

# Readiness Proposal

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**with GGGI for the Lao People's Democratic Republic**

23 September 2022



GREEN  
CLIMATE  
FUND

# READINESS & PREPARATORY SUPPORT

## PROPOSAL TEMPLATE

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**Proposal title:** Groundwork for e-mobility investments in Lao PDR

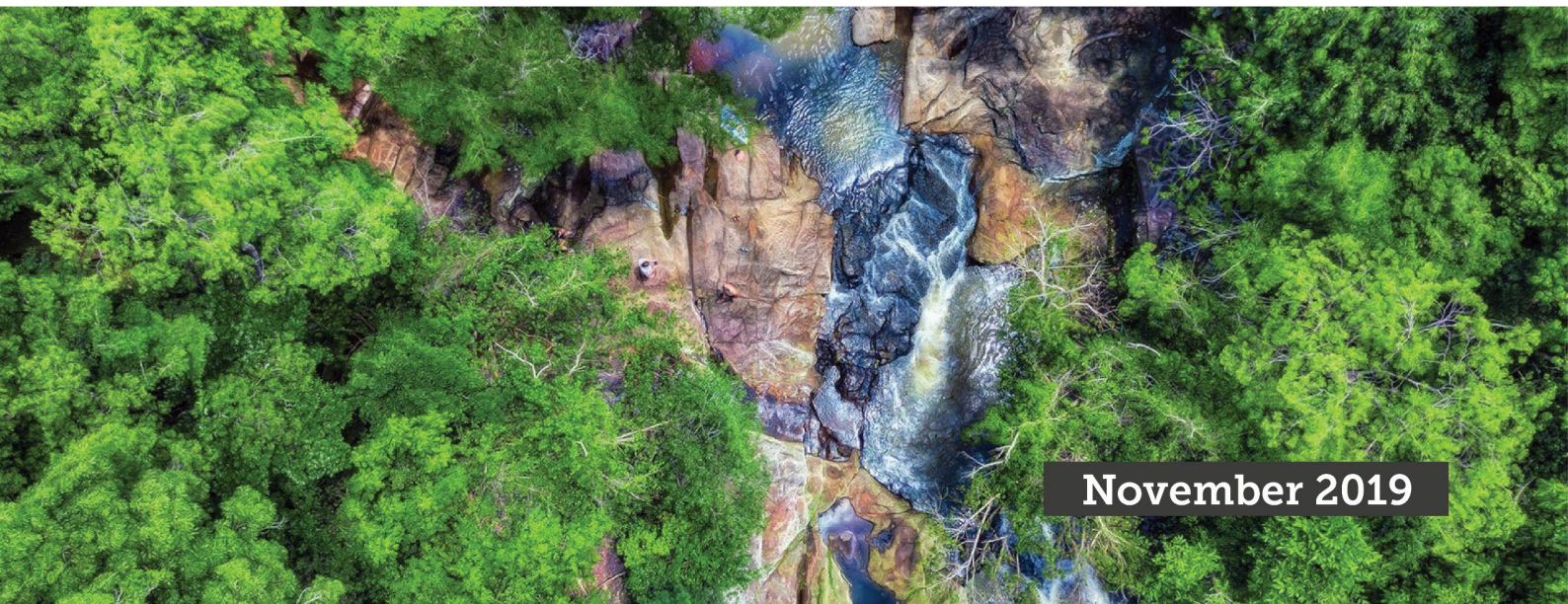
**Country:** Lao People's Democratic Republic

**National designated authority:** Department of Planning and Finance, Ministry of Natural Resources and Environment

**Implementing Institution:** Global Green Growth Institute

**Date of first submission:** 30 June 2021

**Date of current submission / version number:** 18 August 2022 V.4



November 2019

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### Note: Environmental and Social Safeguards and Gender

Throughout this document, when answering questions and providing details, please make sure to pay special attention to environmental, social and gender issues, particularly to the situation of vulnerable populations, including women and men. Please be specific about proposed actions to address these issues. Consult Annex IV of the Readiness Guidebook for more information.

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GCF Readiness -[Country]-[yymmdd]

## 1. SUMMARY

<b>1.1 Country submitting the proposal</b>	Country name:  Name of institution representing NDA or Focal Point:  Name of contact person:  Contact person's position:  Telephone number:  Email:  Full office address:  Additional email addresses that need to be copied on correspondences:	Lao People's Democratic Republic  Department of Planning and Finance, Ministry of Natural Resources and Environment  Mr. Virana Sonenasinh Acting Director General, Department of Planning and Finance  +856 21 263 799 <a href="mailto:viranasonenasinh@gmail.com">viranasonenasinh@gmail.com</a>  P.O. Box 7864, Nong Beuk Road, Vientiane, Lao People's Democratic Republic (the)  Bounpakone2020@gmail.com
<b>1.2 Date of initial submission</b>	30 June 2021	
<b>1.3 Last date of resubmission</b>	18 August 2022	<b>Version number</b> V.3
<b>1.4 Which institution will implement the Readiness and Preparatory Support project?</b>	<input type="checkbox"/> National designated authority <input type="checkbox"/> Accredited entity <input checked="" type="checkbox"/> Delivery partner  Name of institution: Global Green Growth Institute (GGGI) Name of official: Gerard O'Donoghue Position: Assistant Director General and Head of Operations Enabling Division Telephone number: +82 1024586085 Email: <a href="mailto:gerard.odonoghue@gggi.org">gerard.odonoghue@gggi.org</a>  Full office address: 19F Jeongdong Building, 21-15 Jeongdong-gil Jung-gu, Seoul, 04518, Republic of Korea  Additional email addresses that need to be copied on correspondences: <a href="mailto:gcfliaison@gggi.org">gcfliaison@gggi.org</a> <a href="mailto:christophe.assicot@gggi.org">christophe.assicot@gggi.org</a> <a href="mailto:rowan.fraser@gggi.org">rowan.fraser@gggi.org</a>	
<b>1.5 Title of the Readiness support proposal</b>	Groundwork for e-mobility investments in Lao PDR	
<b>1.6 Type of Readiness support sought</b>	<input type="checkbox"/> I. Capacity building <input checked="" type="checkbox"/> II. Strategic frameworks <input type="checkbox"/> III. Adaptation planning <input checked="" type="checkbox"/> IV. Pipeline development <input type="checkbox"/> V. Knowledge sharing and learning	

**1.7 Brief summary of the request**

Lao PDR has no domestic petroleum resources, the country fully relies on imports, and more than 80% of imported fuel is used in the transport sector. In contrast, Lao PDR has large untapped domestic renewable energy sources. The Government has set the objective of transitioning to e-mobility in the transport sector as a priority in the National Green Growth Strategy, the 9<sup>th</sup> National Social Economic Development Plan (2021-2025) as well as in 2020 NDC update. E-mobility transition will generate green business opportunities, private sector investments, reduce GHG emissions and pollution, while contributing to improve the trade deficit. Preparatory work is needed in order to stimulate interest from users and de-risk private sector participation. Considering existing initiatives and following extensive consultation with public and private stakeholders, namely the Department of Transport under Ministry of Public Works and Transport, Ministry of Energy and Mines, users, banks, as well as suppliers of electric vehicles and charging stations, this Readiness program will produce the below deliverables:

- Updated transport-related regulations to incorporate EVs, namely the “Regulation on Ground Vehicles Registration and Management”, and “Regulation on Vehicles and Spare Parts Standards for Importation, Registration and Assembly to use in Lao PDR
- New policy incentive mechanism to accelerate e-mobility transition and contribute to NDC target;
- EV training plan and curriculum targeting selected government agencies and at least 5 associated training sessions;
- National scale EV Communication Strategy;
- An online platform to disseminate EV training materials among government agencies as well as EV regulations to the general public;
- Pre-feasibility study for an EV financing facility;
- Development of one high quality GCF Concept Note to mobilize financing towards e-mobility transition in Lao PDR (by GGGI through co-funding).

The beneficiaries of this Readiness will be the Government of Lao PDR including Department of Transport, and National Vehicles Inspection and Registration Center. The project will be also beneficial to private sector companies active in supplying electric vehicles and infrastructure such as charging stations. In addition, the beneficiaries also include financial institutions, EV users, and people who could access green jobs through e-mobility transition.

**1.8 Total requested amount and currency**

USD  
300,000

**1.9 Implementation period**

12 months

**1.10 Is this request a multiple-year strategic Readiness implementation request?**

- ☐ Yes  
☒ No

**1.11 Complementarity and coherence of existing readiness support**

- ☒ Yes  
☐ No

**Completed readiness support:**

1. GCF Readiness and Preparatory Support for Lao PDR – Approved in June 2017 at USD 300,000 with UNDP as delivery partner. The grant supported the NDA capacity building, establishment of no-objection procedure, and stakeholder engagement for the development of the Country Programme. This readiness proposal complements the completed readiness grant particularly on enhancing coordination among key stakeholders and aligning with the priorities of the country program.

2. Support for the Accreditation of the Lao PDR Environment Protection Fund to the GCF – Approved in April 2018 at EUR 393,625

with GIZ as delivery partner. The grant supported the EPF to become GCF's National Accredited Entity. There will be no duplication. This proposal will not work towards accreditation.

3. Incentive Mechanisms for Private Sector Engagement under REDD+ in Lao PDR – Approved in July 2018 at USD 348,975 with FAO as delivery partner. The grant assisted with formalizing coordination mechanisms and strengthening institutions to address deforestation in Lao PDR. This proposal will also work with the private sector and contribute to enhancing coordination among stakeholders through of the completed readiness grant.

4. Readiness Support to Enhance Green Finance in the Areas of Green Cities in Lao PDR – Approved in July 2018 at USD 476,485 with GGGI as delivery partner. The grant supported the development of project concepts in the area of green climate resilient cities including engagement with private sector. This proposal directly complements and promotes the green cities approach as it targets the transport sector and urban areas, specifically by raising awareness of the private sector on electric vehicles as part of the green and resilient cities.

5. Enhancing NDA Capacity and Access to the GCF in Lao PDR – Approved in December 2019 at USD 239,368 with GGGI as delivery partner. The grant aims to operationalize the agreed institutional arrangements and build the awareness and capacity of the NDA to deliver on its mandate; continue to refine the GCF Country Programme and engage stakeholders and AEs to complete the annual updates to the CP that were specified in the CP, building on the results of other readiness project in specific sectors/sub-sectors and mobilize GCF investments; and engage the private sector and banks to help deliver on the Lao PDR's climate change ambitions. This proposal will build on the private sector engagement activities in the transport sector and will also contribute to the implementation of the updated country program.

#### **Ongoing readiness support:**

6. Development of an Action Plan for Designing and Implementing Standards and Labelling Programme in Lao PDR – Approved in August 2019 at USD 344,556 with UN Environment as delivery partner. The grant supported in strengthening institutional capacity in designing and implementing minimum energy performance standards and energy labelling. No duplication. The proposed readiness grant will not work on energy performance standards nor labelling.

7. Urban Climate Resilience in Cities along the Greater Mekong Sub-region East-West Corridor (EWEC) in Lao PDR – Approved in October 2019 at USD 348,992 with UN Habitat as delivery partner. The grant aims to strengthen the local and institutional capacity for stimulating climate change resilient investment flows along the EWEC in Lao DPR. No duplication. The ongoing readiness works on transport infrastructure (e.g. storm water drainage, waste segregation facility, etc.). This proposal will only work on transport policy.

8. Market Preparation for Industrial Energy Efficiency in Lao PDR – Approved in November 2020 at USD 299,457 with GGGI as delivery partner. The grant aims to support the Government of Lao PDR to achieve the energy consumption reduction target set out in its sectoral strategy and the NDC 2020 by developing comprehensive set of

activities to increase levels of awareness about green industrial practices and catalyze private investments in the deployment of energy efficiency measures in the industrial sector. No duplication. The ongoing readiness works the industrial sector. This proposal will only work in the transport sector.

9. Completion of Accreditation of EPF as DAE for Lao PDR - Approved with EPF as delivery partner for USD 399,805, with an aim to develop capacity of EPF to meet GCF's requirements in terms of financial, management, M&E, environmental and social safeguards and gender as well as prepare proposal for microproject. There will be no duplication. This proposal will not work towards accreditation.

**Submitted readiness proposals:**

10. Enhancing Lao PDR Health Sector Capacity in Managing Health Adaptation Plan and access to GCF - Submitted in late 2020 by WHO for USD 300,925. The proposed grant aims to ensure enhanced capacity of early intervention of the target climate sensitive diseases and systematized knowledge sharing mechanism with stakeholders and other relevant sectors. No duplication. The submitted readiness targets the health sector. This proposal will only work in the transport sector.

11. Advancing Lao PDR's National Adaptation Plan (NAP) through Climate Change Vulnerability Assessments for Disaster Risk Management by UN Habitat – initially submitted in December 2020 for USD 2 million. The project aims to enable national and subnational authorities in Lao PDR to make informed planning decisions for climate change adaptation. The project will be divided into two phases with the first phase focusing on producing a map of climate vulnerability and risks for 18 provinces of Lao PDR. The second phase will build on the results of Phase 1 to develop district-level action plans for climate resilience. No duplication. The submitted readiness is on adaptation while this proposal supports mitigation measures.

12. Resilient COVID-19 recovery and transformational pipeline to boost climate actions in agriculture, land and water sector in Lao PDR by FAO for USD 550,000. No duplication. The submitted readiness targets the agriculture, land and water sectors. This proposal will only work in the transport sector.

13. Support Mainstreaming Climate Change Adaptation into Sectoral Planning in Lao PDR by GGGI for USD 1,000,000. No duplication. The submitted readiness is on adaptation while this proposal supports mitigation measures.

## 2. SITUATION ANALYSIS

### Background and rationale

Total emissions of greenhouse gases in Lao PDR amounted to 50,742.91 ktCO<sub>2</sub>e in year 2000. Emission drivers such as economic and population growth increased by 7.17% and 1.6% per year respectively between 2000 and 2018. As a landlocked country, the main type of mobility in Lao PDR is ground transport, while aviation and water transport account for only a small portion. With the rapid increase in ground vehicles, the total number of vehicles registered in the country grew drastically from 367,900 in year 2004 to 2,133,500 in year 2017 (+480%), while at the same time, transport fuel consumption grew from 855 million liters in 2013 to 1,442 million liters in 2016. Among these, gasoline motorcycles account for 76%, car 4%, small truck 12%, van 3%, jeep (SUV) 2%, big

container truck 3%, and buses account for less than 0.3%<sup>1</sup>. As a result, traffic congestion is increasing, particularly in the main cities such as Vientiane Capital, Luang Prabang, Kaysone, Phommavhane, and Pakse. This contributes significantly to air and noise pollution as well as amplifies the limited options for public transportation in the country. To promote sustainable transportation, the government has committed in its revised 2021 NDC to set a target of 30% electric vehicle (EV) penetration for 2-wheelers and passenger cars within national vehicle mix by 2030, conditional to international support. At present, the use of EV in the country is still very low and limited. There is a clear gap between the targeted EV penetration value and current use of EV in the country. Barriers identified include the: a) limited guidance on EV in existing regulations (legal framework and financial mechanism), b) limited technical capacity on EV technologies of concerned government personnel and entrepreneurs; c) low level of awareness on the benefits of EV amongst the public due to lack of information and d) lack of financing for EV investments.

In the Lao context, electrification of the road transport sector can propel a sustainable development pathway whilst boosting economic diversification and generating social co-benefits. Lao PDR has ample renewable energy potential and meets its own electricity needs largely through hydropower. There are over 50 plants in operation with a total installed capacity of 7,082 megawatts (MW). Another 50 are under design/construction and expected to be operating by 2023. By then installed hydropower capacity will be 13,062 MW. Of that total, around 85 per cent will be exported to neighbouring countries. Supporting e-mobility transition can reduce economic exposure to exogenous shocks. As there is no domestic petroleum source, the country fully relies on imports, and more than 80% of imported fuel is used in the transport sector. There is a significant risk of external economic shocks due to the international value chain on fossil fuels. Transitioning will reduce the demand for fossil fuel which will contribute to addressing macroeconomic issues such as energy security and balance of payments, as the country suffers from a trade deficit and fuel demand represents 32.7% of total imports. Trade deficit can be mitigated by increasing domestic demand for clean hydropower resources, thus taking advantage of Lao's unique geographical characteristics. Moreover, the seasonal oversupply of hydropower energy can be addressed – hydropower plants are being built with the assumption that demand from neighboring countries will continue, but there is increased uncertainty against this assumption.

Second, electric vehicles can boost the creation of new equitable business opportunities across the EV ecosystem by promoting consumer demand and incentivizing private investments across the value chain. For example, new businesses on EV repair and maintenance services should be set up. Finally, e-mobility offers high potential for positive green recovery impacts such as green jobs and health co-benefits. According to a study developed by Heyndrickx et al<sup>2</sup>, per every million euros invested in sustainable transport activities including energy efficiency, fuel economy, electrification, and changing behavior an average of 29 new direct jobs can be created in Lao PDR. Cleaner transport modes will maximize social co-benefits by contributing to GHG and pollutant emissions reductions in congested urban areas, together with significant co-benefits such as improvement in air quality, reduction of noise, and positive impacts on public health.

E-mobility transition could also contribute to reduce gender inequalities through the creation of economic opportunities for more vulnerable population such as women, young people, people with disabilities, and migrants among others by improving mobility services. New and sustainable transport modes designed with better accessibility to jobs, opportunities, goods and services, such as two-wheelers are entry level, affordable e-vehicles, public transport, bike sharing and non-motorized transport can bring value to society, particularly in urban areas. Creation of new, decent jobs can benefit some of the displaced workforce and also offer more equal opportunities for women, currently under-represented in the transport sector. According to research by OECD<sup>3</sup>, existing car-centered mobility systems contribute to social inequalities, exclude vulnerable groups, deteriorate natural habitats and exacerbate climate change.

### Problem Statement

The Government has limited institutional (legal and regulatory frameworks) and technical capacities to support and promote e-mobility transition in line with its NDC commitment. Moreover, government, private sector and the general public lack data and information to understand and appreciate the benefits of electric vehicles, as identified in the 2021 GCF Lao PDR country program.

<sup>1</sup> MPWT Statistic 2016 (2017), [download\\_statistics \(mpwt.gov.la\)](https://www.mpwt.gov.la/download_statistics)

<sup>2</sup> Heyndrickx, Frederix & Purwanto (2013) / TML, NEUJOBS, <https://docplayer.net/43046287-Sustainable-transport-strategies-and-job-creation-christophe-heyndrickx-tml-rodric-frederix-tml-joko-purwanto-tml.html>

<sup>3</sup> <https://www.oecd-ilibrary.org/sites/7dfbd08d-en/index.html?itemId=/content/component/7dfbd08d-en>

## Policy context and Lao's response to climate change

The country's 9th Five-Year Socio-Economic Development Plan (NSED) (2021-2025) approved and officially released in May 2021<sup>4</sup>, translates into actions the 11<sup>th</sup> Party's Congress Resolution of the Lao People's Revolutionary Party, the 10-year National Socio-Economic Development Strategy (2016-2025) and the national vision to 2030<sup>5</sup>. The NSED, is based on a participatory planning approach, through consultations with public and private sectors, development partners and academia, and highlights "the need to actively promote economic diversification in conjunction with strengthening the competitiveness of the business sector by enhancing connectivity". The Plan's Outcome 4: 'Environmental Protection and Natural Disaster Risk Reduction' features 3 Outputs including 'natural resource management', 'green growth' and 'disaster preparedness and climate change'. Priority activities listed include sustainable agriculture development, the promotion of transport vehicles which use clean energy or domestic energy, such as electric vehicles that use hydro-energy and solar energy, as well as the development of biofuel plants from palm oil, kerosene, cassava and the methane production process demonstration project for transportation and industry to reduce the import of fossil fuel and greenhouse gas emissions. On May 11<sup>th</sup>, 2021, Lao PDR submitted its updated Nationally Determined Contribution featuring a new, more ambitious emission reductions target in the transport sector, conditional to additional international support, aiming at 30% electric vehicle penetration for 2-wheelers and passenger cars within the national vehicle mix<sup>6</sup>. No e-mobility action plan has been developed yet to support the transition to clean energy transport in Laos. The development of electric vehicle related regulations will be the key activities under this proposal which will contribute to the development of future e-mobility policy and action plan. In addition, the proposal aligns with the recently submitted GCF Lao Country Program, particularly under the 4<sup>th</sup> priority area on "Promoting low-carbon and climate-resilient urban development and transportation through climate-proofing and green infrastructure, flood protection and nature-based solutions, smart city, comprehensive waste management including waste-to-resource initiatives and promoted use of electric vehicles". Although these policies set ambitious targets, enforcement and implementation require international support due to limited government budget resources.

## Gap identification and Readiness Support in Laos

The Lao PDR Country Programme recognized that MONRE has significant capacity concerning climate change and project development. However, engagement of other ministries and stakeholders are needed and specific policy, strategy, planning and institutional needs have been identified to strengthen overall capacity. Observations from the 2020 GCF Readiness and Preparatory Support Programme pointed to several gaps to enhance climate finance coordination and private sector engagement. The following table shows a summary of gaps and needs relevant to this proposal.

Policy and Capacity Needs	Proposed Output	Consultation	Stakeholders
Insufficient integration between Lao PDR climate change policies and sectoral development objectives	2.2.1 Integrate E-mobility targets in NDC to existing transport regulations	Yes	MONRE, MPWT
Limited technical capacity to mainstream EV into existing transport regulations	2.2.2 Training on EV registration and inspection for government	Yes	Vehicle Inspection Center under MPWT
Insufficient access to international public climate finance, including the GCF but also co-financiers for GCF projects	4.1.1 Concept note on e-mobility with pre-feasibility study developed and submitted to GCF	Yes	MONRE, DOT

<sup>4</sup> <https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwic7-7boLP0AhX9k1YBHfqdAaEQFnoECBQQAQ&url=https%3A%2F%2Fiaofab.org%2Fdocument%2Fdownload%2F4870&usq=AOvVaw3N-MyJHlsuSo5FvEwDkbQ>

<sup>5</sup> [Vision2030 and 10 Year Socio Economic Dev Strategy 2016\\_2025 LAO - Round Table Process Meeting \(rtm.org.la\)](https://www.vision2030.la/10-Year-Socio-Economic-Dev-Strategy-2016-2025-LAO-Round-Table-Process-Meeting-rtm.org.la)

<sup>6</sup> [https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Lao%20People's%20Democratic%20Republic%20First/NDC%202020%20of%20Lao%20PDR%20\(English\),%2009%20April%202021%20\(1\).pdf](https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Lao%20People's%20Democratic%20Republic%20First/NDC%202020%20of%20Lao%20PDR%20(English),%2009%20April%202021%20(1).pdf)

Limited awareness on benefits of electric vehicles over internal combustion engine vehicles	2.2.3: National EV Communication Strategy validated by the Government  2.2.4: An official online platform to promote EVs established	Yes	Private sector, MPWT
Lack of incentives for promoting electric vehicles, such as tax exemption, subsidy etc.	2.2.1 Design of new policy incentive mechanism to accelerate phase out of old ICE vehicles	Yes	Private sector, MPWT

The above outputs were designed in consideration of the needs expressed by the different stakeholders in the transport sector, particularly the MPWT and the private sector.

On 29<sup>th</sup> October 2020, GCF NDA hosted a Workshop on Coordination and Consultation to discuss 2021 climate change agenda for Lao PDR. The meeting provided the NDA a formal platform under Ministry of Natural Resources and Environment (MONRE) to discuss with line ministries potential support available as part of the GCF's programme. Representatives from Ministry of Public Works and Transport (MPWT) expressed interest in accelerating e-mobility transition, then bilateral meetings were conducted to identify priority areas based on needs, strategic objectives and existing projects.

On 15<sup>th</sup> December 2020, a "Private Sector Engagement in Climate Change and Green Growth" workshop was held by the GCF NDA, with a focus on the promotion of electric vehicles. During the discussions, stakeholders highlighted the need for financial and policy incentives, enhanced charging infrastructure, awareness raising campaigns, and technical capacity building, as the key barriers to be addressed towards an effective EV ecosystem in Lao PDR.

On 8<sup>th</sup> July 2021, the central government established responsibilities between different Ministries for e-mobility transition. The Ministry of Energy and Mines (MEM) is among other stakeholders requested to coordinate in terms of policy and action plan implementation on EV transition, as well as price mechanism management for public charging station. MEM is receiving Readiness support from USA's National Renewable Energy Laboratory on the draft regulations for the management of the EV charging station business. The Ministry of Public Works and Transport is in charge of authorizing relevant legal documents, EV safety standards, and EV registration. However, such EV related policies and regulations have yet to be developed.

### Expected Outcomes and key deliverables

This Readiness grant draws upon above consultation process, gap identification and existing technical assistance to focus on Readiness logical framework's Objectives 2, Strategic Frameworks, Outcome 2.2, "enhanced strategic frameworks to address policy gaps, improve sectoral expertise and enhance enabling environments for GCF programming", as well as Objective 4, Pipeline Development, Outcome 4.1 "increase in the number of quality concept notes". This program will develop the following policies, plans, strategy and study to support the government's e-mobility transition objective:

- Update transport-related regulations to incorporate EVs, namely the "Regulation on Ground Vehicles Registration and Management", and "Regulation on Vehicles and Spare Parts Standards for Importation, Registration and Assembly to use in Lao PDR
- New policy incentive mechanism to accelerate e-mobility transition and contribute to NDC target;
- An EV training plan and curriculum targeting 15 government officials from relevant government agencies, namely, Department of Transport and Vehicles Inspection and Registration Center under the Ministry of Public Works and Transport, and at least 5 associated training sessions.
- National scale EV Communication Strategy;
- An online platform to disseminate EV training materials among government agencies as well as EV regulations to the general public. The new platform will be added to the Ministry of Public Works and Transport existing website<sup>7</sup>.
- Pre-feasibility study for an EV financing facility;

<sup>7</sup> <https://mpwt.gov.la/en/>

- Development of one high quality GCF Concept Note to mobilize financing towards e-mobility transition in Lao PDR (funded by GGGI through co-funding).

These outputs build upon completed Readiness support in Lao PDR for enhanced results and better utilization of resources. Details are provided in section 1.11.

The Delivery Partner (DP) will be the lead agency in updating the transport related regulations as well as the new policy incentive mechanism, under guidance from the Department of Transport (DoT) at the Ministry of Public Works and Transport (MPWT). The training will be delivered by the Delivery Partner and trainees will be identified by the Department of Transport as well as the Vehicle Inspection and Registration Center. DP will draft the EV Communication Strategy while DoT will also take ownership of it and manage the online platform. The pre-feasibility study for an EV financing facility and the GCF concept note will be designed and developed by the Delivery Partner with inputs from Ministry of Natural Resources (NDA) other key stakeholders.

The table below provides a summary of the policy and regulatory framework that have relevant links to this Readiness programme:

Key policy/regulation	Objectives	Linkages to this Readiness activity
<b>Nationally Determined Contribution – 2020 Update</b>	GHG mitigation, climate change adaptation	Activities will contribute to the e-mobility and renewable energy GHG mitigation targets in the 2020 NDC Update
<b>Lao 2030 Agenda</b>	Represents a commitment to eradicate to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.	This project ensures the progress on SDG objective 11.2 - To provide a safe affordable, accessible, and sustainable transport system or all. Equally, it contributes to the progress of other objectives such as SG 13.1 - To strengthen resilience and an adaptive capacity to climate-related hazards, 13.3a - Climate Change Mitigation, 9.1. - To develop quality, reliable, sustainable, and resilient infrastructure, and 7.3.- Improvement in energy efficiency.
<b>Sector Working Groups to prepare for the 13th High Level Round Table Meeting and guide the 9<sup>th</sup> National Socio-Economic Development Plan</b>	Support a determination of the 9th NSEDP and SDG Localization	Key recommendations from the High-Level Thematic Dialogue on Green Growth, Resilience, and Risk Management include clean energy development to stimulate jobs creation, whilst simultaneously improving resilience and human capital, measures to improve procedures for private sector participation, greater use of electric vehicles to simultaneously reduce emissions, support renewable energy demand and reduce fuel import costs.
<b>National Green Growth Strategy</b>	It is the overall Guiding Connectivity Policy for Lao PDR. It seeks to transform Lao from a land-locked to a land-linked country in Greater Mekong Sub-region (GMS) and in the mainland of ASEAN. It establishes the National Vision toward 2030 on transport and communication.	This project directly supports the development of the country's 'strong basic infrastructure system to support industrialization and modernization'. Particularly, it supports the achievement of Goal 8: Improve transport fuels and technologies.

<b>5-Year Masterplan 2021-2025, Ministry of Public Works and Transport</b>	To implement transport aspects of the National Green Growth Strategy; to promote the use of environmentally friendly vehicles, renewable energy for vehicles to ensure the good quality of city environment and people's health.	This Readiness activities directly contribute to implement the five-year masterplan through preparing the market for enhanced investments into electric mobility.
<b>GCF Country Programme</b>	GHG mitigation and climate adaptation	The Readiness activities are aligned with the priority areas for Lao PDR GCF Country Programme 2020-2023 including "promoting emission reductions in the energy sector through enhanced energy efficiency measures and diversified renewable energy sources" and "promoting low-carbon and climate-resilient urban development and transportation through promoted use of electric vehicles".

The next table lists necessary institutions and governance mechanisms involved in the formulation of this proposal and their role.

Ministry/agency/ institution	Mandate	Role in this Readiness activity
<b>Ministry of Natural Resources and Environment</b>	GCF NDA	Strategic oversight; Reporting
<b>Ministry of Public Works and Transport</b>	National transport policies and regulations	Technical guidance
<b>Ministry of Energy and Mines</b>	National clean energy policies, charging infrastructure, etc	Technical guidance
<b>National Vehicle Inspection and Registration Center</b>	EV testing and registration	Technical guidance

### Contribution to Green Resilient Recovery

Lao PDR, as a land locked Least Developing Country (LDC), suffers from considerable intertwined human, social and economic impacts due to the COVID-19 pandemic. The country saw its GDP grow by 7% annually on average in recent years. In contrast, Lao's GDP has increased by only 0.2% in 2020<sup>8</sup>. As a result, unemployment rate sharply increased to 25% in May 2020, equivalent to 475,000 people, compared to 16% at the end of 2019<sup>9</sup>. Economic slowdown has caused the loss of 30% of the government's revenue, leading to a more severe budget deficit thus hindering the government's ability to stimulate the economy and mitigate impacts of the pandemic. Lao's fiscal deficit rose from 7.5% to 8.8% of GDP whilst public debt from 65% to 68% of GDP during 2020, leaving the country at high risk of debt distress. As of today, Lao's recovery package accounts for USD 30.35 million equivalent to 0.16% of 2019 GDP<sup>10</sup>. A task force to address the economic impacts of COVID-19 was established and a 13-measure economic stimulus package was endorsed by the Cabinet. Lao's recovery measures include the provision of loans for small and medium enterprises as well as reduction of interest rates; income support through deferring tax collection for business as well as the provision of unemployment allowance; cut of administrative expenses by at least 30% of the annual budget for ministries and central organizations and 10% for local authorities; increase of the allocated budget for health services; etc.

Lao has also received support from development partners to bridge the recovery financing gap and support its health services. For example, the Asian Development Bank and the World Bank have approved approximately USD107 million to help the country respond to the COVID-19 pandemic through various initiatives<sup>3</sup>. In October 2020, the UN launched Lao's Socio-Economic COVID-19 Response Plan, which highlights the need for structural

<sup>8</sup> [https://www.imf.org/external/datamapper/NGDP\\_RPCH@WEO/OEMDC/ADVEC/WEOWORLD/LAO](https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEOWORLD/LAO)

<sup>9</sup> <https://www.worldbank.org/en/country/lao/overview>

<sup>10</sup> <https://covid19policy.adb.org/policy-measures/LAO>

reforms that can 1) reduce exposure to exogenous shocks; 2) drive the establishment of domestic and cross-border neighborhood value chains; 3) take advantage of Lao PDR's unique geographical position; 4) create new equitable business opportunities, and 5) maximize the potential of Lao PDR's young and diverse population<sup>11</sup>. As part of the consultation process, a High-Level Thematic Dialogue was established on Green Growth, Resilience, and Risk Management, under a Multi-Stakeholder Taskforce to Support a Determination of the 9th National Socio-Economic Development Plan (NSED) and SDG Localization due to the Impact of COVID-19<sup>12</sup>. Subsequent key recommendations<sup>13</sup> submitted to Government on 28 September 2020 include clean energy development, measures to improve procedures for private sector participation, as well as greater use of electric vehicles to simultaneously reduce emissions, support renewable energy demand and reduce fuel import cost.

The Readiness project will advance national climate priorities as e-mobility transition is a major component of Lao PDR's mitigation objectives. The Ministry of Energy and Mines prepared the "Clean energy promotion policy in transportation, development plan 2025, Strategy 2030 and Vision 2050" which sets a 30% electric vehicle penetration target for 2-wheelers and passenger cars within the national vehicle mix by 2030. The target is included in the country's first revision of its Nationally Determined Contribution (NDC) submitted to the UNFCCC in 2021. The Lao PDR GCF Country Programme sets the promotion of low carbon transportation as a priority climate activity for the 2020-2023 period.

The proposal builds on institutions, processes and work already underway. Asian Development Bank is financing the Vientiane Sustainable Urban Transport project which will introduce electric vehicles in the new Bus Rapid Transit system in the capital city. Ministry of Energy and Mines (MEM), Électricité du Laos (a state-owned company) and EV Lao (a private company) have installed 22 charging stations through a pilot initiative. MEM also received preliminary technical capacity building (online) support from USAID/NREL on EV charging infrastructure potential business models, (2) associated tariff design, and (3) technical standard considerations. In 2020, GGGI prepared the "Technical Report on Supporting Policy and Technical Standards Development for Electric Vehicles in Lao PDR" for MPWT. The World Bank is developing the project titled "Fostering Green Mobility and Walkable Cities Strategy for Luang Prabang and Siem Reap" which aims to (1) develop a green mobility strategy including an NMT strategy (i.e., walkable city strategy), including a framework for prioritizing investments for NMT and Green Mobility for Siem Reap (Cambodia) and Luang Prabang (Lao PDR); and (2) support the strengthening of local technical and institutional capacity to implement the proposed strategy. The overarching objectives of this assignment are to support the cities adoption of a green mobility strategy and promote modal shift towards NMT, which will result in positive economic gains, including health, GHG and pollution, safety and affordability benefits.

This Readiness proposal will also complement the readiness proposal for Lao developed with FAO as the delivery partner titled, "Resilient COVID-19 recovery and transformational pipeline to boost climate actions in agriculture, land and water sectors in Lao PDR" through supporting recovery in the sustainable energy and transport sectors, including through stimulating demand for domestically sourced renewable energy. Moreover, by accelerating the transition to low emission transport, the proposal will generate positive impact on air quality and subsequently on the health sector.

<sup>11</sup> [https://unsdg.un.org/sites/default/files/2020-10/LAO\\_Socioeconomic-Response-Plan\\_2020.pdf](https://unsdg.un.org/sites/default/files/2020-10/LAO_Socioeconomic-Response-Plan_2020.pdf)

<sup>12</sup> <https://rtm.org.la/meeting-of-chairs-and-co-chairs-of-sector-working-groups-to-prepare-for-the-13th-high-level-round-table-meeting-vientiane-28-september-2020/>

<sup>13</sup> <https://rtm.org.la/wp-content/uploads/2020/10/15-GGRRM-Outcome-Doc.pdf>

### 3. LOGICAL FRAMEWORK

Outcomes	Baseline <sup>14</sup>	Targets	Outputs	Activities (brief description)	Deliverables <sup>15</sup>
Outcome 2.2: GCF recipient countries have developed and enhanced strategic framework to address policy gaps, improve sectoral expertise, and enhance enabling environments for GCF programming in low-emission investment	The Government of Lao PDR identified e-mobility transition as one of development priorities, but existing regulations related to transport sector have not considered electric vehicles. Lack of technical expertise on electric vehicles, lack of incentives to shift to EVs; lack of awareness of the benefits of EVs.	Relevant regulations on transport management are enhanced to accelerate EV transition; Technical expertise is strengthened and enabling environment is enhanced	2.2.1: "Regulation on Ground Vehicles Registration and Management", and "Regulation on Vehicles and Spare Parts Standards for Importation, Registration and Assembly to use in Lao PDR" integrate electric vehicles	Activity 2.2.1a: Organize and conduct stakeholder engagement workshop with ~30 participants from the government, civil society, private sector, etc. targeting 50% women participation for the integration of EVs in existing regulations, namely the "Regulation on Ground Vehicles Registration and Management", and "Regulation on Vehicles and Spare Parts Standards for Importation, Registration and Assembly to use in Lao PDR", targeting 50% women participation.	Deliverable 2.2.1a: Stakeholders' Engagement Workshop Report with list of participants disaggregated by gender
				Activity 2.2.1b: Integrate EVs in existing regulations namely the "Regulation on Ground Vehicles Registration and Management", and "Regulation on Vehicles and Spare Parts Standards for Importation, Registration and Assembly to use in Lao PDR" to integrate EVs. Department of Transport, MPWT will lead the draft upgraded regulation development with technical support from GGGI and inputs from other relevant stakeholders.	Deliverable 2.2.1b: Draft version of upgraded regulations
				Activity 2.2.1.c Design of policy recommendations on incentive mechanism to accelerate the phase-out of old ICE vehicles	Deliverable 2.2.1c: Policy Recommendation report
				Activity 2.2.1d: Organize and conduct a workshop to validate upgraded regulations (2.2.1b) and policy recommendations on incentive mechanism to accelerate the phase-out of old ICE vehicles (2.2.1c) with ~30 participants from the government, civil society, private sector, etc. targeting 50% women participation	Deliverable 2.2.1d: Validation workshop report with final version of upgraded regulations and policy recommendations, feedback and inputs from stakeholders, and list of participants disaggregated by gender

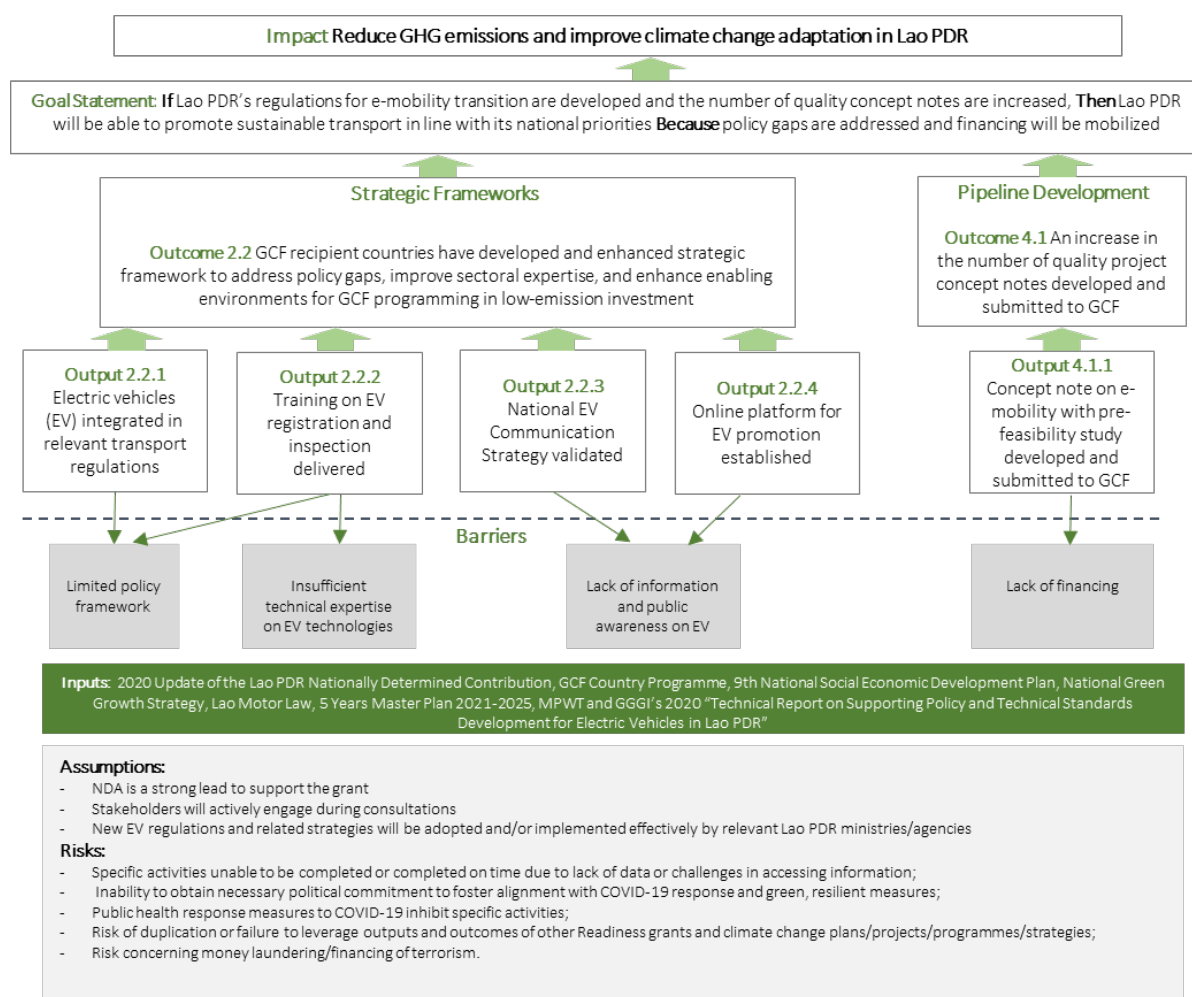
<sup>14</sup> Please briefly elaborate on current baselines on which the proposed activities can be built on, processes that are in place that the current Readiness proposal can strengthen, or any gaps that the proposed activities would fill in. If more space is needed, please elaborate this in Section 4.

<sup>15</sup> Please include tangible and specific deliverables for each activity proposed, Please note that during implementation all deliverables should be included within the implementation reports for GCF consideration.

Outcomes	Baseline <sup>14</sup>	Targets	Outputs	Activities (brief description)	Deliverables <sup>15</sup>
			2.2.2: Delivery of a training on EV registration and inspection for 15 selected government officials.	Activity 2.2.2: Design and deliver at least five training sessions to government officials from the National Vehicles Registration and Inspection Center, and Department of Transport under Ministry of Public Works and Transport.	Deliverable 2.2.2: Training curricula, training summary report with attendance list. Training materials available on the Ministry of Public Works and Transport website.
			2.2.3: National EV Communication Strategy is validated by the Government.	Activity 2.2.3a: Organize and conduct stakeholders' engagement workshop, including private sector to kick start the preparation of National EV Communication Strategy targeting 50% women participation	Deliverable 2.2.3a: Workshop report with list of participants disaggregated by gender
				Activity 2.2.3b: Draft National EV Communication Strategy aiming at raising awareness of the general public on the benefits of EV in the Lao context. The Strategy will include a gender sensitive action plan and will aim to utilize multiple communication channels including but not limited to TV, radio, newspapers, billboards, social media, etc.	Deliverable 2.2.3b: Draft version of National EV Communication Strategy.
				Activity 2.2.3c: Organize and conduct a validation workshop for the National EV Communication Strategy.	Deliverable 2.2.3c: Final version of National EV Communication Strategy.
			2.2.4: An official online platform to promote EVs is established.	Activity 2.2.4: Establish an online platform under Ministry of Public Works and Transport's existing website to promote government regulations and raise awareness on EVs. The purpose of the online platform is to raise awareness and promote EV to government agencies and the general public by disseminating and providing related information such as EV regulations and registration.	Deliverable 2.2.4: An online platform for EV promotion is established within Ministry of Public Works and Transport's website.
4.1: An increase in the number of quality project concept notes developed and submitted	No concept notes on e-mobility financing facility with pre-feasibility study from Lao PDR submitted to GCF.	Develop project, policy, and plan to support the government's e-mobility transition objective.	4.1.1 Concept note on e-mobility with pre-feasibility study developed and submitted to GCF	Activity 4.1.1a: Conducting pre-feasibility study for electric vehicle (EV) financing facility (all vehicle segments)	Deliverable 4.1.1a: Pre-feasibility study on EV financing facility.
				Activity 4.1.1b: Development and GCF submission of one high quality GCF Concept Note using GCF template, aiming to mobilize financing towards e-mobility transition in line with Priority Area 4 of the Lao Country Programme and NDC targets.  GGGI will deliver Activity 4.1.1b through co-funding, including but not limited to drafting/revising/finalizing CN. All components of the Concept Note will be designed in cooperation with DoT, private sector stakeholders as well	Deliverable 4.1.1b: One high quality GCF Concept Note developed and submitted to GCF.

Outcomes	Baseline <sup>14</sup>	Targets	Outputs	Activities (brief description)	Deliverables <sup>15</sup>
				as potential AE. GGGI is leading the identification of an appropriate AE. The validation process of the CN will consist of a review by AE and NDA before submission to GCF. NDA will submit the CN upon validation. GGGI will use own funds to incorporate feedback from GCF	

## 4. THEORY OF CHANGE



This proposal seeks to reduce GHG emissions and improve climate change adaptation in Lao PDR. It addresses the policy and knowledge gaps identified in the Lao Country Program relating to the electrification of the transport sector as well as the lack of financial incentives to enhance the enabling environment for e-mobility transition. It will contribute to two GCF's Readiness Programme outcomes (2.2 under Strategic Frameworks and 4.1 under Pipeline Development) through the following outputs:

### Output 2.2.1 EV integrated in relevant transport regulations

This output will integrate EV into existing transport management regulations, specifically, the "Regulation on Ground Vehicles Registration and Management", and "Regulation on Vehicles and Spare Parts Standards for Importation, Registration and Assembly to use in Lao PDR". Stakeholder consultations/engagement will be conducted and serve as basis for the draft regulations to be developed by MPWT with GGGI technical support. A new incentive mechanism policy will also be designed to accelerate the phase-out of ICE vehicles

The program will improve the country's ability to implement e-mobility objectives identified in NDC through, among others, updating regulatory schemes to expedite the deployment of climate finance into sustainable transportation. The updated EV integrated regulations will improve government's management, governance as well as promote the use of EV to the public.

Output 2.2.1 will contribute to achieve Outcome 2.2 through addressing transport policy gaps, as existing regulations do not consider technicalities of electric vehicles.

### Output 2.2.2 Training on EV registration and inspection delivered

Currently there is very limited technical capacity surrounding EV registration at government level. Through this output, an EV training plan will be developed and 5 training sessions on EV registration and inspection will be provided to officers of the National Vehicles Registration and Inspection Center under the MPWT to equip them with the needed technical expertise.

Output 2.2.2 will contribute to achieve Outcome 2.2 through improving expertise of government agencies on e-mobility, with a focus on registration and inspection procedures.

#### **Output 2.2.3 National EV Communication Strategy validated**

There is a need to close knowledge gaps on the benefits and advantages of EV over ICE vehicles. This output will allow the development of a national communication strategy to increase public awareness and provide information on EV.

Output 2.2.3 will contribute to achieve Outcome 2.2 through enhancing the enabling environment towards sustainable mobility transition.

#### **Output 2.2.4 Online platform for EV promotion established**

To disseminate EV training materials to other government agencies as well as EV regulations to the public, an online platform for EV promotion will be established. It will be hosted by MPWT and will be added to its website.

Through the design of a national EV communication strategy and learning activities, the development of an online platform for EV legislation and training materials, level of awareness and knowledge will be increased towards the implementation of low-carbon transformational projects.

Output 2.2.3 will contribute to achieve Outcome 2.2 through enhancing the enabling environment towards e-mobility transition.

#### **Output 4.1.1 Concept note on e-mobility with pre-feasibility study developed and submitted to GCF**

This output will help deliver the country's readiness needs by increasing the rate of submission of high-quality concept notes to the GCF, with a view to submitting a funding proposal to the GCF Board. Upon approval of the funding proposal, the EV penetration and investment in the country will be enhanced. The pre-feasibility study will contribute to the creation of an enabling environment through enhanced technical capacity of national institutions and actors to deploy innovative financial mechanisms to fund climate actions.

Output 4.1.1 will contribute to achieve Outcome 4.1 through developing and submitting a quality concept note to the GCF.

Above outputs will build upon existing policies and existing technical support including the 2020 Update of the Lao PDR Nationally Determined Contribution, the GCF Country Programme, 9th National Social Economic Development Plan, National Green Growth Strategy, Lao Motor Law, 5 Years Master Plan 2021-2025, MPWT and GGGI's 2020 "Technical Report on Supporting Policy and Technical Standards Development for Electric Vehicles in Lao PDR"

The proposed outputs seek to address barriers identified in section 2 such as the limited policy framework for e-mobility transition, insufficient technical expertise on EV technologies, lack of information and public awareness on EV, and the lack of financing available. All activities will encourage the participation of women.

It is assumed that the NDA is a strong lead to support this readiness grant, stakeholders will actively engage during consultations, new EV regulations and related strategies will be adopted and/or implemented effectively by relevant Lao PDR ministries and agencies.

The risks identified are as follows: specific activities unable to be completed or completed on time due to lack of data or challenges in accessing information; inability to obtain necessary political commitment to foster alignment with COVID-19 response and green, resilient measures; public health response measures to COVID-19 inhibit specific activities; risk of duplication or failure to leverage outputs and outcomes of other Readiness grants and climate change plans/projects/programmes/strategies; and risk concerning money laundering/financing of terrorism. The mitigation measures are discussed in section 6.3.

## 5. BUDGET, PROCUREMENT, IMPLEMENTATION AND DISBURSEMENT PLAN

### 5.1 Budget plan

Please complete the Budget Plan in Excel using the template available in the [Library](#) page of the GCF website.

### 5.2 Procurement plan

Please complete the Procurement Plan in Excel using the template available in the [Library](#) page of the GCF website. For goods, services, and consultancies to be procured, please list the items, descriptions in relation to the activities in section 2, estimated cost, procurement method, relevant threshold, and the estimated dates. Please include the procurement plan for at least the first tranche of disbursement requested below and provide a full procurement plan for the entire duration of the implementation period if available at this stage.

### 5.3 Implementation Plan

Please complete the Implementation Plan in Excel using the template available in the [Library](#) page of the GCF website.

### 5.4 Disbursement schedule

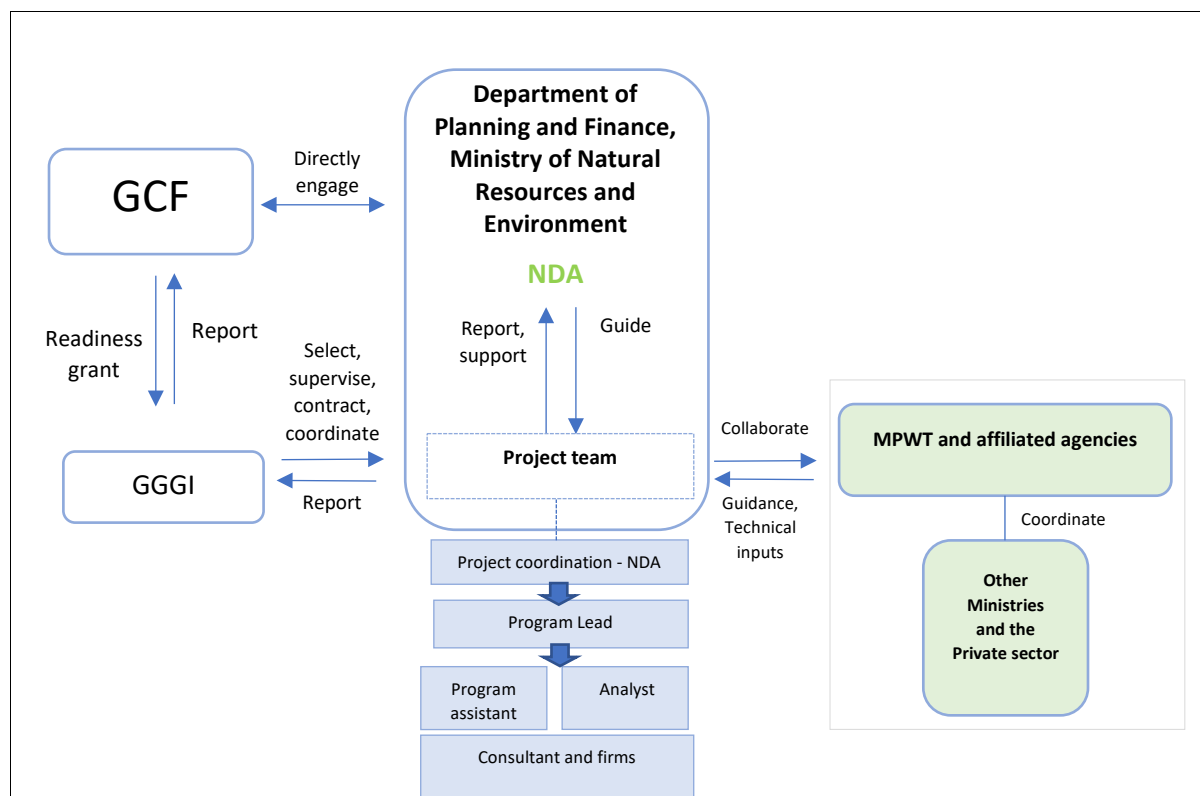
Please specify the proposed schedule for requesting disbursements from the GCF. For periodicity, specify whether it's quarterly, bi-annually or annually only.

☒ **Readiness Proposal that falls within a Framework Agreement with the GCF**

Disbursements will be made in accordance to Clause 4 “Disbursement of Grants” and Clause 5 “Use of Grant Proceeds by the Delivery Partner” of the Second Amended and Restated Framework Readiness and Preparatory Support Grant Agreement entered into between GCF and the Global Green Growth Institute on 12 May 2021.

## 6. IMPLEMENTATION ARRANGEMENTS AND OTHER INFORMATION

### 6.1 Implementation arrangements



The **Department of Planning and Finance in the Ministry of Natural Resources and Environment (the NDA)** will provide strategic oversight for the implementation of the project and will be responsible for the institutional coordination of activities, project stakeholders and Delivery Partner. The NDA will facilitate engagements with other government ministries, in particular the Ministry of Public Works and Transport. The **Ministry of Public Works and Transport (MPWT)** will provide guidance and technical inputs into the project, in particular on the development of the deliverables, as well as provide data/information from existing regulations/policies. MPWT will lead the engagement with other Ministries and the private sector to facilitate the team's dialogue with relevant stakeholders including financing institutions (e.g. request for meetings, invitations to workshops, data collection, etc.).

**The National Vehicle Inspection and Registration Center** will host the training activities and provide technical input on all policy aspects. **The Ministry of Energy and Mines** will be periodically consulted and updated on project progress and will provide input to the development of the EV communication strategy.

**GGGI, the Delivery Partner (DP)**, will be responsible for the implementation of the readiness support and will carry out all fiduciary and financial management, procurement of goods and services, select the project team, monitoring and reporting activities under this proposal in compliance with GGGI's policies and procedures and with the Second Amended and Restated Framework Readiness and Preparatory Support Grant Agreement entered into between GCF and the Global Green Growth Institute on 12 May 2021.

The DP will work with the NDA and MPWT to implement work plan and ensure timely delivery of outputs. GGGI will share all outputs with the NDA, including data collected and financial models developed. The NDA will have final ownership of the data, deliverables and products from the project. The NDA has requested GGGI to be its Delivery Partner for this Readiness grant due to its track record both in cooperation with MPWT with e-mobility and on Readiness implementation in Lao PDR. The project formulation has involved in-country consultations with the NDA and MPWT. As per the design, under the guidance of the NDA, all day-to-day activities will be closely coordinated and reported.

## 6.2 Implementation and execution roles and responsibilities

**Readiness project team:** This Readiness grant will be implemented by a team of local and international GGGI staff and specialized consulting firms. GGGI's delivery approach adds value as systematic backstopping helps build local capacity by leveraging international expertise to support the project implementation. This will also significantly save mobilization time and cost, especially considering the travel restrictions due to COVID-19 pandemic. For this readiness grant, one international and two national GGGI staff, both full-time based in Lao PDR, will undertake financial and policy analyses, lead the development of the output and coordination, lead and organize stakeholder consultation, ensure consistency with GCF requirements, and undertake quality assurance. Staff will ensure lessons learnt from other GGGI projects are applied to this grant and help ensure high quality submissions to the government and the GCF.

The profile, responsibilities, duty station and reporting line for each member of the team are as follows. Types of consultancy, rates, duration and staff rates are provided in the Budget Notes:

- **Program Lead:**  
The Program Lead is an existing GGGI international green investment specialist based full-time in Lao PDR for the duration of the project. The Program Lead will hold the overall responsibility for this Readiness grant in close coordination with the NDA and MPWT. Main tasks include:
  - o Lead overall delivery
  - o Lead the design of the pre-feasibility study (Output 4.1.1)
  - o Lead the integration of EV in existing policies upon guidance from Government (Activity 2.2.1b)
  - o Supervision, facilitation and coordination of all activities
  - o Provide guidance, inputs, edits and review to all deliverables for quality control and assurance
  - o Ensure stakeholder engagement and organize stakeholder consultations
  - o Report progress to NDA and Government stakeholders
- **Analyst:**  
The Analyst is an existing GGGI national technical officer with solid e-mobility experience based full-time in Lao PDR for the duration of the project. The Analyst will be involved in technical aspects of the Readiness grant under the guidance of the Program Lead, in close coordination with the NDA and MPWT. Main tasks include:
  - o Conduct financial analyses and market surveys (Output 4.1.1)
  - o Undertake policy analyses (Activity 2.2.1c)
  - o Liaise with local stakeholders
  - o Lead the training sessions to Government agencies (Activity 2.2.2)
- **Readiness Assistant:**  
The Readiness Assistant is an existing GGGI local program assistant based full-time in Lao PDR for the duration of the project. The Readiness Assistant will report directly to the Readiness Lead in close coordination with the NDA and MPWT. Main tasks include:
  - o Support the overall delivery of the program
  - o Support the facilitation and coordination of all activities with a focus on facilitating the work of consulting firms, the NDA, and MPWT
  - o Support the organization of all activities e.g., stakeholders' consultations, workshops, meetings, etc.
- **Individual international consultant:**
  - o Design policy recommendation on incentive mechanism to accelerate the phase-out of ICE vehicles (Activity 2.2.1c)
- **Consulting firms:**  
The consulting firms must demonstrate expertise in relevant fields including sustainable mobility, capacity building, I.T and/or communication. Main tasks include:
  - o Develop the EV training plan and curriculum (Activity 2.2.2)
  - o Draft National Communication Strategy to promote Electric Vehicles in Lao PDR
  - o Develop the online platform for dissemination of EV legislation and training materials

### Implementation responsibilities by the Government

The Department of Transport (DoT) at the Ministry of Public Works will work closely with the Readiness Team to deliver this Readiness grant including by providing guidance, technical inputs and review of all deliverables, such as updated regulations, policy recommendations and communication strategy. DoT will also support the

organization of the training activities with the National Vehicle Inspection and Registration Center, oversee the operationalization of the online platform, review the GCF Concept Note and associated studies. Adequate IT equipment will be provided to DoT for project management as well as for the operationalization of the online platform.

### 6.3 Risks and mitigation measures

Risk category	Specific risk(s) / Risk(s) description	Probability of occurrence (low, medium, high)	Impact level (low, medium, high)	Mitigation action(s)	Entity(ies) responsible to manage the risk(s)
Operational	Implementation delays due to lengthy start-up such as in project agreement with Government, procurement, and other processes.	Low	Medium	GGGI Laos has several years' experience in the implementation of GCF Readiness grants. Team will use lessons learnt to proactively arrange recruitment of external firms and coordinate with government entities	NDA and DP
Resource	Specific activities unable to be completed or completed on time due to lack of data or challenges in accessing information.	Low	Medium	Engage and mobilize stakeholders to introduce the program and highlight the benefits of e-mobility transition for the sector's competitiveness	DP, NDA, and MPWT
Political	Inability to obtain necessary political commitment to foster alignment with COVID-19 response and green, resilient measures.	Low	High	The program has been designed in close cooperation with NDA and MPWT and affiliated agencies. E-mobility transition is set as priority at highest government level	DP, NDA, MPWT
Operational	Public health response measures to COVID-19 inhibit specific activities.	Medium	Medium	The team will ensure that external consulting firms can demonstrate significant local presence in Lao for the duration of the project, in light of existing travel restrictions	DP, NDA, MPWT
Operational	Risk of duplication or failure to leverage outputs and outcomes of other Readiness grants and climate change plans/projects/programmes/strategies	Low	Medium	The program has been designed in close cooperation with NDA and MPWT and affiliated agencies based on needs and considering any potential risk of duplication.	DP and NDA

Risk category	Specific risk(s) / Risk(s) description	Probability of occurrence (low, medium, high)	Impact level (low, medium, high)	Mitigation action(s)	Entity(ies) responsible to manage the risk(s)
Financial	Risk concerning money laundering/financing of terrorism	Low	High	GGGI's <a href="#">Rules on Integrity Due Diligence</a> set out the principles for conducting integrity due diligence on third parties engaged by GGGI involving financial commitment or transaction, to screen them, including their beneficial owners, regarding issues relating to money laundering, terrorism, organized crime, human rights violations, and modern slavery.	GGGI

#### 6.4 Monitoring

GGGI and the NDA will agree on a detailed work plan on a quarterly basis. GGGI's online monthly reporting system as well GGGI Laos quarterly project review process will be used to monitor the progress of implementation of all activities. A project logframe will be designed using GGGI's internal project management and used as a tool to assess progress towards achieving the outputs and outcomes. This will also allow provision of timely support and guidance from NDA, when needed. Pre-test and post-test, as well as training evaluation forms will be developed and deployed at the training workshops as tools to assess the effectiveness and quality of capacity development activities. Policy activities will be conducted in close cooperation with the Department of Transport and will be subject to internal review and approval at Ministry level. Any content developed and uploaded on the online platform will first be validated by MPWT. The Concept Note will be reviewed by NDA and MPWT before submission to GCF.

In line with the Second Amended and Restated Framework Readiness and Preparatory Support Grant Agreement entered into between GCF and the Global Green Growth Institute on 12 May 2021, GGGI will lead project monitoring in particular producing internal monthly reports, bi-annual reports to GCF and completion reports, financial reports using the GCF templates, and audited financial statements at the portfolio level to submitted to GCF in a timely manner. All reports will be reviewed by the NDA before submission. Disbursement requests can be submitted with the progress report or separately as required milestones are reached. GGGI will prepare periodic revisions to reflect changes in six monthly and annual expense category budgets, monitor and review project expenditure reports and communicate and share with the NDA and GCF Secretariat, if required.

#### 6.5 Other Relevant Information

GGGI has a [Whistleblower Policy](#) which aims to create an environment where staff members and external persons feel safe to report any misconduct or activities that work against the best interests of GGGI or violate the [Anti-Corruption Policy](#) without the fear of retaliation. This policy is supported by the [Guidelines for GGGI Anti-Corruption Policy and Whistleblower Policy](#) which provide for procedures for reporting and investigation of instances of misconduct, retaliation or integrity violation, including violation of the Anti-Corruption Policy.

#### **United Nations Security Council**

At the time of submission of the proposed Readiness Grant, there are no United Nations Security Council (UNSC) restrictive measures in force within Lao PDR. There are no individuals who are subject to or affected by the UNSC sanctions regimes will be involved in such projects/activities, either as counterparts or as beneficiaries.

#### **Readiness Approach**

The Readiness Programme will allow Lao PDR to take stock of present economic and fiscal challenges with respect to financing national climate priorities, will incorporate various stakeholder inputs, will undergo a national consultation and validation process, and will be used after implementation term as the centerpiece for a country to encourage investments that align climate and economic benefits. Through this Readiness Programme, Lao PDR will be well-positioned to undertake further work using typical readiness resources and/or PPF resources to develop high-quality concept notes for eventual submission to the GCF to leverage investment for priority actions.

Lao PDR will also understand how certain sectors of its economy have been impacted by the public health response to the COVID-19 pandemic and how priority climate change documents must be updated or aligned with the new reality. This includes GCF country programs as well as NDCs, NAPs, LEDS and sectoral strategies in action plans. The NDA will be involved in each stage of the delivery of the proposed activities, as will necessary government agencies in line ministries with mandates concerning climate change, sustainable development and fiscal and economic policy.

Additional information on the deliverables:

1. The pre-feasibility study for an EV financing facility will aim to assess the extent to which more competitive interest rates on loans could be offered to EV users in the country, through a review of existing lending conditions for Internal Combustion Engines (ICE) versus EVs, potential structures/partners of a financing facility and potential investors.
2. The national scale EV communication strategy will be designed to raise awareness on the benefits of electric vehicles to the general public. Despite the advantages of EV over ICE vehicles on several dimensions such as Total Cost of Ownership, low emissions, ease of driving, etc., EV adoption rates are still low in Laos. Scaling up EVs will require significant investments in awareness generation and ensuring that the initial experience of consumers is good on all dimensions - quality, cost, service, financing, etc.
3. Recommendations from GGGI's 2020 "Technical Report on Supporting Policy and Technical Standards Development for Electric Vehicles in Lao PDR", will be mainstreamed into legislation and new policy regulations will be developed, including the necessary technical standards (charging, testing, etc) as well as policy to accelerate the phase out of ICE vehicles.
4. By means of capacity gap assessment, a training plan and curriculum on EV will be designed aiming at building institutional capacity of Ministry of Public Works and Transport's Department of Transport, as well as the Vehicle Inspection and Registration Centre. At least three five training sessions will be delivered as part of this Program.
5. An online platform will be designed and made publicly available containing EV-related legislation and regulations developed as part of Output 2.2.1. Besides, training materials developed under Output 2.2.2 will be made available online to relevant government agencies.

#### **Long-term sustainability of the project**

The sustainability of the Readiness project will be ensured through government adoption of the policy framework developed under Output 2.2.1, as well as online publication of the policies through Output 2.2.4. Policy adoption is expected to be achieved within a year of policy validation under Activity 2.2.1d. The online platform will be hosted by the Ministry's website hence its sustainability will be guaranteed. After validation by the Government, recommendation on a new policy incentive mechanism under activity 2.2.1.c will be mainstreamed for implementation as a component of the GCF Concept Note to be developed under Activity 4.1.1b. All training materials designed under Output 2.2.2 will also be made available on the platform. While the communication

strategy prepared under Output 2.2.3 will require additional funding for its full implementation, an initial rollout and information sharing will be done through the online platform to be established (Output 2.2.4). The GCF Concept Note under Output 4.1.1 is anticipated to include a technical assistance grant component to roll out strategy implementation to promote EV. The pre-feasibility study under Output 4.1.1 will also feed into the GCF Concept Note. All workshops under this proposal will ensure significant participation of the private sector.

# READINESS & PREPARATORY SUPPORT



## BUDGET, PROCUREMENT & IMPLEMENTATION PLAN

### Readiness Grant Budget Preparation Guidelines

This file contains three specific planning tools to complete the supplementary information required when submitting a proposal for Readiness Programme support (including for NAP/adaptation planning):

- Budget plan and accompany Budget notes
- Procurement plan
- Implementation plan

The following considerations are important when completing the budget:

1. Before preparing the Readiness and budget, procurement, and implementation plans, please read the full guidance contained in the Readiness Programme Guidebook, specifically Part III Section 5
2. You can select the appropriate budget categories from the dropdown list in the budget plan:
3. To insert additional rows, right click on the row number below where you wish to insert the new row and choose INSERT.
4. Additional budget categories may be added by manually typing them on the Budget Category sheet. :
5. The Budget Notes sheet should be used to record explanations, further details or cost breakdowns for individual lines



Budget Categories <i>choose from the drop-down list</i>	
Professional Services – Companies/Firm	▼
Consultant - Individual - International	▲
Consultant - Individual - Local	
Professional Services – Companies/Firm	
IT Equipment	
Office Supplies	
Travel - International	▼
Travel – Local	
Workshop/Training	▼

#### Project Management Cost:

Project management costs (PMC) are the direct administrative costs incurred to execute a project. They should cover only incremental costs incurred due to the GCF contribution. In most cases, these costs are directly related to the support of a dedicated project management unit which manages the day to day execution related activities of the project.

Budget Categories	
Audio Visual & Printing	
Audit Fee	
Consultant - Individual - International	
Consultant - Individual - Local	
Professional Services – Companies/Firm	
IT Equipment	
Office Supplies	
Travel - International	
Travel - Local	
Workshop/Training	
Indicate additional budget categories	

#### General Principles for PMC costs:

1. The percentage of PMC financed by GCF should not be more than the percentage share of the overall budget financed by GCF
2. PMC budget thresholds: Up to 7.5 per cent of total activity budget.
  - > PMC exceeding 7.5 per cent for the readiness (including NAPs) proposals, and PPF proposals, up to \$ 3 million will require detailed documentation and justification supporting the entire PMC budget.
  - > The PMC should be shown as a separate component in the project budget. A detailed breakdown of PMC should be provided by budget category.
  - > Indicative list of eligible project management costs:
    - > **Project staffing and consultants:** Project manager, Project Assistant, Procurement personnel, Finance personnel & Support/admin. Personnel
    - > **Other direct costs:** Office equipment, Mission related travel cost of the PMU, Project management systems and information technology, Office supplies, Audit cost

#### Contingency :

1. Select the appropriate % of Contingency Budget from the dropdown list :
2. Contingency budget for unforeseen costs arising during the project implementation should not be included in the outcome budget separately.



Total Outcome Budget	
Project Management Cost (PMC)	
Contingency	0.03

3. Contingency budget must be used for any unforeseen programme (output level) cost that is unrelated to implementation/service fee.
4. Any use of contingency must be reported to and agreed by the GCF Secretariat in writing in advance provided with justifications that are acceptable to the GCF
5. If by the end of the grant implementation period, you have not spent Contingency, you may not increase the scope of the project or make any other expenditures using the Contingency.

	Choose percentage
	0
	1%
Sub-Total (Total Out	2%
	3%
Delivery Partner F	4%
	5%

If you are unsure about how to complete the budget template, please send your query to: [countries@gcfund.org](mailto:countries@gcfund.org)

Budget Categories
Audio Visual & Printing
Audit Fee
Consultant - Individual - International
Consultant - Individual - Local
Professional Services – Companies/Firms
IT Equipment
Office Supplies
Travel - International
Travel – Local
Workshop/Training
Staff
Translation
Communication, internet, etc.
Miscellaneous expenses
Co-funding

*Indicate additional  
budget categories*

(e.g. FX loss, bank fees)

5.1 Budget Plan

Please add rows for Outcomes, Outputs and Cost Categories as required. Additional budget categories may be added by manually typing them on the Budget Category sheet.

Outcomes / Outputs		Detailed Budget (in US\$)						Expenditure Plan							Budget notes								
		Budget Categories <small>choose from the drop-down list</small>	Unit	# of Unit	Unit Cost	Total Budget <small>(per budget category)</small>	Total Budget <small>(per sub-outcome)</small>	Total Budget <small>(per outcome)</small>	6m	12m	18m	24m	30m	36m									
Outcome 2.2: GCF recipient countries have developed and enhanced strategic framework to address policy gaps, improve sectoral expertise, and enhance enabling environments for GCF programming in low-emission investment	Output 2.2.1: "Regulation on Ground Vehicles Registration and Management", and "Regulation on Vehicles and Spare Parts Standards for Importation, Registration and Assembly in Lao PDR" integrate electric vehicles; new government incentive mechanism is proposed to accelerate EV transition and contribute to NDC transport targets.	Staff	W/Day	38	800	30,400	74,400	217,625	15,200	15,200					A1								
		Staff	W/Day	40	275	11,000			5,500	5,500					A2								
		Workshop/Training	Event	2	3,000	6,000			3,000	3,000					A3								
		Travel – Local	Lumpsum	1	5,000	5,000			2,500	2,500					A4								
		Consultant - Individual - International	W/day	40	500	20,000									A5								
		Translation	Lumpsum	1	2,000	2,000			2,000						A6								
		Staff	W/Day	7	800	5,600			2,800	2,800						B1							
	Output 2.2.2: Delivery of a training curriculum on EV registration and inspection for 15 selected government officials.	Staff	W/Day	20	275	5,500	62,300		2,750	2,750						B2							
		Professional Services – Companies/Firms	W/Day	67	600	40,200			40,200							B3							
		Translation	Lumpsum	1	2,000	2,000			2,000							B4							
		Travel – Local	Lumpsum	1	1,500	1,500			1,500							B5							
		Workshop/Training	Event	5	1,500	7,500			3,750	3,750						B6							
	Output 2.2.3: National EV Communication Strategy is validated by the Government.	Staff	W/Day	9	800	7,200	59,675		3,600	3,600							C1						
		Staff	W/Day	9	275	2,475			1,238	1,238							C2						
		Professional Services – Companies/Firms	W/Day	90	500	45,000			45,000							C3							
		Workshop/Training	Event	2	2,500	5,000			2,500	2,500							C4						
	Output 2.2.4: An official online platform to promote EVs in established.	Staff	W/Day	6	800	4,800	21,250		2,400	2,400							D1						
		Staff	W/Day	8	275	2,200			1,100	1,100							D2						
		Professional Services – Companies/Firms	W/Day	25	350	8,750			8,750								D3						
		IT Equipment	Lumpsum	1	5,500	5,500			5,500								D4						
Outcome 4.1: An increase in the number of quality project concept notes developed and submitted.	Output 4.1.1: Concept Note on e-mobility with pre-feasibility study developed and submitted to GCF.	Staff	W/Day	36	800	28,800	36,775	36,775	14,400	14,400						E1							
		Staff	W/Day	29	275	7,975			3,988	3,988							E2						
		Co-funding	Lumpsum	1	50,000	50,000										E3							
Total Outcome Budget								254,400	169,675	64,725	-	-	-	-									
Project Management Cost (PMC) <small>Up to 7.5% of Total Activity Budget</small>		Audit Fee	Lumpsum	1	3,600	3,600	Actual amount and % of PMC requested: <small>do not change the formula</small>	Maximum PMC that can be requested: <small>do not change the formula</small>								F1							
		Staff	W/Day	96	103	9,888																F2	
		Office Supplies	Monthly	12	100	1,200																	F3
		Miscellaneous expenses	Lumpsum	1	1,100	1,100										19,021.60	19,080.00						F4
		IT Equipment	Lumpsum	1	2,000	2,000																	F5
		Communication, internet, etc.	Monthly	12	103	1,234										7.48%	7.50%						

Not included in the sum for GCF

1

FOR GREEN CLIMATE FUND  
SECRETARIAT'S USE ONLY

Breakdown (per budget category)	Total (per budget category)
Audio Visual & Printing	-
Audit Fee	3,600
Consultant - Individual - International	20,000
Consultant - Individual - Local	-
Professional Services – Companies/Firms	93,950
IT Equipment	7,500
Office Supplies	1,200
Travel - International	-
Travel – Local	6,500
Workshop/Training	18,500
Staff	115,838
Translation	4,000
Communication, internet, etc.	1,234
Miscellaneous expenses	1,100
Co-funding	50,000
Total Outcome Budget + PMC	323,422

FOR GREEN CLIMATE FUND SECRETARIAT'S USE ONLY

Total Outcome Budget		254,400.00
Project Management Cost (PMC)	7.5% requested	19,021.60
Contingency	1.2% requested	3,075.70
Sub-Total (Total Outcome Budget + Contingency + PMC)		276,497.30
Delivery Partner Fee (DP) - Up to 8.5% of the Sub-Total		23,502.27
Total Project Budget (Total Activity Budget + Contingency + PMC + DP)		\$ 300,000.00

Budget Note	Detailed Description
A1	Program Lead - GGGI International Green Investment Specialist for 38 working days @ \$800 per day which is staff partial rate for activities 2.2.1a, 2.2.1b, 2.2.1c and 2.2.1d.
A2	Analyst - GGGI national staff for 40 working days @ \$275 per day for activities 2.2.1a, 2.2.1b, 2.2.1c and 2.2.1d.
A3	Estimated budget for engagement, and validation workshops/meeting with stakeholders @\$ 3,000 per event.
A4	Estimated budget for local transport cost as lumpsum @ \$5,000 for the assessment work and engagement with stakeholders.
A5	Individual consultant to design policy recommendation on incentive mechanism to accelerate the phase-out of ICE vehicles for 40 working days @ USD 500 per day
A6	Estimated cost for Lao-English Translation for policy documents/materials as lumpsum @ \$2,000
B1	Program Lead - GGGI International Green Investment Specialist for 7 working days @ \$800 per day which is staff partial rate for activity 2.2.2
B2	Analyst - GGGI national staff for 20 working days @ \$275 per day for activity 2.2.2
B3	An International Consulting Firm - Design of Training Program for 67 working days @ \$600 per day.
B4	Estimated cost for Lao-English Translation for training materials as lumpsum @ \$2,000
B5	Estimated budget for local transport cost as lumpsum @ \$1,500 for trainees and trainers
B6	Estimated budget for organization of training sessions @ \$1,500 per event.
C1	Program Lead - GGGI International Green Investment Specialist for 9 working days @ \$800 per day which is staff partial rate for activities 2.2.3a, 2.2.3b, and 2.2.3c.
C2	Analyst - GGGI national staff for 9 working days @ \$275 per day for activities 2.2.3a, 2.2.3b, and 2.2.3c.

## 5.2 Procurement Plan

For goods, services, and consultancies to be procured, please list the items, descriptions in relation to the activities in Section 3, estimated cost, procurement method, relevant threshold, and the estimated dates. Please include the procurement plan for at least the first tranche of disbursement requested below and provide a full procurement plan for the entire duration of the implementation period if available at this stage.

Item	Item Description	Estimated Cost (US\$)	Procurement Method	Thresholds (Min-Max monetary value for which indicated procurement method must be used)	Estimated Start Date	Projected Contracting Date
<b>Goods and Non-Consulting Services</b>						
IT Equipment	laptops, projector, printer, etc.	7,500	Direct procurement	USD 10,000 and below	Q1	Q1
Audit Fee	External audit fee	3,600	Direct procurement	USD 10,000 and below	Q4	Q4
Office Supplies	Monthly supplies for government	1,200	Direct procurement	USD 10,000 and below	Q1	Q1
Travel – Local	Local transport costs	6,500	Direct procurement	USD 10,000 and below	Q1	Q1
Workshop/Training	5 trainings, 4 workshops	18,500	Direct procurement	Above USD 10,000	Q1	Q1
Translation	Lao-English Translation	4,000	Direct procurement	USD 10,000 and below	Q2	Q2
Communication, internet, etc.	Monthly communication cost for government	1,234	Direct procurement	USD 10,000 and below	Q1	Q1
<b>Sub-Total (US\$)</b>		\$ 42,534				
<b>Consultancy Services</b>						
Professional Services – Companies/Firms	Design of training curriculum	40,200	Open tender	Above USD 10,000	Q1	Q1
Consultant - Individual - International	Design policy recommendations on phasing-out ICE vehicles	20,000	Open tender	Above USD 10,000	Q1	Q1
Professional Services – Companies/Firms	Development of National Communication Strategy	45,000	Open tender	Above USD 10,001	Q1	Q1
Professional Services – Companies/Firms	Online platform	8,750	Direct procurement	USD 10,000 and below	Q1	Q1
<b>Sub-Total (US\$)</b>		\$ 113,950				

Please list all the deliverables (e.g. D.1.1.1a) per activity (e.g. A1.1.1) with the identifier and mark the planned duration as show in the example. Please also indicate milestones for any deliverables to be completed during the implementation period of the activity in question. Make sure the identifier number of each activity and deliverable matches with the proposal as this table does not require its name or description. Please refrain from adding descriptions.

For more guidance on how to fill out these tables, please see Part III Section 5 of the Readiness Guidebook

 Planned duration       Milestone (deliverable)       Target completion date

[illegible]