading schemes, and potential policies and actions to finance biodiversity protection"*.

To support to Lao PDR's implementation of the above actions, the joint programme will follow a two-fold approach:

i. **Technical assistance.** Leveraging expertise from across the UN system, the four joint programme agencies will provide technical support to Government departments across ministries (including MPI, MoF, MoNRE, MAF, MEM, as well as BoL) which have been identified as "lead departments" for the implementation of the above actions, in line with the 9th NSEDP Financing Strategy Annex 2 "Actions Matrix".

ii. **Strengthening coordination and coherence.** In line with the intention of the 9th NSEDP Financing Strategy which seeks to comprehensively address planning and financing challenges as a whole and overcome current siloes, the joint programme will support the Government of Lao PDR to establish a governance framework for greater inter-ministerial coordination around the Green and Climate Finance Chapter of the 9th NSEDP Financing Strategy. In turn, the governance structure established will oversee and ensure coordination and overall coherence of the above-mentioned technical support itself, as well as with the implementation of the broader 9th NSEDP Financing Strategy and its other chapters. *(See foreseen governance arrangements section C3.1 below for further information.)*

2.2 Theory of Change

(See narrative description below.)

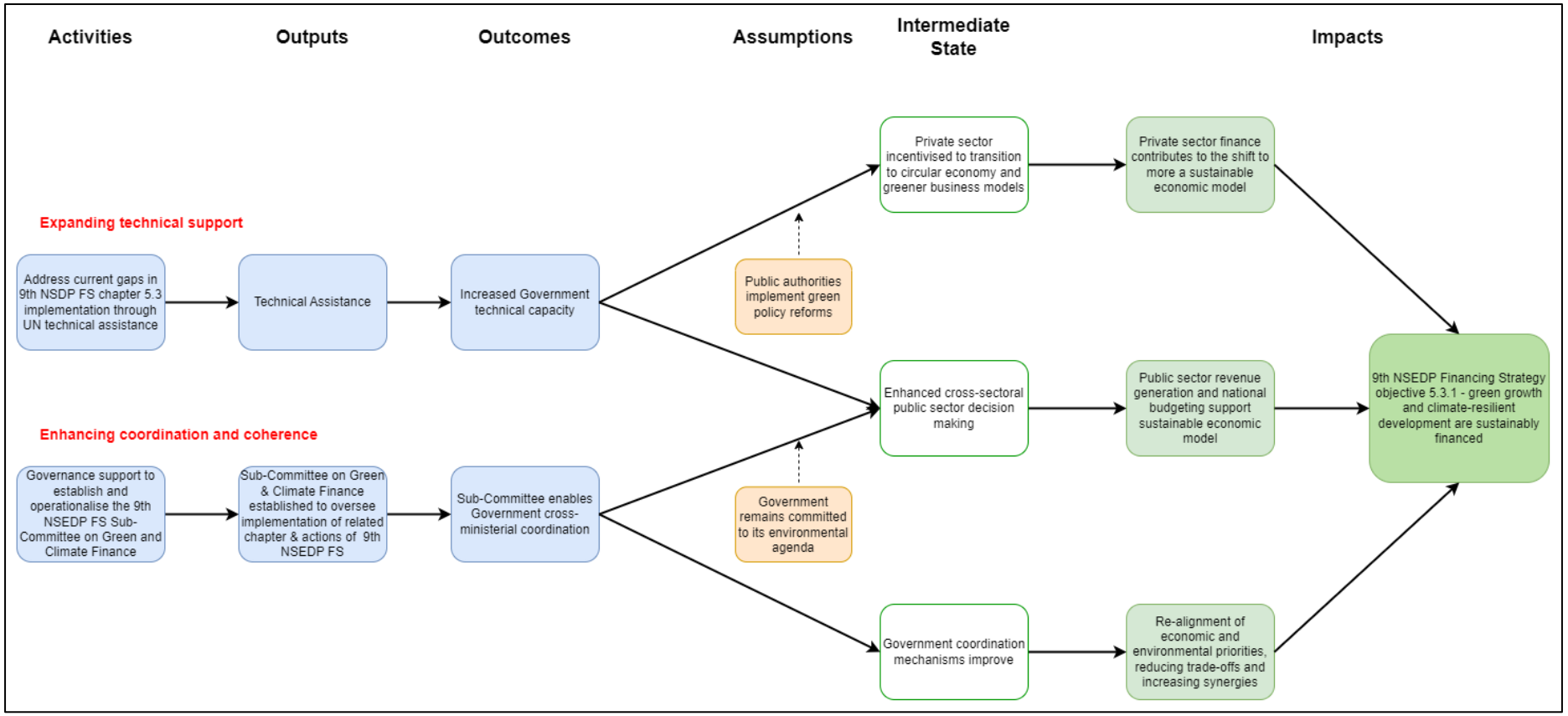


Figure 1: Theory of Change – United Nations Coordinated Technical Assistance to the Government of Lao PDR on Green and Climate Finance.

The Theory of Change drives the joint programme's two-fold approach of interconnected technical assistance and governance support. As per the figure here-above, under the first (top) stream of change, activities seek to address current gaps in the implementation of the 9th NSEDP Financing Strategy chapter 5.3, with technical assistance drawing upon the expertise of four UN agencies (output) strengthening relevant departments' technical capacity to implement the relevant policy actions of the 9th NSEDP FS (outcome). Under the assumption that Government ministries and departments indeed implement the actions as foreseen in the Prime Minister-signed Financing Strategy document (assumption), the engagement of private sector and implementation of the actions and policy changes are expected to incentivise the private sector to transition to circular and greener business models (intermediate state), whereby private sector finance ultimately contributes to the shift to a more sustainable national economy, sustainably financing green growth and climate-resilient development (impacts).

Relatedly, in the second (bottom) stream of change, governance support provided under the joint programme (activities) to establish and operationalise the 9th NSEDP Financing Strategy Sub-Committee on Green and Climate Finance (output) enables cross-ministerial coordination for and oversight of the technical implementation of the 9th NSEDP Financing Strategy green and climate finance-related actions (outcome). In turn, Government coordination is expected to improve (intermediate state), which enables a re-alignment of economic and environmental priorities, reduction of trade-offs and increase in synergies between environmental stewardship and private sector-driven economic growth, contributing to the same shift towards sustainably financed green growth and climate-resilient development (impacts). Although the set up of this structure is currently tied to the 9th Financing Strategy, it is further assumed that the team will evolve into a permanent or semi-permanent entity that will continue green finance policy coordination beyond the 9th NSEDP period and will further act as a supporting structure to the overall governance of the NSEDP Financing Strategies well beyond the current 9th NSEDP Financing Strategy.

Under the assumption that Lao PDR's commitment to its environmental agenda remains unchanged, both streams of change (i.e., through technical assistance, and governance support) are also expected to contribute to enhanced cross-sectoral public sector decision making (intermediate state), enabling public sector revenue generation and national budgeting to support a more environmentally sustainable economic model, and the achievement of the 9th NSEDP Financing Strategy policy objective 5.3.1 whereby green growth and climate-resilient development are sustainably financed (impacts).

2.3 Joint programme vision by output

Output 1: Governance and coordination support to the establishment and operationalisation of the Sub-Committee for Green and Climate Finance

Activity 1.1 – Support the formulation of Sub-Committee for Green and Climate Finance and establish a Green and Climate Finance Hub as its secretariat and coordination mechanism for green and climate finance initiatives.

The overarching objective of this activity is to support the Government of Lao PDR in establishing the national Sub-Committee for Green and Climate Finance (under the "Financing Strategy for the 9th NSEDP National Committee" – further outlined under the governance section C3.1) and to establish a Green and Climate Finance Hub, as its secretariat. As secretariat of the Sub-Committee for Green and Climate Financing, the Hub will support the governance and coordination structure for green and climate finance initiatives for the Government of Lao PDR, including support to monitor the implementation of chapter 5.3 of the 9th NSEDP Financing Strategy. Positioned as a permanent function to the Government beyond the 9th NSEDP, the Green and Climate Finance Hub is foreseen to be co-led by the Ministry of Finance (Fiscal Policy Department), MPI (Department of Planning) and Ministry of Natural Resources and Environment (Department of Planning and Finance).

The establishment of both pieces of the governance architecture will be implemented in a phased approach over the course of the two-year joint programme implementation and will be led by the joint programme integration team under the leadership of its Chief Technical Advisor. The joint programme's integration team will initially support activities of the Hub as secretariat for the Sub-Committee for Green and Climate Finance, paving the way towards the establishment and endorsement of a Government-owned structure that supports the governance of future NSEDP Financing Strategies.

Support provided by the joint programme's integration team to establish the Sub-Committee on Green and Climate Finance, and the secretariat Green and Climate Finance Hub is outlined below.

<u>Sub-Committee on Green and Climate Finance:</u>

1. The formulation of Standard Operating Procedures (SOPs) for the Sub-Committee to coordinate with the overarching National Committee overseeing implementation of the Financing Strategy of the 9th NSEDP more broadly.
2. Support to finalise the composition of members from the Government and establishing a schedule of meetings for the Sub-Committee.
3. Conducting capacity building activities for Sub-Committee and other implementing entities of actions related to chapter 5.3 (covering topics on M&E and green and climate finance governance), to ensure members have the capacities for undertaking strategic oversight and monitoring and evaluation functions for chapter 5.3 of the Financing Strategy.

<u>Green and Climate Finance Hub as secretariat to Sub-Committee on Green and Climate Finance</u>:

1. The formulation of scope of work for the Hub, as the secretariat for the Sub-Committee and facilitating relevant endorsements from the Government. The scope of work will seek to outline how the Hub will act as a strategic advisor to the Government for optimising green financing opportunities, informing fiscal policies to be more reflective of environmental priorities and to improve alignment between green financing and development plan priorities.
2. Identification of modalities for intra-governmental coordination between Ministries and agencies, on green and climate finance matters for the Government of Lao PDR.

3. Preparing a transitional plan towards Government ownership and operationalisation of the Hub beyond the joint programme's period and coordination structure. This includes preparing human resource and technical needs plans for the Hub for sustainability following the joint programme closure in 2027.
4. Support the preparation of Financing Strategy progress reports and related events, with inputs from all line ministries implementing the chapter 5.3.

As part of this governance assistance, the joint programme integration team will support the Sub-Committee to prepare background notes and other research required to conduct its regular meetings, and to inform policymaking decisions of the overarching Financing Strategy for the 9th NSEDP National Committee which relate to green and climate finance.

Furthermore, the joint programme integration team will support the Green and Climate Finance Hub in developing guidance documents to facilitate coordinated and coherent cross-ministerial and private sector collaboration for green and climate finance mobilisation and strategic use, tapping into new resources where relevant. These activities are further outlined under activity 2.7 of this joint programme, and details of the governance structure under section C3 below.

Output 2: Technical support to the implementation of actions under the 9th NSEDP Financing Strategy chapter on green and climate Finance

Activity 2.1 Assessment and development of long-term policy and legislative reforms to strengthen the sustainability practices in the extractives sector.

In Lao PDR, the extractive sector is a significant contributor to the national economy, with mining accounting for 25% share of exports in 2019.[8] This contribution to Lao PDR's economy may increase in the future, as access to certain minerals will be key to achieve the much-needed global energy transition. Yet, it is also unclear whether the mining industry, under its current regulatory state, generates optimal revenue for the Government.

In line with action 8 of the Financing Strategy of the 9th NSEDP (moratorium on mining until regulations are updated), and recent decision by the Government of Lao PDR to stop issuing mining licenses under the fast-track scheme, an opportunity exists under this UNJP to work on the extractives sector.

The approach will mainly focus on assessing the environmental impacts of mineral extraction and formulating long-term strategic recommendations for strengthening sustainable / responsible practices in the extractive sector in Lao PDR. As a first step, we will conduct a comprehensive mapping of the sector including a review of the current legal framework.

In parallel, the JP will work closely work with the Ministry of Finance and the Ministry of Energy and Mines to produce analytics, estimating the revenue foregone from tax exemptions and preferential tax treatments prevalent in the mining industry. This action complements UNDP's

[8] ASEAN+3 Macroeconomic Research Office: https://amro-asia.org/transforming-the-resource-sector-in-lao-pdr/

ongoing support to the overall financing strategy in terms of building the Government's ability to raise its revenue capacity. Currently, UNDP is providing technical support to the Ministry of Finance to develop a comprehensive database that meets the purpose of tax expenditure reporting and will be able to identify revenue losses against tax / fee benchmarks which will be the basis to help the Government assess the effectiveness of its investment promotion regime. The data collection started in October 2023. An in-depth review of the revenue forgone in the extractives sector can suggest evidence-based reforms to tax policies for the sector.

Based on the assessment of environmental impacts and revenue foregone in the mining industry and review of the legal framework, support will be leveraged through this UNJP to equip the Government with concrete legal due diligence tools to re-evaluate specific concession agreements. This will be complemented with additional advisory support which include recommendations on updating relevant legislations, regulations, and processes for the future implementation of natural resources extraction projects to ensure the extractive sector in Lao PDR is sustainable and gradually becoming an enabling sector, minimise tax expenditures or revenue forgone from preferential tax treatments.

The private sector actors of the extractives sector will be consulted extensively at each step to ensure that the sustainable transition for the extractives sector is achieved with full participation and buy-in from the business actors. Efforts will be made to co-develop most of the long-term recommendations with private sector participation, particularly the policy and legislative changes that is envisaged to be the key results of the technical and advisory support package for this action.

Activity 2.2 Budgeting for Sustainable, Resilient and Inclusive Growth

Sustainable Budgeting Approach is not merely a policy adjustment; it is a transformative shift towards recognising and acting upon the intrinsic link between environment, economy, and people's well-being. Through this approach, environmental and climate considerations are to be mainstreamed in all phases of the budget cycle, thereby enhancing Public Financial Management (PFM) systems.

The outcomes of the Lao PDR Sustainable Budgeting Approach are expected to be substantive – both as a decision-support tool for MoF and as an enabler of a sustainable budgeting knowledge ecosystem in Lao PDR to ensure post-intervention sustainability and continued customisation and refinement of the approach to suit Lao PDR's evolving needs and context. By embedding environmental sustainability into fiscal processes, the expectation is enhanced transparency, informed investment decision-making, and the identification of strategic opportunities that balance economic growth with environmental conservation and social inclusiveness. The development of the Lao PDR Sustainable Budgeting Approach will seek to build upon and partner with other relevant initiatives (including the World Bank's support to MoF on gender budgeting) to ensure the Sustainable Budgeting Approach is robust, effective, and adaptable. The SBA application would be used to also build a baseline with regards to the integration of development

and environmental considerations in the budget, which could be compared to an endline survey which may be conducted in conjunction with the relevant government counterparts._UNEP will also ensure that local knowledge partners (e.g. academic institutions) are also invited to capacity building workshops and "handed over" the SBA methodology and tools to ensure un-interrupted local expert support to the MoF.

Activity 2.3 Promote Innovative Green Finance

During 2023, UNDP conducted a scoping study on the application of innovative financing instruments to address the debt-related challenges in Lao PDR.[9] The study found that Lao PDR is a potential candidate for implementing a debt for nature swap transaction with its creditors. Following the recommendations of the study, the Government of Lao PDR is seeking innovative financing instruments to consolidate and restructure its debt portfolio and better finance environmental protection and climate action. Noting the opportunity of a debt for nature swap, the importance of considering a broad range of solutions was also highlighted in discussions as a precondition for well-informed policymaking.

This activity aims to support the Ministry of Finance, and relevant sector ministries to further lay the groundwork for the implementation of innovative financing solutions, to sustainably finance climate action and environmental protection in a context of limited fiscal space and important debt burden in Lao PDR, in line with Action 18 of the Financing Strategy of the 9th NSEDP.[10] There are still knowledge and capacity gaps in the design of the best-suited innovative green financing instruments, and gaps in understanding the fair valuation of financial commitments commensurate for the environmental obligations committed, under green financing instruments. Addressing these gaps requires both the Ministry of Finance to work with non-finance ministries (such as MoNRE) to co-design the financial transaction and determine appropriate environmental commitments. Understanding the impact of livelihoods resulting from the limitations imposed on economic activities under such environmental commitments, need to be factored into the fair valuation of innovative financing instruments and is best carried out by finance and non-finance Ministries working together.

As such, under the leadership of the Green and Climate Finance Hub, this activity involves continuing cross-sectoral consultations with Government agencies, and providing support to prepare technical documents, and policy briefs to tie financing instruments with environmental priorities and commitments. Further, under this activity, capacity-building about alternatives financing instruments (such as guarantees, IMF emergency facilities) will also be conducted for key stakeholders to ensure there is a shared understanding of various financing options available for Lao PDR to address its systemic debt issues while more sustainably financing environmental

[9] Debt for Nature Study, UNDP (2023): https://www.undp.org/laopdr/publications/debt-nature-opportunity-lao-pdr-design-feasibility-strategy

[10] Action 18 of the Financing Strategy seeks to continue the "debt consolidation through renegotiations to (1) cancel or reduce debt repayments and/or lengthen the maturity of loans to the second half of the 2020s without losing access to future loans and (2) explore debt swaps with major creditors."

priorities. As part of these activities, dialogues will be organised, knowledge products will be developed, and a study tour will be organised so that Government officials are able to meet and exchange their counterparts in countries having further developed expertise in effective mobilisation and use of Green Finance.

Activity 2.4 Development of a report and capacity-building programme highlighting the policy recommendations to improve the environmental sustainability of the financial sector

In line with action 50 of the 9th NSEDP Financing Strategy, development of a report highlighting relevant policy and regulatory developments in other relevant regions and provide policy recommendations to improve the environmental sustainability of the financial sector in Lao PDR.

The report will be followed by capacity building activities to disseminate the recommendations and enhance the capacities on sustainable finance within the Bank of Lao PDR (BoL). Further details are to be confirmed through continued discussions between the BoL and UNEP Finance Initiative and upon guidance from the incoming Governor of BoL, including during the joint programme's inception phase. (Continued dialogue and coordination with the International Finance Corporation (IFC) will also guide activities on financial sector environmental sustainability.)

Activity 2.5 Environmental Fiscal Reform and Premarket Interventions

Support to the implementation of action 51 is focused on evaluating the environmental fiscal reform's costs, benefits, feasibility, and relevance, considering and further supporting MoF's ongoing work on Lao PDR's Environmental Tax Law. Beyond a feasibility analysis, this comprehensive study will seek will provide a pathway to transforming the economic landscape, influencing behaviours towards sustainable practices aligned with Lao PDR's strategic national development objectives, and unlocking resources for priority sectors and industries of the future.

The primary objective is to deepen understanding and integration of environmental considerations into fiscal policies and explore the feasibility of systematically pricing environmental harm from unsustainable practices. This endeavour aims to foster greener growth and inspire policy innovation, ensuring that Lao PDR's development trajectory aligns with national sustainability goals, and set Lao PDR as an attractive destination for industries and businesses looking to invest in the provision and commerce of net-zero and nature-positive goods and services.

The outcome of the 12-month comprehensive process dedicated to rigorous study, stakeholder engagement, and the crafting of actionable strategies, is a set of strategic recommendations to drive sustainable economic growth and environmental stewardship in Lao PDR. The activity will be closely coordinated with that of the work of the Green and Climate Finance Hub.

Activity 2.6 Multi-stakeholder consultations towards a Payment for forest Environmental Services (PfES).

This activity is aimed to support the government's ambition for a national Payment for forest Environmental Services (PfES) scheme, which holds significant potential to address the country's current fiscal constraints through sustainable domestic finance and public revenue generation (OECD Multi-dimensional Country Review of Lao PDR, 2024).

The proposed PfES entails leveraging finance from industry actors, namely hydropower companies whose business model is dependent on water resources which in turn are the result of good forest management. PfES has been implemented in Viet Nam for over a decade, generating up to US$170 million in 2023 alone – comprising a significant part of Viet Nam's forestry sector financing.

Under the proposed activity, a series of multi-stakeholder consultation processes will be conducted, including with different government agencies, industry groups and hydropower companies to facilitate deeper understanding of the mutual benefits and respective circumstances in order to develop a design for a feasible and sustainable PfES mechanism for Lao PDR. A roadmap will be developed for the establishment, piloting and roll-out of a forest PES scheme for Lao PDR, with multi-stakeholder engagement. Activities identified for the immediate term (by 2025) will have been implemented, which may include a drafting of a PfES legislation and its consultations. (Assumptions: related actions taken in 2024 will result in a broad general interest for Lao PDR to embark on establishment of a forest PES.)

The Green and Climate Finance joint programme offers a conducive platform for facilitating consultations with multi-sector and multi-stakeholder (i.e., private sector) engagement, needed for ensuring a feasible design for the PfES.

Activity 2.7 Support to non-environmental ministries to build green and climate finance capacity.

Under this activity (linked to activity 1.1), the joint programme integration team will further support capacity building specifically for non-environmental stakeholders, including private sector entities with a role to play in strategic mobilisation and use of green and climate finance (notably MoF, MPI). Under this activity, two steps will be carried out (1) conducting climate finance capacity building activities and (2) development of high-value strategic resource mobilisation proposals.

Under the first step, green and climate finance capacity building workshops will be conducted to train a core group of specialists from the implementing entities for the chapter 5.3 of the Financing Strategy beyond MoNRE (including members of the Sub-Committee on Green and Climate Finance) and including private sector partners where relevant. This includes the development of appropriate training material and its delivery to the core group through the procurement of specialist expertise. Content developed will be made available in different formats including online for the wider public to use.

Building on this, targeted capacity building will be extended to the Investment Promotion Department of the Ministry of Planning and Investment given that the Investment Promotion Department oversees the investment policy reforms, implements investment promotion and licensing of large investment / concession projects. Recognizing the importance of stimulating quality private investments, this activity will further build on UNDP's and UNEP's past technical engagement and support to the Department which focused on building the capacity of national Government staff to effectively regulate the environmental compliance and obligations of investment projects. This included introducing screening tools, model contracts, a handbook with practical training extended to the Department staff. Under this activity of the Joint Programme, UNDP will build on the past experience to further capacitate the Investment Promotion Department to fully utilise the screening tools and overall due diligence applied to licensing large projects and concession agreements. UNDP will further explore impact investment promotion activities with the Department, with the overall objective of supporting the Government of Lao PDR to position itself to attract quality and sustainable private investment both internationally and domestically.

Under the second step, support will be provided for cross-Ministry coordinated development of high-value resource mobilisation proposals to tap into new sources of climate and environment finance, including under blended financing opportunities available for Lao PDR. Under these proposals, priority would be given to interventions on adaptation financing. These proposals would be pitched to global climate finance initiatives, and to private investors with established mandates and track record for conducting similar investments.

Further, under this activity the joint programme will also support the officials across ministries (including MOF, MoNRE, MPI, MAF, MEM, amongst others) to jointly prepare participation in two UNFCCC Conference of Parties taking place during the programme implementation period. This support will include hosting in-country preparatory activities for better coordinated and coherent cross-Government participation by the cross-ministerial delegation of Lao PDR, as well as developing concept notes, communication messages for COP events, and financially supporting the non-environment ministries to attend the COPs (as UNFCCC funding traditionally supports MoNRE however not necessarily other important ministries in increasingly finance-oriented COP discussions).

Activity 2.8 Incentivising urban investment in green growth.

Recognising that urbanization is a cross-sectoral phenomenon and that over 70% of carbon emissions come from urban areas, the aim of this activity is to encourage public and private sector investment in green growth in urban development, to accelerate the transition to a low-emission, climate-resilient urban development paradigm in Lao PDR. This will be carried out by closely collaborating with local governments and actively engaging private sector stakeholders to increase their capacity to access finance for climate change mitigation and adaptation, targeting Kaysone Phomvihane and Pakse cities and building on previous work on Urban Low-Emission Development Strategies (Urban LEDS) in those cities. The Urban LEDS project laid the

foundation by conducting comprehensive greenhouse gas (GHG) inventories, climate risk and vulnerability assessments (CRVAs), and by developing strategic climate action plans for both cities. Building on the successes and lessons learned, Activity 2.8 will deepen and expand these efforts through the following steps: (1) comprehensive assessment of green finance, (2) identification of investment opportunities, (3) development of guidelines and training programmes, (4) capacity building and scaling up, and (5) enhancing public-private partnerships.

The first step will be conducting a diagnostic to identify the key challenges local governments face in accessing green finance. This will include an evaluation of existing financial mechanisms, institutional capacities, and regulatory frameworks. Baselines for key Own Source Revenues will be established by estimating the revenue potential from various sources within the cities. Step two will provide an overview of key climate mitigation and adaptation investment opportunities at the local level. This will include identifying sectors with high potential for emissions reduction and resilience building (e.g., renewable energy, waste management, sustainable transport, green infrastructure). The third step is to develop comprehensive guidelines for city-level climate investment. These guidelines will outline best practices, financial instruments, and strategies for mobilising green finance, tailored to the specific needs and contexts of Kaysone Phomvihane and Pakse. Targeted training workshops will be organised to enhance the knowledge and skills of local government officials and private sector stakeholders. The training will cover green finance concepts, financial instruments, project proposal development, and accessing climate finance.

UN-Habitat will partner with training institutes to scale up the capacity-building and ensure that knowledge and skills gained are institutionalised and can be further disseminated across levels of government and the private sector. Technical assistance will also be provided to local governments and private sector entities to support the implementation of the guidelines developed. Finally, UN-Habitat will propose public policy options to encourage private sector green urban investment, closely coordinating with national-level activities, including on environmental fiscal reform (Activity 2.5 supporting implementation of 9th NSEDP FS action 51).

Particular attention will be given to the private sector, acknowledging its crucial role in driving innovation, mobilising financial resources, and implementing green projects at scale. Engaging the private sector for green and climate investments involves creating an enabling environment that reduces risks and increases the attractiveness of green investments. This will be proposed through:

- Public policy and regulatory support incentivising green investment: establishing clear and supportive regulatory frameworks that facilitate green investment and ensure compliance with environmental standards, coordinating at local level with national level support (notably to MoF on environmental fiscal reform under activity 2.5).
- Capacity Building: Providing training and technical assistance to enhance the private sector's understanding of green finance and sustainable business practices.
- Public-Private Partnerships: Developing partnerships that leverage private sector expertise and resources for public infrastructure projects (e.g., sustainable transport systems).

Acting as part of the joint programme will ensure that members of the foreseen Sub-Committee on Green and Climate Finance are engaged so to scale up best practice and lessons learnt at national level. This will involve advocating for supportive policies, securing additional funding, and integrating green finance strategies into national development plans. The activities outlined in Section 2.8 are intricately linked with other components of the joint programme, creating a cohesive and comprehensive strategy for promoting green and climate-resilient urban development. For instance, the capacity-building initiatives and training programs developed under Activity 2.8 will complement the broader efforts in Action 50 on improving the environmental sustainability of the financial sector. Furthermore, the engagement with private sector stakeholders in Activity 2.8 will support the objectives of Action 18, which focuses on promoting innovative green finance. By ensuring coherence and synergy among these activities, the component aims to maximize the impact and foster an integrated approach to sustainable urban development in Lao PDR.

The activities under Activity 2.8 have been formulated through consultations with a diverse range of stakeholders, including the city authorities of Kaysone Phomvihane and Pakse, local governments, private sector representatives, and other multilateral organizations including GGGI. Consultations have ensured that planned activities are aligned with the specific needs and contexts of the cities, leveraging local insights and expertise. Engagement with GGGI will ensure alignment and enhanced effectiveness of the municipal-level initiatives.

Activity 2.9 Focused support sharing experience from forest carbon to other sectors

A process of experience sharing on carbon market related actions from the forestry sector to broader national dialogue around the draft carbon market decree being developed under the leadership of MoNRE. This will include preparation of documentation on the forestry sector experience and a technical workshop event with multi-sectoral stakeholders.[11]

The Green and Climate Finance joint programme offers a conducive platform to ensure integration of multi-sector and multi-stakeholder discussions on carbon markets with broader green and climate finance and development finance policy, facilitating coordination for policy coherence and effectiveness.

Activity 2.10 Supporting the implementation of measures to unlocking biodiversity finance

Biodiversity finance is critical for delivering the transformative changes needed to halt and reverse the loss of biodiversity and ecosystem services. The Government of Lao PDR has initiated some actions such as the review and revision of its National Biodiversity Strategy and Action Plan

[11] It should be noted that there is a package of on-going support to the Department of Forestry, and coordination with the broader carbon legislation under MoNRE through FAO's engagement in the UN-REDD Programme. Among others, such on-going support is providing advisory to the now approved Ministry of Agriculture and Forestry Ministerial Decision on Forest Carbon and recommendations to the drafting of the MoNRE-led carbon market decree. The proposed support through the Green and Climate Finance joint programme will build on the activities from this existing support channel and enhance the coordination efforts between the forestry sector and other sectors working on climate change mitigation by supplementing the opportunities for exchange.

(NBSAP). Moreover, the Government is planning to review and analyse biodiversity expenditures and biodiversity-harmful subsidies, estimate the costs for implementing the Global Biodiversity Framework, and to develop a biodiversity finance action plan from 2024-2027 with technical assistance from UNDP under GEF-funded projects.

Complementing these efforts, the activity under the Joint Programme will contribute towards ensuring that the biodiversity finance action plans are widely supported and implemented across the country. As such, under this joint programme, UNDP under the leadership of the Climate Finance Hub will support the Government for peer-learning with other countries, dissemination campaigns, and for financial and private sector engagement. This includes supporting the preparation for and active participation of the Government of Lao PDR at biodiversity-related international conferences (e.g., CBD Conference of Parties), consultations with private and financial sectors, and advocacy campaign to raise awareness across stakeholders and the country on biodiversity conservation financing and implementation. These activities ensure participation, knowledge sharing, and strengthened national ownership of the biodiversity finance development and implementation processes. During the process, UNDP will ensure the engagement of the private sector to understand how private investments can be incentivised by public investments in biodiversity. The private sector will have a substantive role to play in the financial action plan for the national biodiversity strategy. A particular focus will be given to agroforestry, and eco-tourism, but also access to the banking sector.

2.4 Budget and value for money

Previous support to policymaking processes in Lao PDR, including support by the UN, has not been as efficient as it could have been. Lack of coordination between the range of different development projects (within and outside the UN system), and multiple administrative processes specific to each one do not make optimal use of institutions' capacity, impeding sustainable change with promising initiatives not achieving desired impacts.

As explicitly mentioned in the National Agenda on Economic and Financial Difficulties (extended in November 2023), a collective mobilisation of the State, development partners, private sector, and civil society, at all levels, is required, which a collaborative improvement of systems and capacities must accompany, to generate tangible change around green and climate finance flows, so to support the transition to a greener, less natural resource extraction-dependent, and more climate resilient economy.

A well-coordinated joint approach as foreseen through the joint programme would build upon lessons learnt and enables drawing on the unique expertise of different UN agencies, funds and programmes, including non-resident agencies, while avoiding duplication, for more efficient and cost-effective development cooperation (in line with the principles of the Vientiane Declaration on Partnerships for Effective Development Cooperation).

By supporting the establishment and initial operationalisation of the 9th NSEDP Financing Strategy Sub-Committee on Green and Climate Finance, and the Climate Finance Hub as its

secretariat, the joint programme also seeks to lay the governance foundations for economies of scale from greater Government-led coordination and coherence for engagement with relevant development partners and private sector, beyond the joint programme period and the UN system's support.

Joint technical and coordination support to the implementation of chapter 5.3 of the 9th NSEDP Financing Strategy as envisioned under the joint programme would also ensure that efforts invested in the Financing Strategy's development and in collaborative ways of working initiated through the Financing Strategy formulation process, deliver to the envisioned potential with regards to realigning environmental and economic priorities – hence cost-effectively building upon foundations and efforts to date for lasting returns.

Cost efficiency and effectiveness in the joint programme management will also be achieved through adherence to UN operations policies and procedures, ensuring transparency so to ensure value for money. Where applicable, the joint programme will leverage existing partnerships to improve cost-effectiveness.

2.5 Partnerships and stakeholder engagement

Inclusive partnerships, stakeholder engagement, and open collaboration are at the core of the solution to the issues described in the problem statement *(section C1.1)* and overall strategy *(section C2.1)* above – namely policy incoherence, fragmentation, and lack of coordination between sectors both amongst Government and development partners. Limited engagement is also holding back the private sector contribution to Lao PDR's environmental and broader sustainable development objectives. Hence, partnerships and stakeholder engagement have been an extensively emphasised guiding principle throughout the development of this joint programme. Inclusive and open collaboration, including with the private sector, will be continued throughout the joint programme implementation as one of its critical elements, and as a necessity for the realignment of economic and environmental priorities and associated financial flows.

The joint programme firstly seeks to build upon successful collaboration throughout the 9th NSEDP Financing Strategy formulation, where a UN joint programme supported MPI and MoF in convening of a wide range of Government ministries and development partners. Broad consultations and partnerships enabled the interministerial consensus on the 9th NSEDP Financing Strategy's integrated policy actions, and its high-level endorsement by H.E. Prime Minister Sonexay Siphandone on 30 June 2023.

Upon written request from MPI to the UN Resident Coordinator for continued coordinated support, the development of the joint programme sought to follow a similar approach with extensive consultations with Government departments bilaterally (MPI and MoF in particular as co-leads for the Financing Strategy governance and implementation, amongst others) and through a dedicated stakeholder consultation workshop on 20 March 2024 (29 participants, including from MPI, MoF, MoNRE, MAF and BoL). Non-UN development partners were similarly engaged in bilateral consultations and invited to the consultation workshop (ADB, IFC, GGGI, World Bank, LuxDev). Internally to the UN, the most relevant offer of support was similarly developed through inter-agency consultations under the framework of the Lao PDR – Sustainable Development

Cooperation Framework (UNSDCF) 2022-2026 and its Outcome Groups 2 on “Inclusive Prosperity” and 4 on “Environment, Climate Change and Resilience”, and relevant Output Groups these comprise.

In its implementation, the joint programme will emphasise strengthening coordination and coherence as one of two approaches to achieve the joint programme objectives, alongside technical assistance. Specifically, the joint programme will support the establishment and operationalisation of the Financing Strategy for the 9th NSEDP Sub-Committee on Green and Climate Finance, as an open structure for Government to lead and for all willing development partners to engage with so to regroup efforts on green and climate finance, ensure complementarity, coherence, and greater impact in financing green and climate-resilient development in Lao PDR. Across technical assistance activities and whenever relevant, particular emphasis will be placed on private sector engagement in order to leverage critical private sector financial flows to complement limited fiscal space for public sector spending and accelerate investment in nature-positive solutions and progress towards Lao PDR’s environmental goals.

UNITED NATIONS
LAO PDR

3. Programme implementation

3.1 Governance and implementation arrangements

Addressing the policy trade-offs described in the problem statement calls for a holistic approach, working across sectors to ensure support to different ministries with a role in financing environmental management and climate action is coordinated so to overcome rather than further exacerbate incoherence and siloes. As per consensus achieved from the 9th NSEDP Financing Strategy formulation, neither economic planning and financing nor environmental policy considerations can be addressed in isolation from each other, suggesting a more comprehensive offer of support integrating financing for environment and climate with other aspects of sustainable development is necessary.

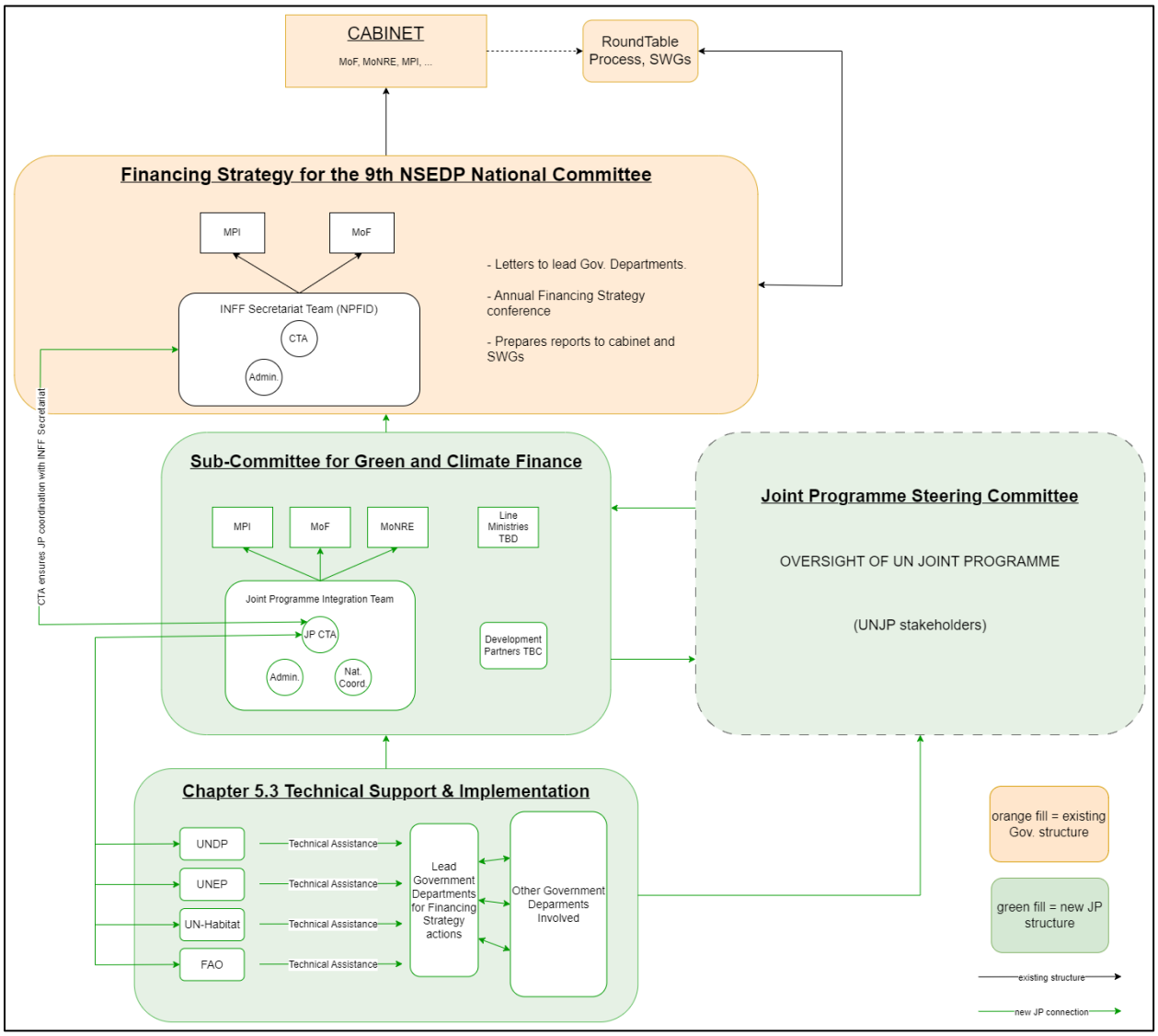


Figure 2: Tentative joint programme governance and linkages to Lao PDR institutional structure.

Therefore, as per the Theory of Change *(see above)*, governance arrangements are a critical aspect of the joint programme, contributing to the joint programme objective by strengthening coordination and coherence, as an inseparable complement to the technical assistance interventions. The foreseen governance structure represented in the diagram here-above seeks to contribute to this re-linking of different actors playing a role in green and climate finance firstly together, and secondly with integrated planning and financing more broadly, which is thought to unlock significantly more impactful outcomes for environmental sustainability and broader development. The proposed governance arrangement, to be reviewed in the project's inception, seeks to build upon already established and agreed upon structures as a basis. Shaded orange on the diagram, the "Financing Strategy for the 9th NSEDP National Committee" was announced at the *"High-level Dialogue on the 9th NSEDP Financing Strategy Governance, Coordination and Monitoring Arrangements"* in November 2023. The National Committee is currently being established jointly by MoF and MPI (as co-chairs) with support from UNDP's National Planning and Financing for Inclusive Development (NPFID) project for initial functioning. The National Committee is expected to govern the implementation of the 9th NSEDP Financing Strategy overall, while reporting to Cabinet and providing updates to the RoundTable Process including relevant Sector Working Groups (SWGs).

The joint programme governance arrangements take the above (orange shapes on the diagram) as a basis, which it will further develop with the establishment of Sub-Committee on Green and Climate Finance. (Green shapes on the diagram are to be established and initially supported through the joint programme.) Given their critical mandate for effective management and green and climate finance, MoNRE, MoF and MPI are expected to play a key role in the functioning of the Sub-Committee (e.g., three-way co-chairing, or rotating two-way co-chairing – to be determined during the joint programme initial phases). Other ministries and entities with a relevant mandate for green and climate finance (e.g., MAF, MEM, LSB, BoL) are expected to be members of the Sub-Committee. Relevant development partners (e.g., the Embassy of Luxembourg and its Ministry of Environment, Climate, and Biodiversity (MECB), as the development partner tentatively to support the establishment and operationalisation of the Sub-Committee, joint programme agencies, development partners mentioned in the "key stakeholders" section above) may also be invited to join the Sub-Committee meetings. As a Government-led structure, final Sub-Committee membership and members' roles is to be defined by Government decision in the initial phases of the joint programme during which the Terms of Reference for the Sub-Committee will be developed (outlined under section C.2.3, activity 1.1 above).

Broadly, the Sub-Committee is envisioned to oversee the implementation of policy actions of the 9th NSEDP Financing Strategy related to chapter 5.3 on Green and Climate Finance (i.e., actions mentioned above in section C.2.1 ("overall strategy") above, and any other Financing Strategy policy actions to be added as relevant). As such, the Sub-Committee will have oversight of the technical support provided by development partners so to ensure overall coherence, including but not limited to support provided under this joint programme. Its role may also extend to identifying critical data gaps for accessing climate finance, as highlighted by the recent MDCR of Lao PDR. (LSB may have a critical role in this regard, also enabling data-informed green and climate finance policy.) Acknowledging that support to the implementation of chapter 5.3 and related policy actions is and will continue to be provided by various development partners and not limited to

this joint programme, the governance structure is intended as an open structure, to which any relevant initiative (whether already underway or upcoming) could be integrated. (On the diagram, relevant activities by development partners could be included at the bottom of the diagram as part of extended technical support, so to similarly report updates to the Sub-Committee on Green and Climate Finance, in turn to the National Committee, and ultimately to Cabinet.)

The Joint Programme Steering Committee (on right side of the diagram) will be co-chaired by the Government of Lao PDR (ministry to be confirmed, tentatively rotation system), the Embassy of Luxembourg, and the United Nations Resident Coordinator (UNRC). Luxembourg's Ministry of Environment, Climate, and Biodiversity will also be a member of the Joint Programme Steering Committee. The Steering Committee is proposed to meet three times over the joint programme's 2-year period (see section C.3.2 below), and will have close oversight of joint programme activities – including both technical and governance support. Details on joint programme management by the Steering Committee are shown in the diagram here-below.

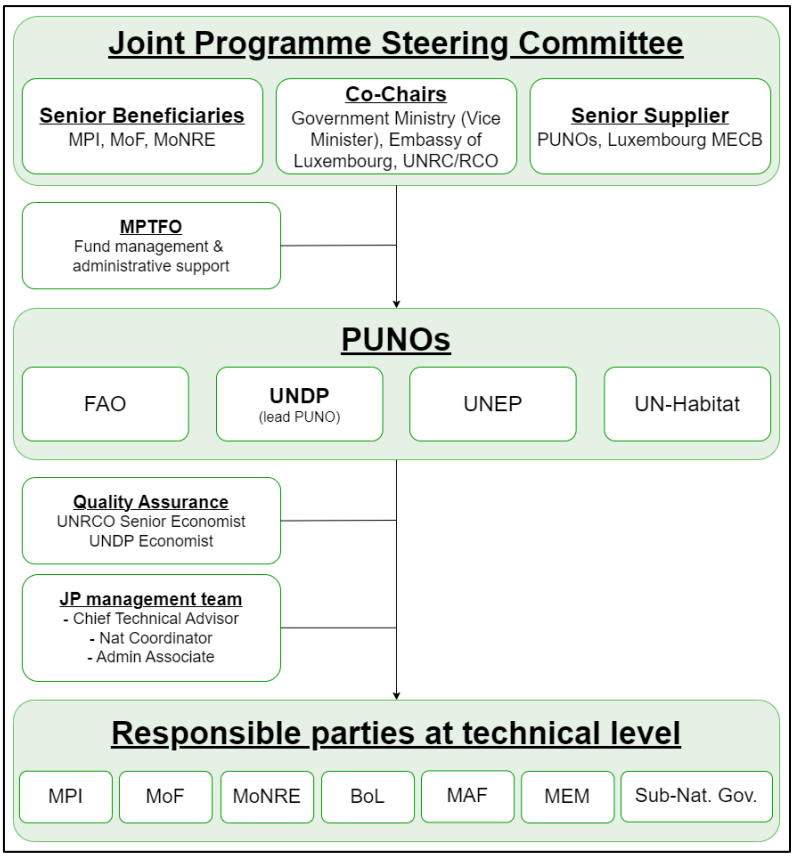


Figure 3: Joint programme management structure.

Critically, the joint programme integration team (composed of a Chief Technical Advisor embedded within the Ministry of Finance, and a National Programme Coordinator and Administrative/Finance Associate embedded in the UNDP Country Office), will provide initial secretariat support to the Sub-Committee at the interim, until the Green and Climate Finance Hub (outlined in section C.2.3, activity 1.1 above) is formulated. In addition, the team will also ensure

the day-to-day functioning of the joint programme. The joint programme integration team will be responsible for ensuring overall coherence of joint programme technical activities.

It is envisioned that by the end of the joint programme period, the Sub-Committee will function independently from the integration team and joint programme's support as a self-sustained Government-owned structure and governance system for oversight of green and climate finance policy actions in Lao PDR moving into the 10th NSEDP period onwards for durable impact.

3.2 Monitoring, reporting, and evaluation

Reporting on the joint programme will be results-oriented and evidence-based. As a guiding objective, the joint programme will support the Government of Lao PDR in working towards the objectives and means of verification of the 9th NSEDP Financing Strategy Annex 3 Monitoring and Evaluation Matrix.

Effectiveness of UN support through the joint programme will also be further ensured through regular reporting, compiled by the joint programme integration team (under UNDP oversight as lead agency) and to which each participating UN agency will contribute, including:

- *Mid-term progress review report* to be provided after the end of the first 12-months of implementation, including the result matrix, updated risk log.
- *Final consolidated narrative report*, after the completion of the joint programme, to be provided after the operational closure of the activities of the joint programme.

Financial reporting will be done in line with the Standard Administrative Arrangement (SAA) between the MECB and UN Multi-Partner Trust Fund Office (MPTFO), and Memorandum of Understanding (MoU) between joint programme PUNOs and the MPTFO.

The joint programme oversight will be ensured by its Steering Committee, co-chaired by Government (MoNRE, MPI, and/or MoF, to be confirmed), the Embassy of Luxembourg, and the UN Resident Coordinator, and inclusive of all joint programme stakeholders. The Ministry of Environment, Climate, and Biodiversity (MECB) of Luxembourg will be a member of the joint programme Steering Committee. The Steering Committee will meet annually (i.e., three times in a two-year programme, including inception) to review progress in implementation, and may request additional documentation (including joint programme deliverables) or meetings as necessary.

Technical support by UN agencies for Government departments' implementation of the 8 actions of the Financing Strategy targeted by this joint programme will also occur with oversight of the Sub-Committee for Green and Climate Finance, in turn reporting progress to the Financing Strategy for the 9th NSEDP National Committee, and ultimately to Cabinet and relevant Sector Working Groups (SWGs) for broad and high-level awareness *(see governance structure section below)*. The UN Resident Coordinator and Resident Coordinator's Office (UNRCO), in cooperation with heads of joint programme agencies, will ensure UN internal monitoring throughout the joint programme implementation period.

3.3 Accountability, financial management, and public disclosure

Joint programme funds will follow as pass-through funds management modality as per the United Nations Sustainable Development Group (UNSDG) *"Guidance Note on a New Generation of Joint Programmes"*.[12]

The UN Multi-Partner Trust Fund Office (MPTFO) will act as the Administrative Agent, responsible for financial management of the joint programme. Participating UN organisations operate in accordance with their own regulations, rules, directives and procedures. They assume full programmatic and financial accountability for funds disbursed by the Administrative Agent and are responsible for the implementation and delivery of results under each activity result.

Role of the administrative agent

As the administrative agent, the MPTFO will be accountable for effective and impartial fiduciary management and financial reporting. As set out in the Standard Memorandum of Understanding (MoU) for joint programmes using pass-through fund management, the administrative agent (i.e., MPTFO) will perform the following functions:

i. Establish a separate ledger account under its financial rules and regulations for the receipt and administration of the funds received from the donor pursuant to the Administrative Arrangement. This Joint Programme Account will be administered by the administrative agent in accordance with the applicable rules, regulations directives and procedures, including those relating to interest;
ii. Make disbursements to Participating UN Organisations from the Joint Programme Account as instructed by the Steering Committee, in line with the budget set forth in the Joint Programme Document.
iii. Consolidate periodic financial reports and the final financial report.

Further details on the role of the administrative agent are included in the memorandum of understanding with participating UN organisations, and Standard Administrative Arrangement (SAA) between the donor and the MPTFO.

Role of the lead participating UN organisation (PUNO)

UNDP will act as the lead PUNO under the joint programme providing – via the joint programme integration team recruited by UNDP on behalf of the four PUNOs (i.e., Chief Technical Advisor, National Coordinator, Administrative Associate – *see section C.3.1 above*) – coordination and programmatic leadership relevant to the joint programme's implementation, in consultation with the RCO and in line with the UN Sustainable Development Group (UNSDG)'s *"Guidance Note on a New Generation of Joint Programmes"*.

Coordination leadership will include: (1) organising and supporting joint programme steering committee meetings; (2) communicating with the donor and other external stakeholders in consultation with the four PUNOs and the RCO. Programmatic leadership includes ensuring programmatic coherence and quality in accordance with the JP results framework, work plan and budget and quality standards, by performing the following functions: (1) organising and chairing

[12] https://unsdg.un.org/resources/guidance-note-new-generation-joint-programmes

JP team meetings; (2) updating the JP results framework, work plan and budget; (3) leading joint monitoring and learning efforts; (4) facilitating programmatic learning and adjustments, (5) consolidating the annual and final results-based report, based upon inputs from other PUNOs; and (6) reporting to JP SC meetings.

3.4 Legal context

Agency name: United Nations Development Programme (UNDP)
Agreement title: Standard Basic Framework Agreement for Lao PDR
Agreement date: 10 October 1988

Agency name: United Nations Environment Programme (UNEP)
Agreement title: Through the United Nations Environment Assembly (UNEA) and the UNEA's approval of UNEP's Medium-Term Strategy 2022-25 and related Programmes of Work (PoWs) as well as the Lao PDR – UN Sustainable Development Cooperation Framework 2022-2026
Agreement Date: 2021

Agency name: United Nations Human Settlements Programme (UN-Habitat)
Agreement title: Lao PDR: Habitat Country Programme Document 2022-2026
Agreement date: 2022

Agency name: Food and Agriculture Organisation of the United Nations (FAO)
Agreement title: Country Programmes Framework 2022-2026 for Lao PDR
Agreement date: 2022

D. ANNEXES

Annex 1. List of related initiatives

Non-exhaustive list of recent and ongoing support by development partners related to the implementation of relevant actions of the 9th NSEDP Financing Strategy, based on consultations and stakeholder mapping to date.

Name of initiative/project	Key expected results	Links to the joint programme	Lead organization	Other development partners
Supporting 9th NSEDP Financing Strategy governance				
National Planning and Financing for Inclusive Development (NPFID)	Secretariat support to the "Financing Strategy for the 9th NSEDP National Committee"	Joint programme will build upon the National Committee to support the Sub-Committee on Green and Climate Finance (chapter 5.3)	UNDP	
TA: Strengthening Public Finance and Investment for Advancing Climate Commitments	Technical assistance to MoF, MPI (and MoNRE) to strengthen efforts addressing climate priorities	Possibly complementary capacity-building effort, working with the same stakeholders as output 1 of the joint programme.	ADB	
Supporting the implementation of 9th NSEDP Financing Strategy Action 8				
No related support from development partners identified.				
Supporting the implementation of 9th NSEDP Financing Strategy Action 14				
Chart of Accounts Technical Assistance	The IMF is providing TA on the development of the economic segments under the CoA reform activity supported by WB with the objective to develop a modern and integrated CoA comprising 7 segments that will be used in the new integrated financial management information system (IFMIS)	Initiative to be considered for synergies / building upon existing efforts.	IMF	

World Bank support on green procurement	Support provided for IFMIS rollout, CoA revisions, green procurement.	Initiative to be considered for synergies / building upon existing efforts.	World Bank	
Supporting the implementation of 9th NSEDP Financing Strategy Action 18				
Debt for Nature exploration and other innovating finance instruments	Exploration debt for nature transactions, mainly focusing on knowledge sharing and building better understanding on debt for nature swaps and similar transactions.	Prior work from UNDP will provide lessons learnt for the joint programme.	UNDP	
Green Finance in ASEAN+3	Scoping study on debt for nature.	Consider lessons learnt and recommendations.	ADB	
World Bank public expenditure review	Support the MoF through a stakeholder consultation on the public expenditure review macro chapter (which provides a debt restructuring scenario).	Relevant to activity 2.3	World Bank	
Supporting the implementation of 9th NSEDP Financing Strategy Action 50				
GGGI support to banking sector access to climate finance	Provision of support to the Bank of Laos and one private commercial bank for accreditation to the GCF, for these entities to be come Direct Access Entities (DAE) of the GCF.	Initiative to be considered for synergies / building upon existing efforts,	GGGI	
IFC / World Bank support on sustainable finance	Support the Bank of Lao PDR to (i) develop sustainable finance policy framework (a national green finance taxonomy/sustainable finance roadmap), (ii) introduce green lending and ESG disclosure guidelines, and (iii) develop regulatory/policy framework	Initiative to be considered for synergies / building upon existing efforts.	World Bank / IFC	

	and guideline for thematic bond issuance			
ADB Technical Assistance	Development of a climate finance landscape report	Report to be considered for financial sector implications.	ADB	
Supporting the implementation of 9th NSEDP Financing Strategy Action 51				
OECD Multidimensional country review	Multidimensional Country review includes analysis and policy recommendations for generating sustainable fiscal revenue.	Initiative to be considered for synergies / building upon existing efforts.	OECD	
World Bank publication: "Environmental Challenges for Green Growth and Poverty Reduction: A Country Environmental Analysis for The Lao People's Democratic Republic"	Publication includes analysis of options for environmental taxes and fees.	Initiative to be considered for synergies / building upon existing efforts.	World Bank	
Pro-health and sin taxation	Support to the promotion of sin taxes, including the increase of tobacco taxation.	Initiative to be considered for synergies / building upon existing efforts.	Coalition of development partners including UNDP, WHO, World Bank.	Coalition of development partners.
Supporting the implementation of 9th NSEDP Financing Strategy Action 52				
UN-REDD Technical Assistance	Realising forest solutions, rewarding forest solutions, connecting actors and knowledge for forest solutions.	The UN-REDD TA (Technical Assistance) 2024 activities will kickstart the actions that will be carried forward with the JP interventions.	FAO	UNEP
EPF capacity-building	Support provided for building the capacity of EPF through the Second Laos Environmental and Social	Initiative to be considered for synergies / building upon existing efforts.	World Bank	

	Project and Lao Landscapes and Livelihoods project.			
Supporting the implementation of 9th NSEDP Financing Strategy Action 53				
Green investment opportunities analysis (completed)	Previous work GGGI has supported government partners to explore a range of green investment opportunities across electric mobility, solar power, energy efficiency, green industry and others.	Initiative to be considered for lessons learnt and building upon previous efforts.	GGGI	
OECD Multidimensional Country Review (ongoing)	Analysis of the trends and impacts of FDI in Lao PDR through an environmental sustainability lens and policy recommendations, including an analysis of the institutional, regulatory and legal framework for investment, investment promotion and facilitation, investment incentives, concessions and land rights and responsible business conduct (RBC). This will include an analysis of environmental sustainability criteria in the selection of priority investment sectors and investment priorities.	Initiative to be considered for synergies / building upon existing efforts for UN-Habitat technical assistance on incentivising urban investment in green growth.	OECD	
Urban-LEDS II (completed)	GHGI for Kaysone Phomvihane and Pakse cities and development of urban low emissions development strategies	Strategies, and GHGIs to be considered in incentivising urban investment in green growth	UN-Habitat	ICLEI
Wastewater and Solid Waste Treatment Capacity Building Project for City Environment	Outcome on strengthening capacity in integrating National Green Growth	Opportunity to collaborate, particularly on elements of capacity building	GGGI	

Improvement in Lao PDR, Phase II (ongoing)	Strategy into Provincial Socio-Economic Development Plan			
Building climate and disaster resilience capacities of vulnerable small towns in Lao PDR	Climate action integrated into urban planning in Savannakhet	Planning and lessons learnt will inform incentivising urban investment in green growth	UN-Habitat	
Advancing Lao PDR's National Adaptation Plan (NAP) through Climate Change Vulnerability Assessments for Disaster Risk Management in human settlements	Data on vulnerability in human settlements	Data to be considered in incentivising urban investment in green growth	UN-Habitat	
Supporting the implementation of 9th NSEDP Financing Strategy Action 54				
Initiatives around the establishment of the National Biodiversity Action Plan	• Alignment of the National Biodiversity Strategy and Action Plans and/or national biodiversity targets with the GBF • Assessment of national monitoring systems and development of monitoring action plans • Policy and institutional alignment and review for achieving coherence with the GBF • Biodiversity finance-related activities (preliminary work)	JP interventions will enhance peer-to-peer learning with other countries and further promote cohesion with the global agenda to develop a bankable and implementable NBSAP. The JP will closely coordinate with the initiatives led by GIZ	UNDP	GIZ
Biodiversity Finance Plan	• Comprehensive review of national biodiversity finance policies and expenditures	JP interventions will enhance peer-to-peer learning with other countries and further promote cohesion with the global agenda to	UNDP	

	• Development of national biodiversity financing plans • Establishment of the global knowledge and technical assistance platform	develop a bankable and implementable NBSAP.		
UN-REDD Technical Assistance	Realising forest solutions, rewarding forest solutions, connecting actors and knowledge for forest solutions.	The UN-REDD TA 2024 activities will kickstart the actions that will be carried forward with the JP interventions	FAO	UNEP
Open and Sustainable Carbon Markets in Lao PDR	GGGI support to the development of carbon markets in Lao PDR, including policy products, capacity development, development of a carbon markets decree and carbon trading strategy.	Joint programme support to action 54 “forest carbon experience sharing” will complement this initiative, ensuring forestry sector integration.	GGGI	

UNITED NATIONS
LAO PDR

Annex 2. Results Framework and Key Performance Indicators (KPIs)

2.1 Results Framework

Result / Indicators	Baseline	Q3 2025 Target	Q1 2026 Target (end year 1)	Q1 2027 Target (end year 2)	Means of Verification	Responsible partner
It should be noted that the indicators used in this table by all PUNOs in the joint programme are intentionally 'non-cumulative'.						
Output 1: Governance and coordination support to the establishment and operationalisation of the "Financing Strategy for the 9th NSEDP sub-committee on Green and Climate Finance"						
Activity 1.1: Support the formulation of Sub-Committee for Green and Climate Finance and establish a Green and Climate Finance Hub as its secretariat and coordination mechanism for green and climate finance initiatives.						
Sub-Committee on Green and Climate Finance Established	0	0	1	0	Outcome documents of Sub-Committee on Green and Climate Finance Meetings	UNDP
Reports to the Financing Strategy for the 9th NSEDP National Committee	0	1	0	1	Minutes of meetings	UNDP
Number of M&E, climate finance workshops conducted for Sub-Committee, MoF, MPI and MONRE	0	0	1	1	Content developed for capacity building	UNDP
Output 2: Technical support to the implementation of actions related to the 9th NSEDP Financing Strategy chapter on green and climate Finance						
Activity 2.1: Assessment and development of long-term policy and legislative reforms to strengthen the sustainability practices in the extractives sector.						
Economic, social and environment impacts and revenue forgone in the mining sector in Lao PDR is assessed	0	0	0	1	Project progress reporting	UNDP

Consultation with the private sector conducted	0	0	2	2	Minutes of consultation	UNDP
Long-term strategic recommendations for the extractive sector in Lao PDR including legal tools are developed	0	0	0	1	Strategic document	UNDP
Activity 2.2: Budgeting for Sustainable, Resilient and Inclusive Growth						
Development of Lao PDR Sustainable Budgeting Method	0	0	1	0	Sustainable Budgeting Approach Final Report	UNEP / MoF
Three capacity building workshops	0	1	1	1	Workshop outcome documents	UNEP / MoF
Activity 2.3: Promoting Innovative Green Finance						
Knowledge products on innovative environmental and climate financing are produced and disseminated	0	0	0	2	Knowledge products developed	UNDP
Knowledge sharing study tour organised	0	0	0	1	Study tour outcome report	UNDP
Stakeholder consultation/policy dialogue on innovative financing (including private sector)	0	0	0	1	Concept notes for consultations/dialogues	UNDP
Activity 2.4: Development of a report and capacity-building activities to improve the environmental sustainability of the financial sector						

Report to improve environmental sustainability of the financial sector	0	0	1	0	Report	UNEP Finance Initiative / BoL
Dissemination activity / capacity building	0	0	1	0	Event outcome document	UNEP Finance Initiative / BoL
Activity 2.5: Environmental Fiscal Reform and Pre-market Interventions						
Costed plan and policy recommendations for environmental fiscal reform	0	0	1	0	Environmental fiscal reform plan and policy recommendations	UNEP / MoF
Dissemination event	0	0	1	0	Event outcome document	UNEP / MoF
Activity 2.6: Multi-stakeholder consultations towards a Payment for forest Environmental Services (PfES)						
Roadmap for forest PES	0	0	1	0	Roadmap document	FAO / MAF
Draft decree for forest PES	0	0	0	1	Draft forest PES decree	FAO / MAF
Activity 2.7: Support to non-environmental ministries to build green and climate finance capacity.						
Number of climate specialists trained	0	0	20	20	Training material	UNDP
Number of climate specialists trained – private sector	0	0	5	5	Training material	UNDP

Number of resource mobilisation proposals developed	0	1	1	0	Proposals developed	UNDP
COP 29 / 30 preparatory events	0	1	1	0	Event Outcome Documents	UNDP / MONRE / MPI / MOF
Number of staff trained to apply screening tools, due diligence and impact promotion at the Investment Promotion Department, MPI	0	0	10	10	Training reports	UNDP
Activity 2.8: Incentivising investment in urban green growth						
Diagnostic of key challenges in accessing/effectively leveraging green finance for local governments and private sector Sub-activity 1: Stakeholder Consultations Sub-activity 2: Review of Existing Financial Mechanisms	0	2	0	0	Diagnostic document	UN-Habitat / Provincial governments

Sub-activity 3: Institutional Capacity Assessment Sub-activity 4: Regulatory and Policy Analysis						
Baselines for key Own Source Revenues (estimating revenue potential) for two local governments including private sector contributions Sub-activity 1: Data Collection Sub-activity 2: Revenue Analysis Sub-activity 3: Benchmarking Sub-activity 4: Revenue Forecasting	0	0	2	0	Own Source Revenue document	UN-Habitat / Provincial governments
Overview of key climate-friendly investment opportunities at local level with private sector focus Sub-activity 1: Sectoral Analysis	0	0	0	1	Investment opportunities document Participant records of consultations	UN-Habitat / Provincial governments

Sub-activity 2: Stakeholder Mapping Sub-activity 3: Feasibility Studies Sub-activity 4: Investment Profiling						
Guidelines for city level climate investment (including private sector) Sub-activity 1: Best Practices Review Sub-activity 2: Stakeholder Workshops Sub-activity 3: Drafting Guidelines	0	0	0	1	Guidelines document	UN-Habitat/MPI/ Provincial governments
Training materials and workshop on green finance for public and private sectors Sub-activity 1: Training Needs Assessment Sub-activity 2: Curriculum Development Sub-activity 3: Training Delivery	0	0	0	1	Training materials Workshop documentation including participant records, agenda and evaluations	UN-Habitat/ Provincial governments/ MPI/MOF

Sub-activity 4: Post-Training Support						
Engagement with MPI for Scaling Up Capacity Building Initiative Including Private Sector Sub-activity 1: Partnership Development Sub-activity 2: Joint Curriculum Design Sub-activity 3: Train-the-Trainer Programs Sub-activity 4: Scaling Up and Institutionalization Sub-activity 5: Monitoring and Evaluation	0	0	0	1	Meeting records	UN-Habitat/MPI
Activity 2.9: Focused support sharing experience from forest carbon to other sectors						
Experience-sharing event on forestry carbon delivered to multi-sectoral stakeholders	0	1	1	0	Experience sharing event outcome document	FAO / MAF / MoNRE
Activity 2.10: Supporting the implementation of measures to unlocking biodiversity finance						
Number of stakeholders (including private	0	30	30	0	JP Annual progress Report	UNDP/MONRE

sector) consulted in preparation of the biodiversity finance action plans and international conferences related to biodiversity finance						
Campaigns to raise awareness on biodiversity conservation and finance	0	1	1	1	Knowledge products	UNDP/MONRE

It should be noted that the indicators used in the above table by all PUNOs in the joint programme are intentionally 'non-cumulative'.

2.2 Key Performance Indicators (KPIs)

Joint programme output targets are indicated in the table here-above *(Annex 2.1)*. In addition, longer-term progress towards the envisioned impacts of the joint programme's Theory of Change *(see section C.2.3)* will be assessed via the impact key performance indicators (KPIs) as per the table here-below.

ToC Impact	KPI	Assessment / means of verification	Target	PUNOs
Private sector finance contributes to the shift to more a	1. Increased transparency of monitoring and reporting of annual fees from hydropower and mining companies collected to the Environmental Protection Fund or other natural resources related funds (after 2027)	Project generated report submitted to Sub-Committee for Green and Climate Finance on the state of payments of PES and royalties collected at	Annual reports disclosing funds received in EPF/FPF or other accounts from hydropower and mining companies for the payment of PES/Royalties are shared with the Sub-Committee for Green and Climate Finance	FAO, UNDP

sustainable economic model		EPF/FPF and other related accounts	(Baseline: fees collected in EPF from hydro power and mining companies are reported only to MONRE.)	
	2. Number of green and climate finance policy areas where meaningful private sector engagement is facilitated by the JP	Minutes of meetings/consultations	8	FAO, UNDP, UNEP, UN-Habitat
Public sector revenue generation and national budgeting support sustainable economic model	3.Medium-Term Fiscal Framework (increasingly) reflects environmental priorities	Baseline and end-of-period assessment	100% increase in mention of environmental priorities in national budgets (budget circulars etc.)	UNDP, UNEP
Re-alignment of economic and environmental priorities, reducing	4. Number of Government economic and finance specialists trained on green and climate finance, at national and sub-national level (disaggregated by gender)	Minutes of trainings	<u>National level:</u> 165 training participants (target 50% women) <u>Sub-national level:</u> 40 training participants (target 50% female)	UNDP, UNEP, UN-Habitat
	5. Increased joint engagement of key environmental (MoNRE, MAF) and economic and planning (MoF, MPI, BoL)	Number of participants	16 participants (target 50% female)	FAO, UNDP

trade-offs and increasing synergies	Government entities in environmental and climate forums, and economic and financial decision-making and discussion forums.			
	6. Frequency of and participation in Sub-Committee for Green and Climate Finance meetings	Minutes of Sub-Committee meetings	4 meetings (over 2-year joint programme period), with average participation of 6 Government ministries or equivalent.	UNDP
	7. Number of joint proposals co-developed for Lao PDR's submission to climate funds	Proposal documents	4	UNDP, UN-Habitat

UNITED NATIONS
LAO PDR

Annex 3. Gender marker matrix

The joint programme's primary objective is around Green and Climate Finance, with joint programme indicators developed accordingly, focusing on green and climate finance rather than gender equality. Nevertheless, gender considerations are integrated in the joint programme's foundations where relevant – largely building upon Lao PDR's 9th NSEDP Financing Strategy development, the formulation of which was supported by the UN Joint Programme on Financing Efficiency with due gender considerations.

The 9th NSEDP Financing Strategy – for which this joint programme will seek to support the implementation of chapter 5.3 on Green and Climate Finance and related actions – was developed in consultation with the Lao Women's Union to ensure integration of gender considerations where relevant. Noting that advancing gender equality is reflected more strongly in other chapters of Lao PDR's 9th NSEDP Financing Strategy than under chapter 5.3, several joint programme activities are designed to ensure due gender considerations. Gender equality is a dedicated objective for activity 2.10 on biodiversity finance, which will seek to mainstream gender equality in the process. Activity 2.2 on sustainable budgeting will also seek to build upon, integrated, and further advance related initiatives on gender budgeting undertaken by the Ministry of Finance.

Gender equality is a guiding principle of the Lao PDR – UN Sustainable Development Cooperation Framework (UNSDCF) 2022-2026, under which all joint programme activities will be implemented. Gender balanced participation will be encouraged across all activities of the Joint Programme and gender breakdown of the Programme target groups/participants of specific activities of the Joint Programme will be closely monitored by the Project Management Team and a report will be submitted to the UN Joint Programme Steering Committee on periodic basis.

Indicator		**Score**	**Findings and Explanation**	**Evidence or Means of Verification**
N°	*Formulation*			
1.1	Context analysis integrate gender analysis	1	Joint programme supports the implementation of the 9th NSEDP Financing Strategy, developed through multistakeholder process including consultation with the Lao Women's Union.	9th NSEDP Financing Strategy formulation documentation (e.g., meeting minutes)
1.2	Gender Equality mainstreamed in proposed outputs	2	Gender is dedicated objective for activity 2.10 (mainstreaming gender equality in biodiversity finance), activity 2.2 will integrate environmental and gender budgeting.	Project Document

1.3	Programme output indicators measure changes on gender equality	1	Joint programme's primary objective is to contribute that green growth and climate resilient development are sustainably financed, with joint programme environmental and economic policy related indicators accordingly.	Project Document
2.1	PUNO collaborate and engage with Government on gender equality and the empowerment of women	1	Joint programme provides targeted to the implementation of specific chapter of the 9th NSEDP Financing Strategy (5.3 on green and climate finance), to whereas gender is greater focus of other chapters of the 9th NSEDP FS (e.g., health and education finance chapters) and 9th NSEDP it supports.	9th NSEDP and its Financing Strategy
2.2	PUNO collaborate and engages with women's/gender equality CSOs	2	Gender equality objectives will be mainstreamed into biodiversity finance campaigns.	Progress Report
3.1	Program proposes a gender-responsive budget	1	Joint programme intervenes at a policy level, supporting where relevant greater subsequent integration of gender budgeting in Government processes (e.g., biodiversity finance).	Project Document
Total scoring		**1**		

UNITED NATIONS
LAO PDR

Annex 4. Budget and Work Plan

4.1 Budget per UNSDG categories

UNSDG BUDGET CATEGORIES	UNDP	UNEP	UN-Habitat	FAO	TOTAL
1. Staff and other personnel	510,000	384,739	290,000	39,245	**1,223,984**
2. Supplies, Commodities, Materials	6,000		7,000		**13,000**
3. Equipment, Vehicles, and Furniture (including Depreciation)	14,500				**14,500**
4. Contractual services	377,465	75,000			**452,465**
5. Travel	67,726	30,915	15,000	5,534	**119,175**
6. Transfers and Grants to Counterparts	50,000		50,000		**100,000**
7. General Operating and other Direct Costs	53,641		25,000	11,296	**89,937**
Total Direct Costs	***1,079,332***	***490,654***	***387,000***	***56,075***	***2,013,061***
8. Indirect Support Costs (Max. 7%)	*75,553*	*34,346*	*27,090*	*3,925*	*140,914*
TOTAL Costs	**1,154,885**	**525,000**	**414,090**	**60,000**	**2,153,975**
Multi-Partner Trust Fund Office (MPTFO) 1% fee (further details to be included in Standard Administrative Agreement between MPTFO and joint programme contributor)					**21,540**
GRAND TOTAL estimate					**2,175,515**

1st year *(excluding MPTFO 1%)*	672,118	367,500	289,863	30,000
2nd year *(excluding MPTFO 1%)*	482,767	157,500	124,227	30,000

4.2 Work plan

Output 1	Governance and coordination support to the establishment and operationalisation of the "Financing Strategy for the 9th NSEDP sub-committee on Green and Climate Finance													
Activity	**List of activities**	**TIME FRAME**							**PLANNED BUDGET**			**PUNOs involved**	**Implementing partner/s involved**
		Y1 Q1	**Y1 Q2**	**Y1 Q3**	**Y1 Q4**	**Y2 Q1**	**Y2 Q2**	**Y2 Q3**	**Y2 Q4**	**Overall budget description**	**Donor (USD)**	**Total Cost (USD)**		
Activity 1.1: Support the formulation of Sub-Committee for Green and Climate Finance and establish a Green and Climate Finance Hub as its secretariat and coordination mechanism for green and climate finance initiatives.	Development of research notes for sub-committee (4 research notes)			x		x	x		x	Consultancy, workshop organization, direct project cost budget	4,280	**$520,555**	UNDP	Chapter 5.3 implementing agencies
	Conducting training sessions on climate finance coordination, M&E (2 sessions)			x				x		Consultancy, workshop organization, direct project cost budget	21,400			
	Capacitating the governance and coordination structure for climate finance (CTA -IPSA12, National Coordinator NPSA10, Admin Associate NPSA6)	x	x	x	x	x	x	x	x	Staff and Personnel Costs, Travel and Contractual Services	IPSA10 (CTA) Ministry of Finance: 346,864 NPSA10 (Nat. Coordinator) UNDP: 83,620 NPSA6 (Admin. Associate) UNDP: 25,024			

	Specific deliverables of the CTA include: - Contributions to research papers, - Operational strategy for the sub-committee and climate finance hub, - Capacity building for the sub-committee members on green and climate finance coordination. Activity 2.3 includes at research products on innovating green finance instruments which the CTA will lead in producing.										Overhead HR expenditure: 15,292			
	Branding of the Climate Hub, communication, Resource Mobilisation Strategy formulation		X	x	x	x	x	X	x	Consultancy, workshop organization, direct project cost budget	24,075			
Output 2	**Technical support to the implementation of actions related to the 9th NSEDP Financing Strategy chapter on green and climate Finance**													

Activity	List of activities	Time frame								PLANNED BUDGET			PUNO/s involved	Implementing partner/s involved
		Y1 Q1	Y1 Q2	Y1 Q3	Y1 Q4	Y2 Q1	Y2 Q2	Y2 Q3	Y2 Q4	Overall budget description	Donor (USD)	Total Cost (USD)		
Activity 2.1: Assessment and development of long-term policy and legislative reforms to strengthen the sustainability practices in the extractives sector	Diagnostic and review of the extractive sector in Lao PDR including analytics on tax expenditures (revenue forgone) in the sector	x	x	x	X					Consultancy, workshop organization, direct project cost budget	104,967	104,967	UNDP	MEM / MONRE
	Development and application of due diligence tools and identification of long-term policy and legislative changes required for the sector					x	x	x	x	Consultancy, travel, workshop organization, direct project cost budget	145,033	145,033	UNDP	MEM / MONRE
Activity 2.2: Budgeting for Sustainable, Resilient and Inclusive Growth	Data and Insight Collection and Workshop 1		x							Staff and Personnel Costs, Travel and Contractual Services	25,000	25,000	UNEP	MoF
	Multi-stakeholder Consultation		x							Staff and Personnel Costs, Travel and Contractual Services	25,000	25,000	UNEP	MoF
	Development of Laos PDR Sustainable Budgeting Method and Workshop 2			x						Staff and Personnel Costs, Travel and Contractual Services	50,000	50,000	UNEP	MoF
	Application of the Lao PDR Sustainable Budgeting Method to 2023 Budget			x						Staff and Personnel Costs, Travel and Contractual Services	25,000	25,000	UNEP	MoF

	Preparation of Final Report and other Materials				x					Staff and Personnel Costs, Travel and Contractual Services	25,000	25,000	UNEP	MoF
	Review and Finalisation of the Project and Workshop 3					x				Staff and Personnel Costs, Travel and Contractual Services	25,000	25,000	UNEP	MoF
Activity 2.3: Promoting Innovative Green Finance	Dialogue with key partners, knowledge sharing, capacity building and production knowledge production on innovative environmental and climate financing	x	x	x	x	x	x			Consultancy, travel, workshop organisation, direct project cost budget	70,000	70,000	UNDP	MOF / MPI
Activity 2.4: Development of a report to improve the environmental sustainability of the financial sector	Research: high-level overview of the current state of sustainable finance related policy frameworks and practices in the financial sector	x	x	x						Technical support provided to carry out and review research by a team of 2 personnel, recruitment of contractor.	High-level report development highlighting regional best-practice: 25,000 Capacity-building programme for the Bank of Laos and FIs in Laos: 45,000	175,000	UNEP FI	BoL
	Stakeholder interviews and data collection and analysis			x	x	x				Personnel costs to organize and carry out virtual and/or in-person interviews, travel costs.			UNEP FI	BoL
	High-level gap analysis and best practice analysis					x	x	x		Technical support provided to carry out and review research by a team of 2 personnel,			UNEP FI	BoL

										recruitment of contractor.	Local Consultant for translation and administrative support: 25,000 Travel expenses: 11,312 UNEP FI staff and personnel cost: 57,239 Indirect support costs: 11,449			
	Draft final report and tailored policy recommendations						x	x	x	Technical support provided to carry out and review research by a team of 2 personnel, recruitment of contractor, costs for design and editing of final report plus translation.			UNEP FI	BoL
	Dissemination and capacity building event to support socialization of recommendations								x	Staff costs to cover overall planning and coordination of event, travel expenses.			UNEP FI	BoL
Activity 2.5: Environmental Fiscal Reform and Pre-market Interventions	Research and data collection		x							Staff and Personnel costs, Travel and Contractual Services	50,000	50,000	UNEP	MoF
	Gap analysis and best practice analysis			x						Staff and Personnel costs, Travel and Contractual Services	50,000	50,000	UNEP	MoF
	Develop a set of tailored, sequenced and costed policy recommendations				x					Staff and Personnel costs, Travel and Contractual Services	50,000	50,000	UNEP	MoF

	Dissemination					x				Staff and Personnel costs, Travel and Contractual Services	25,000	25,000	UNEP	MoF
Activity 2.6: Multi-stakeholder consultations towards a Payment for Forest Environmental Services (PFES)	Human resource exchanges Roadmap development Draft forest PES decree	X	X	X	X	X	X	X		Personnel exchange costs	50,000	153,350	FAO	DoF
Activity 2.7: Support to non-environmental ministries to build green and climate finance capacity	2.7.1 Training climate finance specialists and training of IPD staff on investment promotion and screening of investment projects				x			x		Contractual costs	IC training sessions: $110,455	189,330	UNDP	MOF, MPI and MONRE
	2.7.2 Developing climate finance resource mobilisation proposals									Contractual costs	IC (2 resource mobilisation proposals): $13,375			
	COP preparation and attendance				x	x			X	Contractual costs	Preparation workshop and transfer to counterpart for travel: $65,500			
Activity 2.8: Incentivising investment in urban green growth	Diagnostic of key challenges in accessing green finance for local governments	X	X	X						Technical support provided to deliver this component by a team of 7 personnel whose expertise	51,910	414,090	UN-Habitat	MPI, MOF, Champasak and Savanna

	Baselines for key Own Source Revenues (estimating revenue potential)			X	X	X				ranges from climate action to finance and investment.	47,760			khet Provincial Governments
	Overview of key climate mitigation and adaptation investment opportunities at local level				X	X	X				95,810			
	Guidelines for city level climate investment						X	X	X		79,610			
	Training on green finance							X	X		71,640			
	Engagement with training institute for scaling up of capacity building initiative								X		67,360			
Activity 2.9: Focused support sharing experience from forest carbon to other sectors	Forest carbon experiences documented and shared	X	X	X	X					Personnel, workshop and meeting cost	10,000	16,955	FAO	DOF
Activity 2.10: Supporting the implementation of measures to unlocking biodiversity finance	Number of stakeholders consulted in preparation of the biodiversity finance action plans and international conferences related to biodiversity finance	x	x	x	x					Costs for conducting workshops, travel cost for the government officials to attend COP16, recruitment of contractor to coordinate activities,	65,379	65,379	UNDP	MONRE

										office supplies, oversight staff cost				
	Dissemination campaigns to raise awareness on biodiversity conversation and finance			x	x			x	x	Costs for conducting workshops, domestic travel, communications consultant, recruitment of contractor to coordinate activities, office supplies, oversight staff cost	59,620	59,620	UNDP	MONRE

Annex 5. Risk Management Plan

Risks	Risk Level	Likelihood	Impact	Mitigating measures	Responsible Org./Person
Contextual risks					
Difficulty in maintaining momentum for change across all the necessary stakeholders.	High	4	4	UN agencies will use collective communication and close relationships with key Government and other stakeholders to advance project and maintain momentum	Joint Programme
Programmatic risks					
UN's technical capacity to deliver quality outputs	Medium	3	4	UN organisations will utilise global network of internal expertise and recruit high quality experts if/when required	Joint Programme agencies
Joint Programme activities overlap with activities with work of other development partners and stakeholders	High	4	2	Extensive stakeholder mapping and design is integrated in the joint programme design. Joint programme governance and coordination specifically seeks to address this know challenge.	Joint Programme
Lack of uniformity of progress across joint programme activities and outputs affecting impact of other constituent parts	Medium	3	2	Design of activities enables flexibility within technical assistance interventions, while ensuring overarching coherence.	Joint programme
Project period will be insufficient to implement all activities	Medium	3	3	Majority of technical assistance activities planned for less than 24-month joint	Joint programme agencies

				programme implementation period.	
Institutional risks					
Lack of sufficient ownership of relevant GoL ministries	Medium	3	4	Output 1 is dedicated to building capacity and ensuring ownership of Government for the structure established. JP integration team embedded in Government to minimise the risk.	Joint programme, JP integration team
Lack of coordination amongst PUNOs	Medium	2	3	Extended joint formulation phase to ensure joint ownership of JP and development of coordination structure. UNRCO will continue to play an advisory role as necessary to ensure UN internal coordination.	Joint programme agencies, UNRCO
High turnover of PUNO staff	High	4	3	PUNOs will ensure use of shared accessible files, ensure individuals are not solely responsible on project work, and undertake detailed handover process	PUNOs
Fiduciary risks					
Funds delivered not used for intended purposes or not properly accounted for	Low	2	2	PUNOs will follow their rules and regulations, codes of conduct, and any standard operating procedures in place.	PUNOs