

**Multi-stakeholder Taskforce to Support a Determination of the 9th NSEDP and SDG
Localization due to the Impact of COVID-19**

Green Growth, Resilience, and Risk Management

Summary of key Recommendations

This statement is issued following a High-Level Thematic Dialogue on Green Growth, Resilience, and Risk Management under the Multi-Stakeholder Taskforce. It draws on the Background Paper prepared for the discussion by a core group consisting of the Ministry of Natural Resources and Environment, National Institute for Economic Research, ADB, World Bank, UNDRR, UNEP, and GGGI, with additional contributions from UN-Habitat and UNIDO.

The statement is on behalf of the Multi-Stakeholder Taskforce, to be taken as advice to the Ministry of Planning and Investment and relevant partners in the finalization of the 9th NSEDP, and should not be interpreted as representing the positions of individual Taskforce members *per se*.

Context and Outlook

1. Recent economic growth in Lao PDR has been rapid, but dependent on increasing natural resource exploitation that cannot be maintained. The 9th NSEDP acknowledges that the Lao PDR Green Growth Strategy 2030, adopted in 2019, is an important tool to ensure longer-term socio-economic development outcomes are met as per the green and sustainable direction.
2. Lao PDR is fortunate to have rich and diverse natural resources that have become the primary driver of the country's recent growth. The natural resource sector can still be a strong force for development, provided that the economic restructuring continues to diversify goods, markets, and assets, and gradually shifts towards digitalization in order to mitigate risks.
3. Concentrations of greenhouse gases in the Earth's atmosphere hit a record high in 2020, with the economic slowdown having little lasting effect. The sharp, but short, dip earlier in the year represented only a blip in the build-up of climate-warming carbon dioxide, now at its highest level in 3 million years.
4. There has been a strong call to 'build back better' and for countries to consider the long-term benefits in prioritizing a green COVID-19 response, by creating an enabling policy environment and attracting investments that support a sustainable and resilient future and accelerate the collective efforts to mitigate and prevent the climate crisis.
5. In Southeast Asia, there are reports of considerable increases in the consumption of single-use plastics as consumers rely on delivery services, small businesses look to reduce overheads, and cities lift plastic bag restrictions. Further environmental impacts, including illegal poaching and trade as well as an increased dependence on the consumption of natural resources and protected species, are also increasing as families face increasing hardship due to COVID-19.

Strategic Policy Recommendations

Even before the pandemic, Lao PDR had been experiencing an increasing number of disasters over the past five years. Therefore, there is a pressing need to continue to harmonize domestic policies and build the capacity of institutions and communities to cope with such challenges. Lao PDR should integrate solutions to both the COVID-19 pandemic and climate crises into a coherent response,

avoiding climate action becoming a low priority because of concerns about addressing the mounting socio-economic impacts of COVID-19.

Lao PDR should use the COVID-19 recovery as an opportunity to pivot the economy towards a more strategic low-carbon path while simultaneously addressing underlying vulnerabilities and improving the climate and disaster resilience of communities.

Pillar 1: Green Growth

COVID-19 provides a window of opportunity for Lao PDR to make transformational changes to the economy and to pave the way for fulfilling national commitments towards the SDGs, Nationally-Determined Contributions, and Paris Agreement Objectives.

Effective regulation and enforcement of environmental protection are crucial for a transition to a green growth model. Moreover, effective regulation and enforcement of environmental protection measures cannot remain only at the national and central level, instead downward accountability and community ownership is essential in green growth initiatives, resilience building and reducing the risk of disasters.

Green budgeting can be an effective tool to increase the efficiency and effectiveness of budgetary processes and align them with environmental sustainability and climate change objectives.

As a result of COVID-19, waste volumes have quickly risen with the increased demand for medical disposables and delivery services. This is a key reminder that without stronger environmental standards, recent progress in reducing single-use plastic can quickly be undone. In particular, proper and effective management of hazardous waste has remained an unresolved issue and with the right investment can become source of jobs.

Renewable energy is already a policy priority to stabilize energy supply and to support sustainable development. Reflecting on the key post-COVID challenges identified, investing in clean energy and providing vulnerable households renewable systems could stimulate jobs, whilst simultaneously improving resilience and human capital. To support that investment considering Government budget constraints, the 9th NSEDP should consider measures to improve procedures for private sector participation, streamlining and simplifying project approvals to maximize incentives for private sector investment. Greater use of electric vehicles could simultaneously reduce emissions, support renewable energy demand, and reduce fuel import costs.

Demand for verified legal and sustainable tropical forest products ('good wood') is increasing rapidly in markets around the world. Lao PDR is well-positioned to capitalize on this growing demand if international standards can be met, which can support a transition of the forestry sector to a key pillar in a more sustainable economy.

Pillar 2: Resilience Building

Even prior to COVID-19, Lao PDR was facing an increasing number of disasters with a commensurate higher cost to the country. Together with the broader impacts of climate change, these are likely to increase vulnerabilities at the community level. The links between disease, health, and biodiversity have been highlighted by COVID-19; 75% of new and emerging diseases are zoonotic- 'jumping' from animals to people. More effective management of biodiversity and ecosystems services is crucial to both zoonotic disease risk reduction, and adaptation to the adverse effects of climate change.

Eco-tourism has the potential to play an important role in stimulating economic growth, creating jobs, reducing poverty, and protecting and conserving the ecology. However, COVID-19 has led to a dramatic drop in tourism and reduced near-term demand from visitors. To counter this immediate shock and ensure that tourism opportunities are not lost, the 9th NSEDP should consider initiatives that directly support local communities and protect key natural assets.

Micro-, Small- and Medium-Sized Enterprises account for the majority of businesses and incomes in Lao PDR. They play an important role in community resilience, especially where there are limited opportunities for wage employment. Given the significant contribution the private sector plays in providing employment for the people of Lao PDR, it is essential that the private sector is consulted and encouraged to play a key role in building back better and transitioning to more resilient business models following the pandemic.

COVID-19 has raised new questions about the systemic resilience of complex global production methods and supply chains, triggering renewed interest in diversifying and localizing production. Investment in green infrastructure and diversified and localized production and supply chains can contribute to the reduction of emissions, delivery of essential goods and services such as medication, water, and sanitation, protection of people and assets from future/parallel hazards while supporting renewed increases in economic activity and reviving employment.

Pillar 3: Risk Management

Globally, the financial losses caused by natural disasters continue to rise, and governments are increasingly fiscally exposed to the costs of recovery. During the period of the 9th NSEDP, Lao PDR could improve the efficiency of risk management by prioritizing investment in prevention, mitigation, and community-based risk reduction measures, rather than relying solely on more expensive emergency response management over the coming years.

The pandemic has made it clear that disaster risk management is no longer the sole responsibility of the National Disaster Management Agencies, rather disasters are everyone's business and all sectors and commensurately multi-sectoral approaches are needed to manage them. This type of cross-sectoral collaboration needs to be maintained and extended beyond response coordination to include prevention and mitigation. To do this, the 9th NSEDP should consider measures to adopt a multi-hazard approach that brings disaster managers closer to their counterparts in other Ministries and ensure disaster risk reduction is incorporated into all Ministry plans and strategies. COVID-19 has also highlighted the benefits of strengthening disaster risk management capacity at sub-national levels, as these are typically the first to respond.

The collection and use of disaster damage and loss data are essential, even for small local hazardous events in order to understand where the risks are in the country and inform more accurate , policies, disaster financing and risk reduction activities. Information should be made accessible to the public, in particular the private sector, to support better risk management and facilitate greater investment.