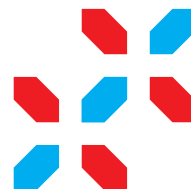


Lao People's Democratic Republic

LUXEMBOURG
AID & DEVELOPMENT



GUIDELINES FOR MAINSTREAMING DIGITAL FOR DEVELOPMENT IN ICP V



Luxembourg Development
Cooperation Agency





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Rationale

Overall rationale and approach

The Digital for Development (D4D) concept aims to foster the integration of and capitalisation on digital tools by development aid and humanitarian actors in various domains including the delivery of basic social services, the conduct of innovative development and e-government projects, and the formalisation and monitoring of development policies.

Mainstreaming D4D means that digital solutions and services will be integrated within the Indicative Cooperation Programme (ICP V) sector programmes. This includes the development of adapted and appropriate digital skills to facilitate the design and implementation of sectoral interventions. Digital solutions with added value will be planned, designed and implemented within each intervention and will act as accelerators for the achievement of programme outcomes. In that sense, mainstreaming of D4D will contribute to the overall goals of ICP V, notably human capital development and poverty reduction, while reducing the digital divide in the Lao People's Democratic Republic (PDR) by providing greater access to digital solutions and services to target populations (e.g., most vulnerable, women and youth).

Digital cooperation - the ways actors work together to address the social, ethical, legal and economic impact of digital technologies to maximise their benefits and minimise their harm - is needed to meet these ambitions and requires engagement with multiple stakeholders. While governments remain at the centre of this engagement, it is equally crucial to involve the private sector, technology companies, civil society and other relevant stakeholders from the very outset, particularly if pragmatic and effective decisions and policies are to be made.

D4D does not always mean the most innovative solutions. It is about adapting solutions to the local context according to the needs expressed by our partners on the ground. In many development projects digital solutions can contribute to programme goals with very simple tools like sms, e-mail and social media. More complex technologies like e-learning, artificial intelligence or blockchain technologies may also be deployed if they can better serve the programme goals.

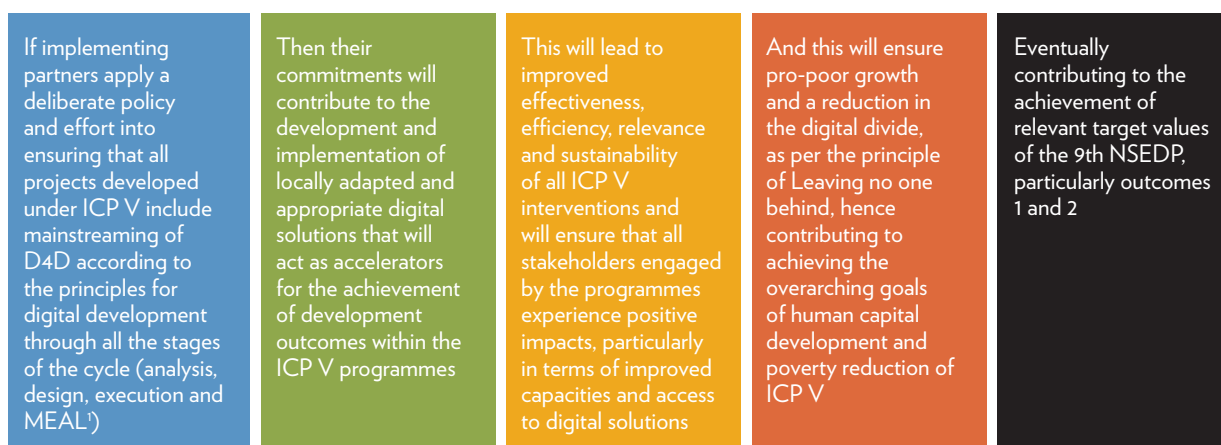
Ultimately, the right digital solution depends on the user needs for each new programme. There is no ideal or “one-size fits all” digital solution. Digital technologies and services work differently for populations around the world based on huge discrepancies in access, representation, economy, and power. No single digital solution can be rolled out across entire countries, and there is not a single technological silver bullet.

A more considered and systematic approach to D4D will also help to improve the efficiency of interventions by increasing outreach to a larger number of beneficiaries, improve the use of existing resources and potentially attract new resources, through partnerships with the private sector. Furthermore, ICP V will explore the development of digital and technological approaches to enable timely and accurate data processing to inform evidence-based policy and development programming including tracking and documenting of Sustainable Development Goals (SDG) progress.

It is obvious that the digital service portfolio is expanding, which makes it necessary to provide clear guidelines, principles and guiding questions to help projects to implement it effectively and efficiently. A clear guidance framework for the ICP V programmes are the nine principles for digital development (see Annex 1). It is also needed to have a normative framework for a safe and open digital cooperation promoting human rights and data protection. Innovative solutions should not only be digital, but they should also be smart, sustainable, and human-centric leaving no one behind. Digital tools should empower the voices and strengthen socio-economic perspectives and rights of women, youth and vulnerable populations that otherwise risk being excluded from traditional cooperation efforts.

In these guidelines we will provide the reader with a practical reference tool that can help to plan and implement digital solutions and services within the ICP V programmes without needing to become a digital expert.

The rationale for mainstreaming D4D in ICP V can be summarised as follows:



The technical focus of ICP V will continue to focus on (e-)health and nutrition, local development, skills development and employability (Technical and Vocational Education and Training - TVET), inclusive governance and the rule of law, while better integrating cross-cutting issues including digitalisation. See Annex 2 for suggested sector approaches within e-governance, e-health, e-agriculture and e-TVET.

By ensuring the systematic inclusion of these cross-cutting priorities Luxembourg aims to provide a holistic and multi-faceted approach in support of financial inclusion and sustainable development. With regards to the D4D strategy these priorities are the following:

- human rights;
- do no harm;
- environmental sustainability and climate action;
- social performance and Environmental, Social and Governance standards;
- untied aid;
- ownership;
- gender equality;
- regular monitoring and evaluation.

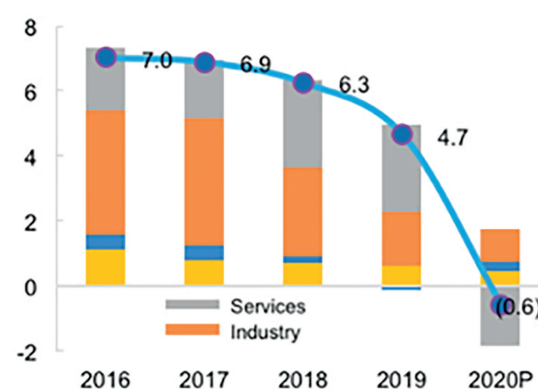
A particular emphasis will be given to capacity-building to help partners in developing and strengthening the skills, abilities, and processes that they need to adapt, and thrive in a fast-changing digital world.

In the Lao PDR context, these aspects are reflected in various ways throughout the domestic legal and policy frameworks as described in the next paragraphs.

Country context

Lao PDR is a least developed countries in the Association of Southeast Asian Nations (ASEAN). Despite continuous economic growth over recent years (5.9% on average per annum), the COVID-19 outbreak has plunged Lao PDR's economy into its first recession since the Asian financial crisis in 1998. The World Bank estimates that Lao PDR's growth declined drastically in 2020 to -0.6%. The pandemic has mainly affected labour-intensive service sectors and those linked to global and regional value chains, having an especially negative effect on tourism-related services, wholesale and retail trade, and manufacturing. It has affected livelihoods and poses a serious risk to Lao PDR's progress on poverty reduction (Lao PDR Economic Monitor World Bank, 2021).

Real GDP growth and its contributors (percentage point)



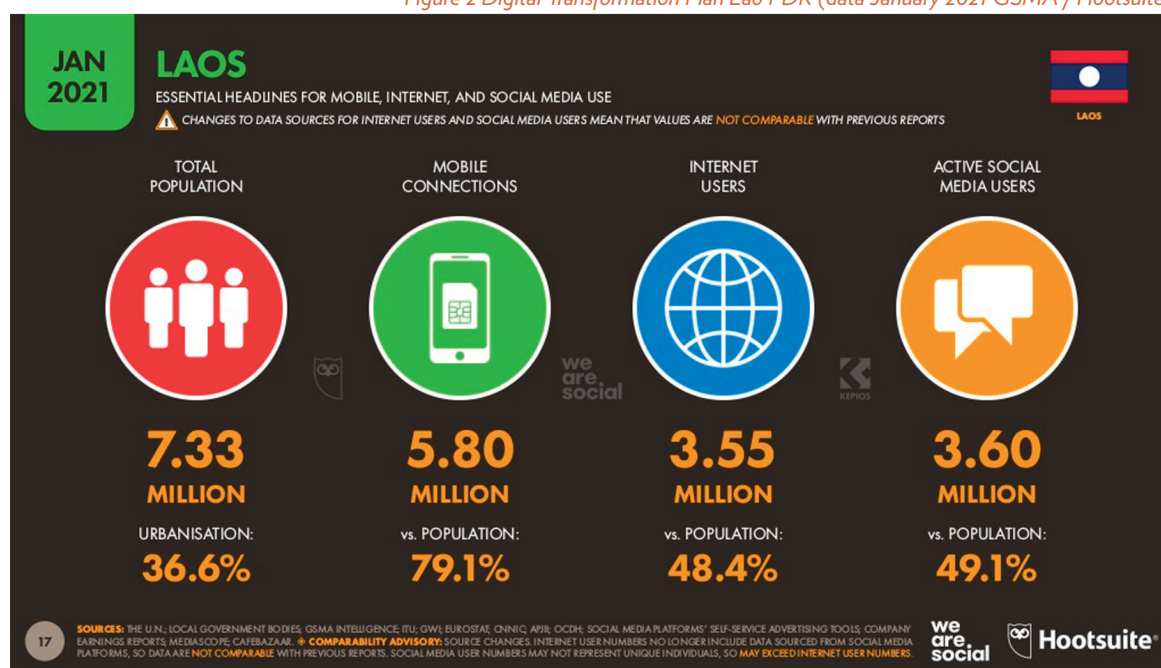
Sources: Lao Statistics Bureau, World Bank staff estimates.

Figure 1 The effect of COVID-19 on GDP growth in Lao PDR

1 Monitoring, Evaluation, Accountability and Learning (MEAL)

Lao PDR ranks as penultimate country in ASEAN in terms of digital access, affordability, and quality of internet services (World Bank 2018). However, according to recent Global System for Mobile Communications Association (GSMA) data (January 2021), the country is rapidly growing in terms of mobile internet access.

Figure 2 Digital Transformation Plan Lao PDR (data January 2021 GSMA / Hootsuite)



It should be noted that, referring to the internal data of the government of Lao PDR, the percentage of internet users is 50%.

Opportunities and challenges in Lao PDR

The main challenges in Lao PDR include the high cost of internet and remaining access gaps, particularly in rural areas, a still to be completed legal and regulatory framework for online transactions, and the relatively limited use of digital payments mostly linked to trust issues, and lack of cybersecurity management. Access to mobile broadband is increasing in Lao PDR although many rural and more remote communities are still unserved or under-served. High-capacity fixed broadband services to support businesses and institutions are still limited and expensive. Regarding digital payments, it was noted that basic legal, policy and institutional frameworks for payment systems have been developed, starting with the National Payment Law, followed by the establishment of the National Payment Department within the Bank of Lao PDR in 2018. The widespread adoption of e-commerce both by firms and consumers has been limited so far, but the improvement of logistics and payment infrastructure has contributed to the recent growth of e-commerce, as many young people have started buying products online (The United Nations Conference on Trade and Development e-readiness e-commerce 2018). Access to finance is particularly challenging for both formal and informal Micro, Small and Medium Enterprises (MSMEs) with the difficulty the former face in accessing credit directly lowering the incentive for unregistered companies to formalise.

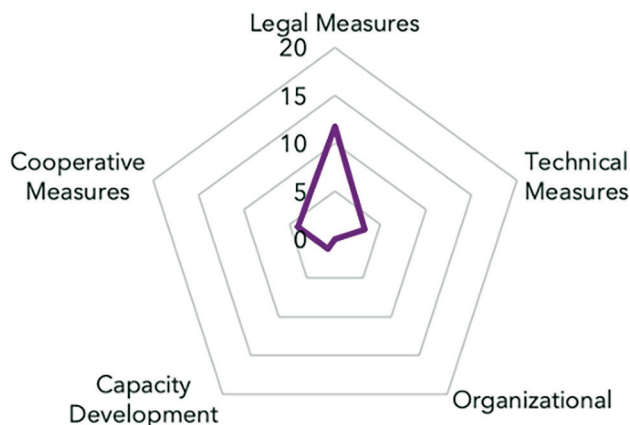
Network readiness index

The Network Readiness Index (2020) was launched at the World Economic Forum and is an important index focused on digital transformation. It ranks a total of 134 economies based on their performance across 60 variables. Lao PDR is ranked 97th. The indicators where Laos performs particularly well include hi-tech exports, freedom to make life choices and prevalence of a gig economy (e.g. service-based platform solutions like Loca, a local mobile ride share service, and online food delivery by local restaurants on international platforms like Go Teddy and Food Panda). By contrast, the economy's weakest indicators include government online services, e-participation, and the Information and Communication Technology (ICT) regulatory environment.

Global cybersecurity index

The Global Cybersecurity Index (GCI) is a trusted reference published by the International Telecommunication Union that measures the commitment of countries to cybersecurity and raises awareness on the importance and different dimensions of the issue along five pillars (legal measures, technical measures, organisational measures, capacity development and cooperation). According to the latest GCI (2021), Lao PDR is ranked 131st globally and 25th in the Asia-Pacific region which means that efforts are necessary to better secure the digital environment in the country especially when it comes to organisational measures and capacity development.

Global Cybersecurity Index 2020 LAO PDR



Source: ITU Global Cybersecurity Index V4, 2021

Mainstreaming D4D under COVID-19

The COVID-19 pandemic has shown both sides of digital technology in the sense that it has helped to fight the pandemic through evidence-based decision-making and has kept people connected but it has also exposed challenges – particularly in terms of unequal digital access, privacy concerns, misinformation spread by social media fuelling discrimination, xenophobia and racism. A balance must therefore be struck between the use of technology - tracing applications in particular - to combat the spread of the virus and the safeguarding of privacy and individual rights.

Cybersecurity remains one of the major concerns as the pace of cyber-attacks is accelerating, especially given current pandemic context and cybercrime is a serious threat to the security of computer networks and the development of an information society around the world in general. Therefore, investing in cybersecurity would enable to exploit the full potential of digitalisation while reducing its inherent safety and security risks.

Nevertheless, it is clear that greater digitalisation will support countries in transforming their economies and becoming less vulnerable. While COVID-19 seriously affected the government of Lao PDR service delivery, it also demonstrated the potential benefits of digital technology for electronic communications, e-government services, digital health, e-commerce and online education (e-learning) that could be used in the future to improve the effectiveness and efficiency of the government of Lao PDR service delivery.

Policy or strategic frameworks on D4D

Lao PDR

9th National Socio-Economic Development Plan

The 9th National Socio-Economic Development Plan (NSED) is Lao PDR's national strategic document which sets the overall direction for the country's development over the next five years (2021-2025). The 9th NSED includes several outcomes with potential digital components that could be supported in ICP V.

Pillar 1 - Continuous quality, stable and sustainable economic growth:

- development of e-governance and a modernised government administration;
- development, integration and use of ICT into government administration within each sector.

Pillar 2 - Improved qualities of human resources with enhanced research capacities, ability to meet development needs, use science and technology to improve efficiencies and add value to production and services:

- development of digital education (Digital learning).

The government of Lao PDR clearly sees digital development as an important cross-cutting component of the 9th NSED.

The 20-Year Development Vision (2021-2040), the 10-Year Development Strategies (2021-2030), and the 5-Year Development Plan of the National Digital Economy (2021-2025)

The importance of digitalisation is further elaborated in these joint documents from the Ministry of Technology and Communications (MTC), Ministry of Finance (MOF), Ministry of Industry and Commerce (MOIC), Bank of the Lao PDR (BOL) and the Ministry of Planning and Investment (MPI). The digital strategy document has already been approved by the cabinet meetings and will be endorsed by the National Assembly by late-2021.

In cooperation with line ministries and organisations, the Ministry of Technology and Communication is working on the 10-year Development Strategies (2021-2030) and the 5-year Development Plan (2021-2025) on National Digital Economy Development and Startup Plan.

Furthermore, to support the growth of online businesses, the Lao government has issued a decree on e-commerce setting out a regulatory framework for businesses engaged in e-commerce operations by defining the procedure and requirements for e-commerce contracts, and the management of e-commerce activities by the different government ministries. The decree came into effect in June 2021.

Some key elements for consideration under ICP V are:

- the government has developed basic legislations for ICT, digital payments, transactions, trade, electronic protection and ICT for the development of the digital economy in Lao PDR, but more legislation (and law enforcement) is needed to achieve digital transformation for sustainable development;
- in 2020, Lao PDR had 3.55 million people internet users, the majority of whom are teenagers (50%). This is an important factor in accelerating digital transformation. The country's age structure shows great potential for reaping the potential demographic dividend in the years to come;
- the adoption and weaving of digital technology into the management of society and health services has been expanded. However, further modernisation of digital government systems is needed.

Regarding the creation of a digital economy, the following objectives have been set:

- enhance the economic competitiveness of the nation through the use of innovation and digital technology as the main tool in developing the production, distribution and marketing services of the economy;
- improve workflows and public sector services using digital technology and leverage electronic information to promote transparency, effectiveness and efficiency;
- use ICT and digital services to create social opportunities and enhance the livelihoods of civilians, especially in rural areas;
- develop the capacity of human resources so that they are equipped with adequate professional knowledge and skills for the digital age.

In terms of medium-long term perspectives (5-10 years), the following strategies are recommended:

- drafting of new policies, laws and legislation to enable the development of a digital economy;
- establishment of a digital platform for e-commerce and digital payments;
- human resource capital development to strengthen digital literacy;
- the use of digital technology to achieve the SDGs, in particular for poverty alleviation, health service strengthening, higher quality of education, e-agriculture and digital governance.

Luxembourg

Luxembourg Development Cooperation has been leveraging digital tools for more than 10 years. Since 2018, a renewed impetus for digital cooperation has been integrated in the new general cooperation strategy. Luxembourg is committed to promote and apply innovation for development by supporting innovative partnerships, approaches and instruments in areas where it can leverage a distinct comparative advantage, notably as a leading international financial centre as well as in the ICT and data sectors.

Luxembourg Cooperation is currently developing its own D4D strategy with the aim to support partner countries in their inclusive, human-centric and secure digital transformation journeys and hence contribute to their sustainable development. Beyond innovations in humanitarian aid, the main potential intervention areas of the future D4D strategy would be e-health, e-education, digital financial services and cybersecurity in which the Luxembourg ecosystem is known for its relevant and solid expertise.

The use and scaling up of digital health solutions can revolutionise how governments achieve higher standards of health and improve access to health care services. Luxembourg Cooperation contributes to strengthening domestic health systems in partner countries using digital technologies and data at all levels. Technology can also facilitate universal access to education, bridge learning divides, support the development of teachers, enhance the quality and relevance of learning, strengthen inclusion and improve education governance.

As a result, Luxembourg Cooperation helps governments and other stakeholders in partner countries leverage technology for learning while providing equal access to quality education for all, particularly vulnerable populations including women and girls.

Finally, digital financial inclusion, when provided responsibly and sustainably in a well-regulated environment, not only drives growth of micro-small and medium size businesses, but also enables faster progress toward many of the other SDGs. That's why promoting responsible digital financial services as well as inclusive fintech applications remains a priority in the Luxembourg D4D agenda, in line with its long-standing and proactive commitment to provide adequate financial services to formerly excluded populations in development settings. Inclusive digital financial services allow marginalised populations to take microloans, make secure revenue deposits and receive payments. Digital technologies proved to be able to connect marginalised groups to the formal economy by providing them with an access to regular financial services. FinTech is a relevant field where Luxembourg has a distinct comparative advantage. In particular, its private sector has a strong presence and expertise in the development of digital solutions in FinTech and can potentially contribute to continue that development.

In addition to that, digital entrepreneurship, e-agriculture and e-government are also important issues that could be addressed by Luxembourg Development Cooperation to achieve inclusive and sustainable growth and facilitate access to quality public services. In the case of Lao PDR and in the context of the ICP V, those topics are relevant especially when it comes to employment, local development, inclusive governance and the rule of law.

It's important to note that successful digital transformation requires a variety of actors (governments, private sector, academia, civil society organisation, etc.) each with their own comparative advantage and working together through a wide variety of instruments and resources. Convinced that multi-stakeholder partnerships are critical to help tackle digitalisation challenges, Luxembourg will promote enhanced engagement with new partners, particularly the private sector, while applying innovative financing mechanisms as well as technological and scientific instruments adapted to development.

European Union (EU)

EU D4D approach

The EU D4D approach promotes the mainstreaming of digital solutions and technologies in its development policy. It's guided by a vision that sees increased digitalisation as a strong driver of economic growth in partner countries and that the digital divide will be reduced by providing access for all, with particular emphasis on women, youth and vulnerable groups.

The EU Commission has identified four strands of work for digitalisation and international partnerships:

- governance, policy and regulatory frameworks;
- accelerating the achievement of universal access to affordable broadband;
- digital skills and support to digitally enabled entrepreneurship;
- accelerating the adoption of e-Services and further development of the digital economy for achieving the SDGs.

This work will require concerted efforts, political support, government involvement and mobilisation of the private sector and all other actors such as civil society, universities and international organisations.

In this context, the D4D Hub has been launched as the main vehicle for Team Europe in digital cooperation. This initiative aspires to set up strategic digital partnerships and boost joint investments between Europe and partner countries worldwide that will contribute to reducing the digital divide, including the gender digital divide, ensuring a human rights-based approach and leveraging digital innovation for inclusive and green sustainable development. It is built on a set of principles that could be relevant for ICP V as well: multi-stakeholder involvement, local ownership and win-win partnerships, joining forces and leveraging networks and coherent human-centric approach (technology that works for people).

EU Joint Programming in Lao PDR 2021-2025

Digitalisation is one of the main strategic priorities of the EU Joint Programming Strategy (EJP). Under priority area 2 – Human capital – the integration of inclusive and labour market responsive digital technologies is seen as a critical factor in contributing to the development of quality human capital (Specific objective 4).

In Education/TVET, the growing access to the internet and an expanding mobile network coverage represent an opportunity to mainstream technology and digitalisation into the management of the education sector, complement the traditional way of schooling and increase digital literacy.

Furthermore, digitalisation is expected to be woven into the fabric of all the different sectors covered under the EJP, for instance in the areas of e-marketing, e-commerce, e-learning, e-governance and generation/dissemination of sector statistics.

EU member states

Although still a developing area, a number of EU member states/development agencies have developed D4D strategies which LuxDev and other ICP V implementing partners could draw inspiration from, most notably:

- In Germany, the Digital Strategy of the Federal Ministry of Economic Cooperation and Development is focused on the five following strategic priority areas:
 - work (economic cooperation, value chains, fair and sustainable trade, agriculture),
 - local innovations (digital centres, IT startups, promotion of innovative technologies: blockchain, 3D printing, AI, Internet of Things),
 - equal opportunities (access to education (from higher education to education in rural areas), digital TVET and SD),
 - good governance and human rights (digital administration, evidence-based decision-making for increased accountability, media skills for increased transparency),
 - data for development (improved access to data, data collection, protection, processing and evaluation);
- the strategic priorities of the Belgian Development Cooperation, as noted in the strategic policy 'D4D', are:
 - better use of data and information: The Belgian Development Cooperation will invest in the tools and policies needed to use (real-time) data to produce actionable insights for development actors, and thus to increase their impact. Equal attention will be given to 'open data',
 - digital for inclusive societies: The Belgian Development Cooperation will use the potential of digitisation to optimise democratic rights and equal access to basic services as health and education,
 - digital for inclusive and sustainable economic growth: In line with its policy priority to promote sustainable inclusive economic growth, the Belgian Development Cooperation will deliberately support interventions that turn digitisation into more employment and better social protection.

Regional (ASEAN)

The Asean Digital Master Plan 2025 provides a clear vision: ASEAN as a leading digital community and economic bloc, powered by secure and transformative digital services, technologies and ecosystem. The MTC had released the translation version of this Master Plan as a set guideline for related joint tasks and requirements in the region. Like similar documents, this document was used as a guideline in developing upcoming related plans in Lao PDR, in including those in line with the region.

The Masterplan describes eight desired outcomes. The most important for mainstreaming of D4D in ICP V are:

- the delivery of trusted digital services and the prevention of consumer harm. To ensure adoption of digital services, particularly in areas like health and finance, consumers need to trust these services;
- increase in the quality and use of e-government services;
- digitally inclusive society in ASEAN. To unlock the full benefit of digital services, citizens and businesses especially MSMEs need to adopt and use these services;
- enhance the capacity of small businesses and vulnerable people to take part and benefit from the digital economy;
- increase the quality and coverage of broadband infrastructures to reduce the digital divide.

There are four main barriers to achieving access to digital services for everyone in ASEAN:

- digital divide;
- lack of digital skills;
- high prices;
- lack of relevant services and content;
- lack of available connectivity.

Lao PDR could build on regional developed policies and frameworks like the ASEAN Framework on Personal Data Protection (2016) and ASEAN Framework on Digital Data Governance (DDG), hence the participation of the Lao MTC in the DDG ASEAN Working Group. The MTC is aware of the challenges they will face moving forward and therefore request assistance from multi stakeholders.

Asia Pacific Telecommunity

The strategic Plan of the Asia Pacific Telecommunity (APT) for 2021-2023 provides the roadmap for the APT to successfully harness the strength of APT and facilitate the benefits of the digital future in the Asia-Pacific region by achieving the objectives of the following five strategic pillars:

- connectivity: enhancing access and efficiency of digital infrastructure;
- innovation: enabling conducive environments and harnessing the benefits of digitalisation;
- trust and safety: ensuring secure cyberspace, security and resilience through ICT;
- inclusion and capacity building: promoting inclusiveness and enhancing digital skills and literacy;
- collaboration and partnership: solidifying strategic collaboration with stakeholders.

Others

The Roadmap for Digital Cooperation (2020) builds on the UN report “The Age of Digital Interdependence” (2019) with five recommendations to collaborate and optimise the use of digital technologies and mitigate its risks:

- build an inclusive digital economy and society;
- develop human and institutional capacity;
- protect human rights and human agency;
- promote digital trust, security and stability;
- foster global digital cooperation.

In particular, the roadmap shows that the need for digital capacity development is substantial. Achieving real and sustained progress in the various dimensions of digitalisation requires skills development and effective training. One of the primary challenges to date is that a large part of digital capacity development has been supply-driven as opposed to needs-based. Insufficient investment also remains a significant limiting factor. Moreover, digital capacity development has to be tailored to individual and national circumstances. To overcome these challenges, two aspects are central: greater coherence and coordination in capacity development efforts, and a concerted effort at scaling up solutions.

Otherwise, the United Nations Development Programme is currently implementing a new digital government transformation project aiming at enhancing digital capability of the government officials and availability of robust digital tools to help the government to improve service delivery for the people of Laos at lowest costs. Two outputs are foreseen for this project:

- digital government standards frameworks and digital government pillar master plan are in place to translate e-Government vision into practice;
- digital government services increased in Lao PDR for inclusive and gender responsive service delivery.

ICP V strategies and guidelines for mainstreaming D4D





Objectives and approach

Objectives

ICP V aims to provide a holistic and multi-faceted approach to supporting Lao PDR's sustainable development guided by a clear strategic vision in line with the above-mentioned policy frameworks particularly the Lao development plans and the Luxembourg Development Cooperation's strategy for digitalisation (p. 7-8).

A global objective for D4D mainstreaming would be to leverage digital technologies for the sustainable development of human capital and inclusive governance while enhancing digital capacity development.

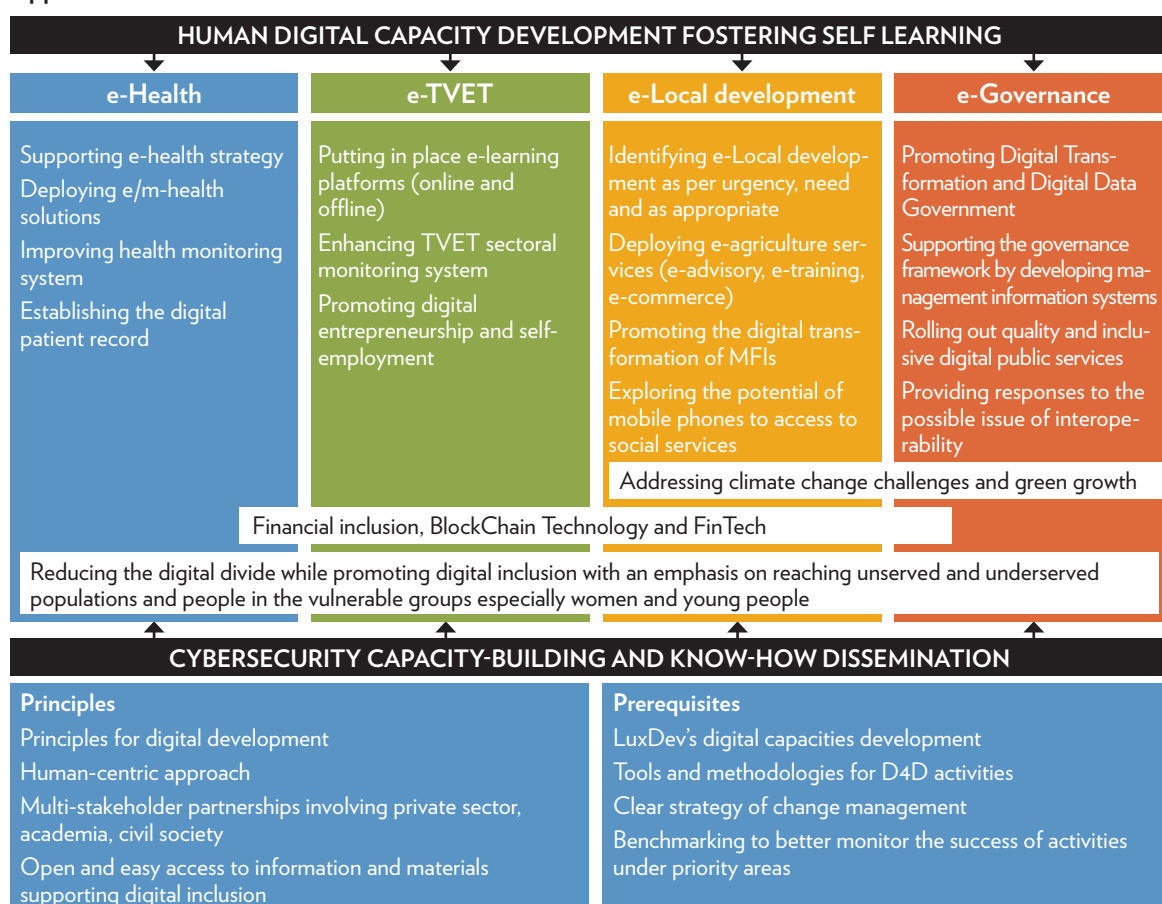
ICP V will build on a demand-driven capacity development approach as the common thread of its four priority sectors or outcome areas:

-  health and nutrition;
-  skills development and employability;
-  local development;
-  governance and the Rule of Law.

To accelerate the achievement of results within these sectors/outcome areas and facilitate horizontal synergies, specific emphasis will be placed on piloting and deploying innovative solutions and programming modalities which maximise the number of beneficiaries of an intervention and deepen digital inclusion, particularly in relation to improving access to basic services, participation in public life and increased opportunities for economic growth. Where relevant and feasible, Luxembourg's expertise in ICT, data and cybersecurity, e-health, e-education, business development and in the areas of sustainable and innovative finance will be leveraged to provide added value to ICP V interventions.

ICP V will explore the development of digital and technological approaches to enable timely and accurate data processing to inform evidence-based policy and development programming including tracking and documenting of SDG progress. This will furthermore support the fostering of reliable data and information management solutions for effective planning, implementation and monitoring of human-centred e-governance applications and the gradual deployment of e-health, e-learning and other relevant e-services for ICP V (for example, e-agriculture, digital financial inclusion).

Approach



As shown in the above indicative chart, it's important to distinguish between vertical activities consisting of deployment of digital solutions specific to each ICP V intervention area and horizontal actions relating to digital capacity development across all sectors.

On the one hand, digital solutions in health, education/TVET, agriculture, sustainable finance and governance should be designed according to the needs of partners in a participatory manner. Flexibility will be ensured by adopting an agile methodological approach to the roll out of activities. This approach will ensure that all actors involved in implementation can quickly adapt actions to (emerging) needs and deliver expected results, while encouraging regular communication, constant collaboration, feedback sessions and continuous stakeholder management, which are critical to success.

On the other hand, digital capacity development is also seen as a cross-cutting issue. Skills development and training are needed to ensure that people develop the required capacities and skills for the digital era. Digital capacity development should, as far as possible, be needs-driven and tailored to (local) individual, organisational and institutional circumstances. It is also critical to train the public on usage skill and lifelong self-learning. The main topics could be generally set but might be changed as digital trend evolve.

Locally adapted implementation guidelines and tools

In order to better identify entry points for mainstreaming of D4D during formulation and design concrete activities during implementation (inception phase), a number of preconditions should be met and guiding principles observed.

In term of preconditions, it is important to:

- build partner capacity as well as internal capacity and capability to use digital technologies and data in ways that unlock development outcomes in Lao PDR;
- develop tools and methodologies to be used during the project lifecycle;
- ensure that D4D facilitates and accelerates the changes identified within the sector strategies;
- raise people awareness and understanding from management to user levels;
- study and report along the way to understand the situation and progress in each period of time, most importantly to adapt accordingly.

With regard to principles, seeking lessons learned from others including other countries and agencies, adopting a human centred design, promoting multi-stakeholder partnerships and applying the digital principles for development are essential.

Project management cycle

STEP 1 - FORMULATION

In the formulation phase, clear entry points for D4D mainstreaming should be identified within the sector or outcome area ToC. This will constitute the building block for activity design during the inception phase.

- include D4D as part of the overall terms of reference for formulation, including definition of D4D guiding questions for the formulation mission;
- mainstream D4D across problem and stakeholder analysis – including preliminary assessments to determine D4D sensitivity within target sectors (change-oriented diagnostics, screening or analysis before the design of interventions). Tools must be adapted according to local context and capacity;
- integrate specific questions on D4D into existing tools that the formulation team will address; and have the team review the questions and discuss how they relate to the specific country context and adapt as needed;
- apply the principles of digital development – specifically in terms of identifying and designing appropriate D4D mainstreaming entry points within the sector ToC;
- design and integration of D4D Objective Verifiable Indicator and targets within overall ICP V monitoring framework;
- form a team to review the work progress and make recommendation accordingly.

Nb: The formulation team will be supported during this phase by a dedicated D4D working group piloted by LuxDev's D4D expert. The working group will provide technical guidance to the formulation team on D4D mainstreaming, particularly in terms of:

- increasing the sensitivity of sectoral assessment tools;
- providing quality assurance on the deliverables produced by the formulation team (*aide-mémoire*, technical annexes, preliminary technical and financial document, final technical and financial document) to ensure that cross-cutting issues have been adequately addressed and resources clearly defined for continued mainstreaming during the ICP V implementation phase;
- requesting for work progress review and making recommendation.

STEP 2 - INCEPTION AND EXECUTION

To ensure that the implementation reflects the principles to be mainstreamed, implementation modalities including budgeting (especially gender responsive) and partner engagement as well as capacity development of these must be ensured.

The following elements should be addressed in the inception phase:

- digital readiness assessment of users of the different programmes (for each project specific: in e-Health, it is essential to look into the digital readiness of clinics; for inclusive governance at government officials; for skills development at the digital readiness of TVET institutes and youths; for local development at MSMEs, farmers and local government);
- mapping of D4D initiatives within the different programmes including with existing government framework and D4D service providers;
- multi-stakeholder involvement: include where possible from the start not only governments but also civil society, academia, research institutions, the technical community and the private sector. Identify early on who will be essential to involve.

During the inception phase, these aspects are given further definition in the development of implementation plans at the output and activity levels, allowing for a first level of adjustment e.g., through initial lessons learned and a consolidated Monitoring, Evaluation, Accountability and Learning (MEAL) framework (p. 15). On this basis, the full roll-out in the implementation phase is enabled.

Key elements essential for mainstreaming D4D during the execution phase include:

- systematic integration of D4D actions within all considered interventions of the AOP as long as the digital solution provides clear added value in terms of efficiency and effectiveness;
- capacity development of project staff and implementing partners on D4D (including Design Thinking, long life self-learning skill and principles of digital development);
- design and/or adaptation of D4D tools, guidelines and methodologies to support practical implementation of programme tasks and activities.

Good practices and opportunities

Develop e-health, e-governance, e-TVET, e-agriculture factsheets and guidelines to explain the concept and include the good practice examples (sourced from ICP IV interventions, other LuxDev target countries or even further beyond when relevant). A proposal for an e-health factsheet is given in Annex 2.

Resources

Mainstreaming has often been more successful in producing effective policy outcomes than in translating them into concrete initiatives on the ground. This implementation gap is primarily due to a lack of effective human, technical and financial resources. Under ICP V, the following resource allocation should be considered:

Human resources

- recruit a D4D expert at country/office level to support the implementation phase (inception and execution) for D4D mainstreaming in the sector programmes. This person will develop the capacity of D4D focal points in design thinking / principles of digital development, who will subsequently strengthen the capacity of national counterparts. Furthermore, the expert will be expected to provide closely monitor policy developments in D4D in Lao PDR and actively liaise with the Luxembourg Embassy and LuxDev regional office in Vientiane;
- appoint D4D focal points within each of the ICP V sector programmes;
- maintain an active D4D working group throughout formulation and execution phases to inform and support all D4D related work;
- create a community of practice between project staff to mainstream D4D and learn from each other.

Technical resources

- development of a practical ICP V D4D toolkit with checklists, methods and training materials for project staff and counterparts during the implementation phase to support staff to be able to mainstream D4D. This can build on LuxDev's future D4D toolkit or existing resources such as BMZ's digitalisation in development cooperation toolkit;
- build a feedback mechanism to capture feedback of users to incrementally improve our systems.

Financial resources

- financial resource allocation for mainstreaming D4D will be determined based on identified needs during the inception and execution phases by the regional office in consultation with the project implementation team.

Monitoring, Evaluation, Accountability and Learning

For each programme MEAL² framework, the successful realisation of the D4D dimension means that all of these will be screened against the criteria of the D4D approach as outlined above. This includes:

- defining baseline and target values and sources which are coherent in relation to programme design, and realistically applicable;
- ongoing tracking and adjustment, for example, relative to data access and outcomes harvested, and scheduled assessments of "lessons learned" with implementing partners;
- punctual reporting, for example, annually for Project Steering Committee, with focus on added value and outcomes on such indicators;
- data collection: inform those concerned about collection of their data and request their consent; embed data collection in the daily implementation and documentation of each initiative to foster reliable data for effective planning, implementation and monitoring with a consideration of privacy and some confidential matters;
- inclusion of dedicated D4D questions in the terms of references of programme evaluations;
- build in reflection moments to fail fast and improve digital solutions if needed: measure what works and what does not work;
- executive and easy to understand short report should be provided for decision makers and stakeholders at each phase to ensure effectiveness and support throughout the implementation.

Capitalisation

A capitalisation strategy on mainstreaming cross-cutting issues will be developed to create a learning culture based on documented practice. Consistent (quality) monitoring and the implementation of feedback loops cutting across different levels (for example, from Lao and Luxembourg strategic/policy priorities, through ICP V mainstreaming guidelines, through to programme operations, implementing partners and beneficiaries) will enable the capturing of good practices and generate valuable lessons as well as provide innovative examples that are potentially relevant for future forms of dissemination and transferable within other country offices.

Luxembourg Development Cooperation will leverage digital technologies to effectively contribute to the sustainable development in Lao PDR and specially to achieve the goals set out in ICP V.

LIST OF ANNEXES (available upon request)

Annex 1 – D4D Glossary + Principles for Digital Development

Annex 2 – e-health factsheet (further factsheets currently in development for e-governance, e-TVET and e-agriculture)

² Including relevant indicators underpinned by relevant baselines, and including risks and assumptions, must be designed and actively implemented through the entire cycle, including regular feedback and reflection scheduled into project planning and, when necessary, including capacity strengthening of key involved stakeholders.



THE GOVERNMENT
OF THE GRAND DUCHY OF LUXEMBOURG
Ministry of Foreign and European Affairs

Directorate for Development Cooperation
and Humanitarian Affairs

**Directorate for Development Cooperation
and Humanitarian Affairs**

6, rue de la Congrégation
L-1352 Luxembourg
T (+352) 246-82351

www.cooperation.gouvernement.lu



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