

INDICATIVE COOPERATION PROGRAMME

(2016 – 2020)

GRAND DUCHY OF LUXEMBOURG

AND

LAO PEOPLE'S DEMOCRATIC REPUBLIC

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CHAPTER 1: PARTNERSHIP BETWEEN LUXEMBOURG AND LAOS

1.1 Relations and main bilateral agreements between Luxembourg and Laos

The Lao People's Democratic Republic has been a partner country for Luxembourg's Development Cooperation since both countries established diplomatic relations at the margins of the United Nations General Assembly in 1997. A first intervention in the health sector started the same year.

A General Cooperation Agreement was signed in Vientiane in February 2000, followed in 2003 by the first Indicative Cooperation Programme (ICP I) covering the period from 2003 to 2006 with a total budget of 18 million EUR. Since 2003 bilateral Partnership Commission meetings were held annually to exchange views on strategic orientations of cooperation at ministerial level.

The following two ICPs (ICP II: 2007-2010, 35 million EUR; ICP III: 2011-2015, 50 million EUR) confirmed Luxembourg's commitment to support Lao PDR in three core sectors namely rural development, health and vocational training, while governance was identified as a cross-cutting issue. This continued support confirmed Luxembourg's engagement as a reliable and important partner in supporting the development objectives of the Lao PDR.

Under the overall objectives of poverty reduction, Luxembourg has supported the efforts of the Lao government towards the realization of the Millennium Development Goals as well as towards the graduation from Least Developed Country status by 2020.

Interventions supported by Luxembourg are closely aligned with national strategies and policies, as is the ICP, as a general framework, with the National Socio-Economic Development Plan (NSED) of LPDR.

Luxembourg's continued assistance as a reliable partner for the benefit of the population of Lao PDR is underlined by the present ICP which pursues support to the country's efforts to achieve the newly adopted Sustainable Development Goals (SDGs) in line with the policy objectives defined in the 8th NSED.

Relations between Luxembourg and Laos are based on the following legal documents:

- General Cooperation Agreement between the Governments the Grand Duchy of Luxembourg and of Lao People's Democratic Republic, 2000;
- Agreement between the Governments of Lao People's Democratic Republic and the Grand Duchy of Luxembourg on Avoidance of Double Taxation and the Prevention of Fiscal Evasion and the Exchange of Notes, 2013;
- Protocol Agreements defining the framework for the implementation of each bilateral project;
- The successive ICPs, as bases and guiding frameworks for the implementation of development activities between Lao PDR and Luxembourg as well as instruments of piloting and medium term monitoring of their cooperation.

1.2 Strategic objectives of the partnership between Luxembourg and Laos

Since the establishment of the partnership between Luxembourg and Laos, support to poverty eradication has been the main objective of joint activities.

The focus on assisting the poorest people and groups and on achieving the Millennium Development Goals led to the identification of health, rural development and vocational training as main sectors for Luxembourg's support. At the same time a geographical concentration on less developed areas in a limited number of provinces allowed to concentrate support on the most vulnerable groups.

With the evolution of the Lao economy which saw improved socio-economic conditions especially in central areas, Luxembourg's assistance evolved to include support to higher education in the legal and banking sector, medical research and to the governance sector in order to promote the development of a modern, efficient and transparent administration at the service of its citizens. These sectors will continue to play a role as Laos advances on its way to graduation from Least Developed Country (LDC) status and to further socio-economic development.

In order to further strengthen trade and economic relations between the two countries, Luxembourg and Lao PDR signed an agreement on the avoidance of double taxation and cooperation in the field of prevention of tax evasion in 2013. Opportunities for economic cooperation continue to be explored a.o. in the field of satellite technology.

Cooperation between the two countries extends to regional fora such as EU-ASEAN relations, cooperation in the framework of ASEM meetings and under the Treaty of Amity and Cooperation in Southeast Asia. As a member of the Asian Development Bank and the Asian Infrastructure Investment Bank, Luxembourg underlines its commitments to assist its partner countries in Asia in their socio-economic development. In the field of water resources management and environmental protection, Luxembourg supports the Mekong River Commission as a forum for increased cooperation among the four member states of the organisation.

1.3. Strategies and Principles of Luxembourg's Development Cooperation

Luxembourg's Development Cooperation is strongly committed to eradicating poverty, particularly in Least Developed Countries (LDC). Actions are designed and implemented in the spirit of sustainable development including its social, economic and environmental aspects – with people at their core. Luxembourg's Development Cooperation primarily aims to support efforts to achieve the Sustainable Development Goals (SDGs) by 2030 with a strong focus on social sectors and areas where the targets defined under the Millennium Development Goals (MDG) could not be reached. The main intervention sectors for cooperation are: health, education, including vocational and technical training and access to labour markets, and integrated local development with a strong emphasis on water and sanitation. Relevant initiatives in the field of microfinance are encouraged and supported both at conceptual and operational levels.

From a geographic point of view, Luxembourg concentrates its interventions in a limited number of partner countries in order to optimise effectiveness and impact.

Since the year 2000, Luxembourg has been one of the few industrialised countries contributing more than 0.7% of their Gross National Income (GNI) to Official Development Assistance (ODA). In 2014, Luxembourg's ODA reached 318 Million EUR representing 1.06 % of its GNI. The current government (2013-2018) reconfirmed Luxembourg's commitment to maintain its ODA at 1% of its GNI and reiterated that Luxembourg's assistance is in principle untied and exclusively provided under the form of grants.

This ODA is channelled through bilateral cooperation, multilateral cooperation, and cooperation through Non-Governmental Organisations (NGOs), as well as through programme support.

Besides, whenever natural or man-made disasters occur, Luxembourg strongly supports rapid humanitarian assistance through crisis management and lifesaving operations.

Disaster prevention and post disaster transition work are part of Luxembourg's humanitarian assistance strategy.

In parallel, Luxembourg's Development Cooperation is actively involved in discussions on new quality and effectiveness standards of international development aid. Luxembourg adopted the principles of the Paris Declaration on Aid Effectiveness (ownership, harmonisation, alignment, results based management and mutual responsibility), endorsed the Accra Agenda for Action (AAA), the Busan Partnership Document, the Mexico High-level Meeting Communiqué and is committed to the European Code of Conduct on Complementarity and Division of Labour. These commitments are reflected, implemented and monitored on the basis of Luxembourg's Action Plan for Development Effectiveness.

Its general strategy and principles are complemented since 2009 by twelve sector strategies covering its main areas of intervention, namely health, humanitarian action, agriculture and food security, local development, water and sanitation, education, training and employability, environment and climate change, gender, governance, capacity building, fragile states and microfinance. Most interventions are systematically screened with regard to their potential impact on the three cross-cutting issues of governance, gender and environment.

Development cooperation and humanitarian assistance provided by Luxembourg are characterised by a constant and progressive effort both in quantitative and qualitative terms for the benefit of the poorest. This policy is an expression of true international solidarity and as such an important vector of the foreign policy of the government of Luxembourg.

CHAPTER 2: JOINT ANALYSIS OF THE DEVELOPMENT CONTEXT

2.1. Development strategies of Laos

Under Vision 2030, development in the Lao PDR is framed towards a higher middle income country characterized by inclusive, stable and sustainable economic growth while at the same time reaching social development including environmental protection. The socialist market economy will rely on industrial production and services as a main share of the economic structure while the agricultural sector will ensure food security for the population of Lao PDR. The governance system will be built on the principles of government by the people and for the people, people's rights and rule of law. Human resource development is another key development factor which allows an increase in productivity and quality of services provided. Thanks to these developments, Lao PDR will be able to play an active and competitive role in regional and international integration processes.

The vision 2030 is reflected in the National Socio-Economic Development Plan (NSED) (2016 – 2020) which defines as an overall goal continued poverty reduction, graduation from Least Developed Country status through realization of national development potential and comparative advantages, effective management and utilization of natural resources and strong regional and international integration. Three specific outcomes are expected:

- Outcome 1: Sustained, inclusive economic growth with economic vulnerability (EVI) reduced to levels required for LDC graduation and consolidated financial, legal and human resources to support growth;
- Outcome 2: Human development enhanced to LDC graduation criteria level and achievement of off-track MDGs through the provision and use of services which are balanced geographically and distributed equitably between social groups;
- Outcome 3: Reduced effects of natural shocks as required for LDC graduation and sustainable management of natural resources exploitation.

Progress achieved in the realisation of the goals of the 8th NSED will be monitored on an annual basis through reporting by the Government of Lao PDR to the National Assembly. In addition results will also be discussed with development partners during the annual Roundtable Meetings. Monitoring will be based on the results matrix and related indicators which are part of the NSED.

2.2. Complementarity with programmes of other development partners

Since 2006, the Vientiane Declaration on Aid Effectiveness underlines the commitments of the Lao Government and development partners to the principles of aid effectiveness in the Lao context. It focuses on the following five key principles: increased country ownership; better alignment with national policies; harmonisation and simplification of development procedures; results based management; mutual accountability for progress. In order to reflect the principles of the Busan partnership document and the Mexico High-Level Meeting Communiqué, the Government of Laos and development partners have been drafting under the leadership of the Ministry of Planning and

Investment (MPI), the Vientiane Declaration on Partnership for Effective Development Cooperation to be endorsed at the high level Roundtable Meeting in November 2015. This Vientiane Declaration II aims at establishing an inclusive partnership which draws on the support from civil society organisations, the private sector, south-south cooperation partners and mobilisation of additional domestic resources to foster an effective contribution to the implementation of the 8th NSEDP. The implementation of the Vientiane Declaration II will be monitored on the basis of an action plan to be drafted after its endorsement.

Consultations between the Government of Lao PDR and development partners take place under the umbrella of the Roundtable Process. The annual Roundtable Meeting, co-chaired by the Ministry of Planning and Investment of Lao PDR and by a representative of the United Nations in Laos, allows for high-level exchanges on development progress, policies and practices and constitutes the main process for reviewing the implementation of development effectiveness principles by both the Government of Laos and development partners.

Ten sector working groups, co-chaired by representatives of line ministers and development partners ensure continuity of the monitoring between the annual meetings, provide follow-up of different recommendations and exchanges and coordination on a more technical level. Luxembourg has been actively participating in this process and has been providing financial support through UNDP. It will continue these commitments under the ICP IV.

A stronger presence of Luxembourg in Laos from 2016 onwards will further strengthen its engagement in the relevant sector working groups.

2.3. EU joint programming

The ICP IV will be part of the Joint Programme 2016-2020 (annex 1) for the Lao PDR of the European Union, its Member States providing support to Laos and Switzerland which identifies main objectives, sectors and expected results for EU, Member States and Swiss development cooperation in support of the implementation of the 8th NSEDP.

Interventions funded under the ICP IV will be in line with relevant general and sector analysis and responses to poverty challenges in Lao PDR as identified in the Joint Programming document.

A common approach among EU development partners does not only improve the coordination among European donors and strengthen policy dialogue between the EU and the government of Lao PDR. It also underlines the added value of Luxembourg's development coordination in a European context.

2.4. Policy coherence for development

To make effective use of available development financing, it is essential to examine the interdependence and coherence of all public policies. Therefore both governments commit to ensure coherence of their policies towards the achievement of shared development objectives and to avoid any negative impacts on development cooperation activities. The following sector policies are among those having a potential impact on development: trade, investment, resettlement and village consolidation, environmental protection and climate change, security, agriculture, social impacts of globalisation, employment and decent work, migration, research and innovation, information technologies, transport and energy.

Luxembourg and Lao authorities commit to mutually inform each other on any inconsistencies between objectives of the ICP IV and public policies. Policy coherence for development will further be discussed during annual partnership commissions held at ministerial level while the follow-up of these exchanges at operational level will be made through cooperation at country level.

CHAPTER 3: STRATEGIC ORIENTATIONS OF LUXEMBOURG-LAO ICP IV

3.1. Objectives of the Indicative Cooperation Programme 2016 - 2020

The main objective of the ICP IV is to contribute to poverty reduction in Lao PDR and to support efforts of the Lao government in the realisation of Sustainable Development Goals. A special focus will be on assisting most vulnerable groups and populations in poor and remote areas.

In line with the goals of the 8th NSEDP and objectives of the EU Joint Programming, the following specific objectives have been identified. The health sector support under the ICP IV will support improved health coverage with a special focus on access for vulnerable groups and on maternal and child health services. Support to local development will aim at strengthening local participation in the identification and implementation of local development priorities through strengthening capacities and systems at provincial, district and village level. Quality of vocational training in the tourism sector will be further improved while at the same time access for vulnerable groups will be facilitated. Finally, support to the governance sector will aim at strengthening the rule of law through further improving legal education and increasing training opportunities for practitioners.

The ICP IV builds on previous interventions supported by Luxembourg's Development Cooperation and relies on the added value which Luxembourg and its implementing partners, especially Lux-Development, have proven over the period of ICP III and previous planning periods. Whilst sectors remain the same, activities inside these sectors benefit from a stronger consolidation regarding geographic concentration, number of implementing partners and thematic focus.

In addition the ICP IV aims at strengthening cross-sector cooperation through several initiatives such as the coordination of support to the health and local development sectors in a holistic approach in line with Laos' commitment to improve nutrition or the implementation of the Mekong Region Land Governance project linking good governance and local development.

3.2. Sector and geographic concentration

A workshop co-organised by the Lao Ministry of Planning and Investment and the Luxembourg Ministry of Foreign and European Affairs, attended by all line ministries and other development partners including representatives of Lux-Development, UN agencies, EU donors and Luxembourg co-funded civil society organisations, reconfirmed the three sectors of health, local development, vocational training in the tourism sector as well as governance as a cross-cutting sector, as those fields where Luxembourg's Development Cooperation presents an added value.

The workshop confirmed previous exchanges between the Lao MPI and representatives of Luxembourg, consultations with lead donors in the different sectors and analysis of MPI data on Official Development Assistance (ODA) activities which identified Luxembourg's role as either one of the biggest donors in one sector (health), one of the only donors in a specific sector in selected provinces (local development) or one of the main partners in a specific sub-sector (vocational training in the tourism sector).

Health sector

Since the beginning of Luxembourg's support to Lao PDR, the health sector has been a main focus of the development cooperation. Substantive progress has been made but important challenges remain in order to achieve universal health coverage defined as a goal in the Lao 8th Health Sector Development Plan 2016– 2020. Needs in improved health service delivery especially in remote and ethnic minority areas are further underlined by the MDG targets related to maternal, new-born and child health (MNCH) and nutrition which remain off track. Interventions in the health sector will therefore be targeted specifically at improved MNCH services at lower administrative level

including provincial and district health providers. Health financing, increasing domestic public spending on health, human resource development and management, health services at community level, health information management system, planning and monitoring at all levels have been identified as priority actions.

Bilateral cooperation as well as implementation through UN agencies, the Lao-Luxembourg Lab as part of Pasteur Institute and civil society organisations will furthermore provide the technical basis to engage in political dialogue with the Government of Lao PDR on how health systems can be strengthened in order to fulfil LDC graduation criteria. In order to further streamline interventions, enable further synergies, and contribute to a meaningful and results-oriented policy dialogue with relevant authorities, all implementing partners in the health sector under ICP IV will meet annually in a joint steering committee.

Luxembourg will further continue its active participation in the Country Coordination Mechanism of the Global Fund to Fight AIDS, Tuberculosis and Malaria.

Following the sector-wide division of labour amongst development partners, Luxembourg's bilateral cooperation will continue to support the strengthening of health systems in the provinces of Vientiane, Bolikhamxay and Khammouan while supporting the Ministry of Health at national level.

Local development sector

A sustained focus on local development remains essential as rural areas have so far benefited less from economic growth and local livelihoods are under threat from emerging external factors. Under the ICP III 2011 – 2015, bilateral projects developed an innovative modality supporting local development based on the Lao decentralisation policy Sam Sang or Three Builds. Increased use of national systems at provincial and district level and provision of village development funds directly to communities ensured strong ownership throughout the development process, from the identification of priorities to the implementation of activities. Luxembourg's Development Cooperation was not only able to support the improvement of livelihoods in the most remote areas but also to contribute to the efficiency and transparency of local governance.

Based on this successful experience, and in order to further strengthen mutual learning, sharing of experiences and donor coordination, and to underline Luxembourg's Development Cooperation's shift towards more programmatic approaches, support to local development under ICP IV will be concentrated under one bilateral programme coordinated at national level and implemented in four provinces.

Based on previous and on-going support in both the rural and health sectors, local development activities will target the provinces of Bolikhamxay, Khammouan and Vientiane with a specific focus on the poorest districts. Synergies with health interventions under ICP IV will allow a holistic approach in line with the Food and Nutrition Security Action Plan of the Lao Government in those three provinces.

In addition, based on ODA data collected by MPI, Bokeo province has been identified as the province having received the least ODA per capita over the last years while remaining one of the poorest provinces. Joint identification missions conducted by representatives of MPI, Luxembourg MFEA and Lux-Development confirmed the need and relevance of the local development modality as developed under ICP III in the poorest districts of Bokeo and Vientiane province.

Lao PDR continues to be one of the countries the most affected by Unexploded Ordnance (UXO). Given the importance assigned by the Lao Government to this sector which has led to the inclusion of an 9th MDG in Lao PDR related to UXO contamination, the impact of UXO contamination on rural development and recent reform efforts achieved in the sector, Luxembourg's support to the UXO sector will continue under the ICP IV in close cooperation with the United Nations Development Programme (UNDP).

Vocational training in the tourism sector

Human resource development remains a main challenge for Lao PDR which will further be accentuated with the establishment of the ASEAN Economic Community by 2015. The tourism sector is no exception and despite support by Luxembourg's Development Cooperation under the ICP III further efforts are needed to strengthen existing training institutions, establish sustainable quality assurance mechanisms and to integrate pro-poor measures facilitating access to training for youth from remote regions and ethnic minority background.

Joint support from Luxembourg and Swiss Development Cooperation (SDC) will further improve the quality of skills development programmes, adapt the governance as well as the institutional and regulatory framework in this sector, develop additional vocational training options and establish mechanisms to enhance its pro-poor orientation.

Governance sector

To achieve governance based on the rule of law which is identified as a goal in Lao PDR's Vision 2030, further strengthening of the legal sector is needed. Efficiency of the governance framework is crucial for providing essential services to citizens and to make efficient use of both ODA and private investment and facilitate regional and international integration. Effective implementation of international obligations and national legislative provisions has been identified as an important element to sustain Lao PDR's role as a responsible member of the international community.

Under the ICP IV three key components are addressed. Support to a more efficient administration and governance will be provided through the UNDP support programme which contributes to the implementation of the Roundtable Process and related consultation mechanisms.

Governance related to land issues will be strengthened through support to the Mekong Region Land Governance project.

Legal higher education will be further strengthened through support to the Faculty of Law and Political Science of the National University of Laos but also through the provision of training for practitioners in this sector.

Finally, support can be made available to follow up on the recommendations made during the second universal periodic review (UPR) and in favour of the implementation of other international commitments related to human rights.

Interventions in the governance sector will be closely linked to the EU Joint Programming and activities foreseen by other European development partners. They will be complemented by a policy dialogue between development partners and the Government of Lao PDR which should allow mutual learning in order to put in place the necessary conditions for a rights based development approach.

3.3. Expected results

Based on the sector analysis and specific objectives of the ICP IV, Luxembourg's support will contribute to the following outcomes. Monitoring of achievements towards the results will be done on the basis of relevant sector and subsector goals and related indicators in line with the results frameworks of the 8th NSED and the EU Joint Programming document (see annex 2 of this document).

Health sector

- Improved health coverage with a special focus on vulnerable groups and maternal and child health services and a geographic focus on Bolikhamxay, Khammouan and Vientiane province.

Local development sector

- Improved socio-economic situation and access to social services in three target districts in each of the provinces of Bokeo, Bolikhamxay, Khammouan and Vientiane.

- Local planning takes into consideration priorities and needs at village levels in line with the Sam Sang, three builds policy.

Vocational training in the tourism sector

- Lao youth from disadvantaged groups increasingly find gainful employment in Tourism and Hospitality.
- The quality of services in the Lao tourism sector is improved, which makes Lao PDR more attractive as a tourism destination and strengthens the contribution of the tourism sector to national economic growth.

Governance sector

- Law practitioners have a better understanding of their role in strengthening access to justice and contributing to the reinforcement of the rule of law.
- A strengthened legal culture in the country

3.4. Intervention modalities

A number of partners will be involved and modalities used in the realisation of the objectives of the ICP IV and the implementation of interventions under the Programme which will provide opportunities for constructive exchanges, development expertise, reaching out to the most remote communities and fostering ownership by the Lao government and beneficiaries.

Policy dialogue

To increase impact of interventions under the ICP IV, sufficient space for exchanges between all stakeholders will be provided. Sharing of experiences from project and programme implementation and of knowledge will be encouraged through the organisation of annual Partnership Commissions at ministerial level, through support to and participation in the Roundtable Process and related meetings, through active participation in relevant sector working groups and thematic events, through exchanges in the framework of the EU Joint Programming as well as through technical cooperation in the framework of projects and programmes under ICP IV and initiatives under the study fund.

Bilateral Cooperation

Bilateral cooperation constitutes the main implementation modality of the ICP IV.

In the health sector Lux-Development will continue the implementation of the Health Sector Support Programme in cooperation with the Ministry of Health. The Luxembourg Institute of Health will pursue its cooperation with Institut Pasteur.

Local development will still be supported by Lux-Development under the modality successfully developed under ICP III in cooperation with Lao authorities.

Lux-Development will be the implementing agency for the joint Luxembourg-Swiss initiative in support of vocational training in the tourism sector.

Support to the Faculty of Law and Political Science of the National University of Laos will be resumed through Lux-Development in cooperation with the Institute for Legal Support and Technical Assistance (ILSTA) while cooperation with the University of Luxembourg is strongly encouraged.

Multilateral cooperation

Taking into account the comparative advantage of UN agencies' specific technical expertise and longstanding commitment to assist the Government of Lao PDR, Luxembourg particularly values the partnership with UN agencies in implementing its programme.

In the health sector a partnership between WHO, UNICEF and UNFPA will complement the bilateral programme, including with a specific focus on policy advice on maternal and child health.

Cooperation with UNDP will continue through financial support both to the organisation of the Roundtable process and to UXO-Lao and the National Regulatory Authority for the implementation of activities in the UXO sector.

Cooperation with civil society organisations and non-profit associations

Several Luxembourg non-governmental organisations are assisting Lao PDR in cooperation with national partners. They are strongly encouraged to explore possible synergies and opportunities for cooperation with bilateral and multilateral interventions under the ICP IV. Funding for these own activities will be additional to the ICP.

Additional funding, directly managed by the Embassy in charge of development cooperation in Lao PDR is further provided to local NPAs through the provision of grants for micro-projects.

Programme support

Programme support is provided through the supply of qualified human resources for development cooperation. This includes Junior Professional Officers to UN agencies or Junior Experts to the European Union delegation, United Nations volunteers, aid workers and related professionals and interns.

Regional approach

In the aim of facilitating exchanges between regional partners and encouraging south-south cooperation, supporting Lao PDR's policies on regional integration and in order to respond to cross border challenges which cannot be addressed at a national scale, regional approaches will be partially funded under the ICP IV.

A joint programme on regional land governance funded by Switzerland, Germany and Luxembourg will be implemented by Land Equity International and based in Vientiane. Support to regional cooperation under the framework of the Mekong River Commission will be evaluated based on the progress of the reform process currently undertaken by the organisation. Synergies with Luxembourg's bilateral cooperation in Myanmar, especially in rural development, will be encouraged. Finally, regional perspectives are further integrated through support to trilateral cooperation.

Humanitarian assistance

Laos regularly faces natural disasters like floods or droughts. Additional resources for humanitarian assistance can be provided to respond to immediate needs of affected populations.

CHAPTER 4: DEVELOPMENT EFFECTIVENESS

The ICP IV will be aligned on commitments taken by Luxembourg and Laos through the endorsement of the Paris Declaration, the Busan Partnership Document and the Mexico High-Level Meeting Communiqué. Activities will further support the implementation of the Vientiane Declaration on Partnership for Effective Development Cooperation as well as Luxembourg's Action Plan for Development Effectiveness.

4.1. Use of national systems

The use of country systems will be encouraged to reinforce governance structures, build capacities, enhance co-ordination and improve efficiency. Based on experiences of implementation of the ICP III, instruments for the delegation of funds, such as Operational Partnership Agreements, will be strengthened and will be the preferred modality for the implementation of bilateral programmes.

The extent to which funds are channelled through country systems will depend on an assessment of these systems. This will take into consideration the legal framework and practices regarding public financial management, procurement mechanisms and related controls and be based on specific sector and/ or institutional analysis as well as international standards such as defined and assessed by the International Monetary Fund under Article IV reviews, Public Expenditure and Financial Accountability Assessments and other relevant analysis.

4.2. Domestic resource mobilisation

Domestic resource mobilisation will be supported under the ICP IV through three different channels. The implementation of the Lao Sam Sang decentralisation policy will be supported under the local development programme. The strengthening of capacities at provincial, district and village level should contribute to more efficient local governance. Under the same programme, village development funds will increase access of remote communities to micro-financing mechanisms and as such contribute to the development of an inclusive domestic financial sector.

Finally initiatives and exchanges under the ICP IV will contribute to provide evidence based analysis advocating for increased domestic budget allocations to sectors with the highest potential impact on socio-economic development.

4.3. Triangular and south-south cooperation

Under the ICP IV use of regional expertise and exchanges of knowledge will be further strengthened. Reliance on technical assistance from neighbouring and ASEAN countries will continue under different programmes, such as in the health sector. Networking with institutions in neighbouring countries through academic cooperation, scholarships and internships will be pursued in the sectors of vocational training, health and governance.

Exchanges between countries in the Mekong region, including at political and civil society level, will be supported through regional approaches such as the Mekong River Commission and the Mekong Region Land Governance project.

Finally Luxembourg is reaching out to Vietnam as a longstanding partner in development cooperation and other ASEAN countries in order to explore opportunities for triangular cooperation in Laos.

4.4. Cooperation with the private sector

The further development of a vocational training programme in the tourism sector will be supported in close collaboration with the private sector which will be involved through the steering mechanisms of Lao National Institute for Hospitality and Tourism, through the internship programme as well as through specific advocacy measures on the added value of vocational training for their staff.

Private sector actors can also be involved in the local development programme as service providers or partners.

4.5. Cooperation with civil society organisations

In addition to grants available to Luxembourgish NGOs and local NPAs for assisting populations in Laos, continuation of close collaboration between bilateral programmes and civil society organisations will be encouraged under the ICP IV. Due to the added value of civil society organisations in addressing many crucial aspects of development and their privileged access to the population, especially vulnerable groups, cooperation between bilateral and multilateral interventions and civil society actors provides the opportunity to maximise the impact of development cooperation.

In addition the overall framework of the local development programme of the ICP IV and specifically the village development funds, allow other development partners including INGOs to support local communities with low transaction costs.

CHAPTER 5: CROSS-CUTTING ISSUES

Luxembourg's Development Cooperation's sector strategies on gender, governance and environment as well as relevant Lao policies and strategies in these sectors will provide guidance on the integration of these issues in programmes and projects under the ICP IV.

Political dialogue, including at the annual Partnership Commissions, will provide further opportunities to review challenges in these sectors and address more sensitive issues.

5.1. Gender

Development results, poverty reduction and elimination of inequalities cannot be achieved without gender equality, women's empowerment and strengthening of women's capacities. Support by the whole of society to the achievement of SDG 5 will be crucial to attain sustainable development and a harmonious society. A special focus on women's needs and on potential impacts on their livelihoods will be part of every intervention within the ICP IV. Specific measures will be guided by orientations of the 8th Five Year National Strategic Plan for the Advancement of Women (2016-2020) and the Action Plan on Prevention and Elimination of Violence against Women and Children in Lao PDR (2014-2020) developed under the leadership of the National Committee for the Advancement of Women.

5.2. Governance

Luxembourg's Development Cooperation's sector strategy on governance and the laws, regulations and strategies of the Lao government related to governance will provide the framework for the promotion of good governance, participatory democracy and respect of rule of law, decentralisation and human rights of citizens in interventions implemented under the ICP IV. Governance issues will be addressed in high-level political dialogues during the annual Partnership Commission meetings as well as through participation in EU coordination mechanism and development partners' coordination mechanisms in general including the Sector Working Group on Governance.

Governance will be integrated as a cross-cutting issue in all interventions with a specific focus on transparency, accountability, equal access of citizens to efficient public services and on combatting corruption. Specific interventions targeting the improvement of governance will be supported along the lines of Chapter 3 of the present ICP IV.

5.3. Environment and climate change

In reference to the negotiation process under the United Nations Framework Convention on Climate Change and in view of the adoption of the Sustainable Development Goals, the two parties promote policies in favour of sustainable development, safeguarding of natural resources and biodiversity, prevention of environmental degradation, adaptation to climate change and natural disaster risk reduction. The two parties favour interventions that maximize environmental and social benefits on a local and global level. For this purpose, the strategy paper "Environment and climate change" of the Luxembourg Cooperation as well as relevant Lao strategies and regulations are taken into account during identification, formulation, implementation and evaluation of projects and programs, including in procurement.

In synergy with Luxembourg's Development Cooperation, the Ministry for Sustainable Development and Infrastructure, first in charge of the management of the Climate and Energy Fund can provide funds additional to ODA to the counterpart in support of projects tackling climate change in the fields of adaptation and mitigation especially through the use of flexible mechanisms of emission reduction.

CHAPTER 6: PROGRAMMING AND MONITORING OF THE ICP IV

6.1. Budgetary and financial planning

The implementation of the programme is based on an indicative amount of **maximum 60 million euros** over a five-year period.

This budget will cover all activities decided jointly within the framework of the ICP, the EU Joint Programming and thus in respect of the priorities of the NSEDP. Commitments and disbursements of the indicative budget will be equally balanced over the duration of the ICP. The indicative budget will be spent as far as possible during the years 2016- 2020, but remaining activities can also be implemented beyond this date. Actual figures can be adapted over the duration of the ICP, taking into account the implementation of the ICP and the evolution of the government of Luxembourg's general development cooperation budget.

Indicative financial allocations per sector under the Indicative Cooperation Programme 2016 - 2020

<i>Health sector</i>	<i>26 million EUR</i>
<i>Local development sector</i>	<i>18.9 million EUR</i>
<i>Vocational training in the tourism sector</i>	<i>7.5 million EUR</i>
<i>Governance sector</i>	<i>7 million EUR</i>
<i>Study Fund</i>	<i>0.6 million EUR</i>

6.2. Monitoring and evaluation

The Department for International Cooperation of the Ministry of Planning and Investment of Laos and the Directorate for Development Cooperation and Humanitarian Affairs of the Ministry of Foreign and European Affairs of Luxembourg together with the Embassy of Luxembourg will be responsible for the monitoring and evaluation of the ICP IV. Annual Partnership Commissions at ministerial level taking place alternatively in Luxembourg and Laos, will take stock of progress and results achieved by programmes under the ICP IV.

Monitoring and Evaluation will be based on the results framework and corresponding indicators as defined in annexe 2 in line with monitoring of the 8th NSEDP, the EU Joint Programming and the framework to be developed under the Vientiane Declaration on Partnership for Effective Development Cooperation. They will moreover be supported by Luxembourg's participation in the Roundtable Process which provides the opportunity for an annual exchange between the Government of Laos and development partners on the progress made in the implementation of the 8th NSEDP.

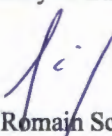
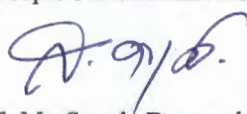
Continuous review of implementation of programmes and projects will be done in exchange with all implementing partners in the framework of steering committee meetings which will in general be organised on a sector wide basis or in cooperation with other donors if possible, and through participation in Sector Working Group meetings. If necessary and/or desired, steering committee meetings for single projects are still feasible.

An external and independent mid-term review of the ICP IV and/or its sector components will be conducted to assess the success of its implementation and to propose adaptation measures if needed.

6.3. Study Fund

The Lao - Luxembourg Study and Consultancy Fund – with an indicative budget of 1% of the general ICP budget - is established to finance, in full or in part, consultancies in order to undertake studies, missions, seminars, workshops, and other services in support of the achievement of objectives of the ICP IV. Funds can be allocated based on mutual agreement and following an exchange of letters between the Directorate for Development Cooperation and Humanitarian Affairs of the Ministry of Foreign and European Affairs of Luxembourg and the Lao Ministry of Planning and Investment.

Luxembourg, 17th September 2015

<p>For the Government of the Grand Duchy of Luxembourg</p>  <p>H. E. Mr. Romain Schneider Minister for Development Cooperation and Humanitarian Action</p>	<p>For the Government of the Lao People's Democratic Republic</p>  <p>H.E. Mr. Somdy Douangdy Minister of Planning and Investment</p>
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- Annexes:**
- 1) *EU Joint Programming Document*
 - 2) *Results framework and corresponding indicators per focal sector*

These two annexes will be adopted at the occasion of the first Partnership Commission meeting under ICP IV, to be held during the first semester 2016.