



REDD+ Funding Window for the “Implementation of the Lao PDR Emission reduction Program through improved governance and sustainable forest landscape management” GCF Programme

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Client

Gesellschaft für International Zusammenarbeit (GIZ) GmbH

Authors

UNIQUE forestry and land use GmbH

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LIST OF ABBREVIATIONS

AE	Accredited Entity
BCI	Biodiversity and Community Investment
DAFO	District Agriculture and Forestry Office
DFIU	District Forest Inspection Unit
DOF	Department of Forestry
DONRE	District Office of Natural Resources and Environment
DPMU	District Project Management Unit
DVFC	District Villages Forest Committee
EE	Executing Entity
EO	Executive Office
EPF	Environment Protection Fund
ERP	Emissions Reduction Program Document
ESMF	Environmental and Social Management Framework
FCPF	Forest Carbon Partnership Facility
FFRDF	Forest and Forest Resource Development Fund
FFS	Farmer Field School
FLR	Forest Landscape Restoration
FPIC	Free and Prior Informed Consent
LEAP	Law Enforcement Action Plans
GAP	Gender Action Plan
GCF	Green Climate Fund
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
GoL	Government of Lao PDR
LENS2	World Bank Second Lao Environment and Social Project – Phase 2
MAF	Ministry of Agriculture and Forestry
MONRE	Ministry of Natural Resources and Environment
NPMU	National Project Management Unit
NRTF	National REDD+ Task Force
NTFP	Non-Timber Forest Product
PAFO	Provincial Agriculture and Forestry Office
PICE	Policy Implementation and Capacity Enhancement
PICSA	Partnership for Irrigation and Commercialization of Smallholder Agriculture
PLUP	Participatory Village Land Use Planning
PONRE	Provincial Office of Natural Resources and Environment
PPMU	Provincial Project Management Unit

PSVPA	Private Sector Village Partnership Agreement
REDD+	Reduced Emissions from Deforestation and forest Degradation
SDA	Sub-project Delivery Agency
SEDP	Socio-economic development plan
tCO ₂ eq	Tons of carbon dioxide equivalent
TSC	Technical Service Center
USD	United States Dollars
VDF	Village Development Fund
VFO	Village Forestry Organization

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1 INTRODUCTION

In the context of a Government of Laos/GIZ proposal to the GCF described in subsequent sections, this document endeavors to lay out the key implementation arrangements between GIZ, the GCF and national partners, including the Environment Protection Fund (EPF) and the Forest and Forest Resources Development Fund (FFRDF), concerning the establishment of a REDD+ Funding Window. The EPF will be one of two executing entities (EEs) in the programme and will host the REDD+ Funding Window; therefore, the flow of funds and responsibilities of the EPF are the focus of the document. Additionally, the needed agreements and shared responsibilities between key government agencies (primarily, the Ministry of Agriculture and Forestry (MAF)), programme implementing units, intermediate organizations and end-beneficiaries are described.

Among other important responsibilities and arrangements, the document describes the proposed obligations between parties relating to:

- i) approval of requests for funding activities under the GCF programme, procurement and disbursement of funds;
- ii) financial management, monitoring and auditing;
- iii) meeting the environmental and social standards of GIZ and the GCF;
- iv) monitoring of programme results;
- v) community engagement; and
- vi) managing a complaints mechanism.

2 PROGRAMME SUMMARY AND PROGRAMME DESCRIPTION

2.1 Objectives of the Programme

In conjunction with the Government of Lao PDR, GIZ is currently developing a GCF programme in six Northern provinces of the country, the purpose of which is to reduce greenhouse gas (GHG) emissions from deforestation and forest degradation (REDD+). Forests are among the economically most important sectors in the country, providing income and livelihoods for the rural population. Some 80% of the population are heavily reliant on forests for timber, food, fuel, shelter, medicines and spiritual protection. Lao PDR's forests are at the heart of the globally recognized Indo-Burma biodiversity hotspot. At the same time, economic activities in and around forests are Laos' largest source of GHG emissions.

The GCF programme is an opportunity to enable a paradigm shift in how forests are managed, both directly via the forestry sector and indirectly via the agricultural sector. Lao PDR has embraced the international REDD+ mechanism to address its main source of greenhouse gas emissions and has introduced new policies and reforms, including an ambitious forest cover target (70%), a National REDD+ Strategy, a timber export ban and a new Forest Law. Lao PDR is participating in the Forest Carbon Partnership Facility (FCPF) and is preparing for results-based payments from the Carbon Fund managed by the World Bank. The proposed GCF programme will mitigate approximately 57.9 million tCO₂eq in 9.5 years and benefit at least 412,650 people (254,800 directly). It promotes sustainable management of forests, landscapes and agricultural resources in six provinces and strengthens the enabling environment, including governance, enforcement, behavioral change and sustainable sector financing.

Barriers and key challenges in Lao PDR's land use and forestry sector are complex. One of the key barriers the programme seeks to address is the reality that the government is highly indebted and can provide only limited public budget to agriculture and forestry line agencies. The planned programme will, therefore, address the lack of sustainable financing for forest sector transformation.

In order to improve financing, the programme plans to strengthen national financial intermediaries, the Environment Protection Fund (EPF) and the Forest and Forest Resources Development Fund (FFRDF), to create a REDD+ Funding Window. The REDD+ Funding Window will become a key mechanism to attract results-based financing and leverage other sources of financing (domestic, international, public and private) for driving the transition to sustainable forest management, forest landscape restoration and reducing the pressure of agriculture on forests. GIZ is considering the EPF as an Executing Entity in the programme, whereby the EPF will receive grant financing from the GCF in the context of the GIZ-supported programme.

GIZ estimates the preliminary budget for the overall programme at approximately EUR 160 million for 9.5 years, including a planned EUR 63 million grant contribution from the GCF. GIZ, as the GCF Accredited Entity (AE), plans to allocate approximately EUR 41.6 million of the GCF grant to the EPF, which will support the financial management, disbursement, monitoring and evaluation of defined programme activities.

2.2 The EPF

The EPF was established in 2005 by the Government of Lao PDR as a financially autonomous organization to strengthen environmental protection, sustainable natural resources management, biodiversity conservation and community development in the country (under the Environmental Protection Law (EPL) and the EPF Decree 2005¹). The EPF provides financial support by means of non-refundable grants, preferential loans, interest rate subsidies or a combination of these.

The EPF consists of:

The **Board of Directors** has the overall responsibility for effectively promoting and achieving the overall objective of the EPF. The Board consists of representatives of line ministries, mass organizations, local authorities, trade and industry groups, research institutes and civil society.

The **Executive Office** (EO) implements the daily operations, management and administration of the EPF. The EO is headed by an Executive Director appointed by the Board, managing a Financial and Administrative unit, a Sub-Projects Operations unit, a Public Information unit, and a Monitoring and Evaluation unit. For a full diagram of the EPF's organizational structure, see Annex 2.

The EPF received USD 5.7 million as a loan from the Asian Development Bank, which is invested into an endowment fund, with interest used to cover the EPF's operational costs. Additionally, the EPF received US\$ 7 million from the World Bank under the Second Lao Environment and Social (LENS2) Project. The LENS2 project supports Policy Implementation and Capacity Enhancement (PICE) and Biodiversity and Community Investment (BCI) financing windows, as well as building the EPF's capacity and support for project administration. Additionally, the EPF has channeled finance for the first LENS project. For more information, see <https://laoepf.org.la/>, which provides documents such as the EPF corporate annual report and EPF strategy papers.

In order to address the drivers of deforestation and forest degradation in Laos, the project plans to strengthen the EPF so that the EPF can sustainably manage a REDD+ Funding Window during and after the GCF programme implementation period. The EPF's main tasks as an Executing Entity and grant recipient in the programme will include:

- Receiving, managing and forwarding grant financing from GIZ in compliance with GIZ standard operating procedures (which will be evaluated through a separate due diligence audit). This will include:

¹ The main objective of the EPF is to implement:

- (1) Chapter VII in article 65 of the EPL (amendment 2013);
- (2) Article 37 of the Forestry Law (amendment 2008);
- (3) Article 15 of the Decree to Implement the Law on Water and Water Resources; and (4) Article 22 of the Regulation on the Management of the National Biodiversity Conservation Area, Aquatic and Wild Animals by establishing a source of financing to support priority projects and activities in the fields of research, preservation, mitigation, and restoration of the environment, including the protection and conservation of natural resources and biodiversity, and the mitigation of adverse social and environmental impacts associated with development projects

- Formally creating the REDD+ Funding Window, including related operational procedures;
- Using the funding window for transferring grant financing to eligible recipients in Laos (public sector entities at national, provincial and district level, village micro-finance institutions, individual village households);
- Together with the project management units and GIZ staff in Laos, verify the correct spending of the provided grant financing (including accounting and procurement requirements, as well as eligibility of funded activities);
- Reporting to the funding window's steering committee: the National REDD+ Task Force (NRTF).
- The new REDD+ Funding Window will include three windows:
 - One window for providing grant financing to government agencies at national, provincial and district level;
 - One window for providing grant financing to villages/community level;
 - One window for promoting private sector investments in deforestation-free agriculture and/or sustainable forestry businesses and to local financial institutions.
- Potentially, REDD+ Funding Window could receive results-based payments from the World Bank's Carbon Fund (FCPF) after 2022, after the initial verification of the ER-Program.²
- Supported by GIZ and other development partners, raising additional international financing (sinking endowments, permanent endowments generating interest rate income, etc.);
- Supported by GIZ and other development partners, raising additional domestic financing (tax revenues, royalties, fees, etc.);
- Exposure to 'real world' climate change mitigation and REDD+ operations applying international fiduciary and monitoring standards, thereby assisting EPF's ongoing accreditation process to become a GCF Accredited Entity.

2.3 Why EPF?

There are three reasons why the EPF has been selected to manage the REDD+ Funding Window under the GCF programme. First, it is desirable that a local, capable entity is involved and takes on a central role in programme financing in order to increase country-ownership of programme activities. The EPF has proven itself capable of managing similar funds in the past, and its involvement will ensure that the programme is managed by a government institution.

Second, in general, the GCF programme aims to increase the capacity of government institutions so that the benefits of the programme outlive its lifespan. By giving the EPF significant responsibility in programme implementation, the programme team anticipates that local capacity will increase – facilitating, amongst others, EPF's ambition to become a GCF Accredited Entity. As outlined in the feasibility study of this programme, there is significant potential for Lao PDR to

² https://www.forestcarbonpartnership.org/sites/fcp/files/2018/May/LaoPDR_ERPD_FinalDraftMay.2018-Clean.pdf

develop a REDD+ Funding Window in order to attract sufficient volumes from international climate finance, impact investor funding, and other development-related financing sources, in order to fund a comprehensive transformation of the land-use sector towards low or zero emissions.

Third, the EPF's mission is well aligned with the goals of the programme. The EPF was established in 2005 by a decree, which describes the objectives of the EPF:

- i. implement Chapter V of the Environmental Protection law, Article 47 of the Forestry law, and Article 15 of the Decree to Implement the Law on Water and Water Resources; finance activities related to environmental policies;
- ii. support environmental management, protection, and conservation;
- iii. ensure that the EPF financed activities are efficiently implemented;
- iv. coordinate with relevant stakeholders;
- v. incorporate the consideration of public investment plans and other funding bodies; and
- vi. optimize revenues and effectiveness, while ensuring self-sustainability (Decree on the Environmental Protection Fund No. 146/PM, 2005).

The EPF is operationally and legally capable of managing the REDD+ Funding Window. Its by-laws allow it to manage funds coming from: the state budget, contributions from concessions, direct grants from national and international organizations, contributions from individuals and organizations, interest and profits coming from investments, environmental rehabilitation fees, payment for ecosystem services, and fines and indemnities (Decree on the Environmental Protection Fund No. 94/PMO, 2017).

As a part of GCF programme preparation, GIZ conducted a gap analysis assessment of the EPF (Holdaway & Phakdisoth, 2018). This assessment identified a number of strengths that demonstrate EPF's capacity to act as manager of the REDD+ Funding Window:

- The EPF is developing institutional-level procedures required by GCF accreditation criteria, building on its experience in LENS2;
- The EPF has strong financial management, administrative, project management, procurement processes, and experience engaging with ethnic minorities;
- The EPF has experience satisfying the requirements of multilateral organizations (e.g. the World Bank, UNDP);
- The EPF has the capacity to build a project pipeline via its funding windows;
- Senior management of the EPF have expressed considerable interest in establishing the REDD+ Window and participating in the GCF programme;
- Senior management of the EPF have demonstrated strong buy-in for the GCF accreditation process.

Despite these strengths, the assessment did identify gaps that should be improved:

- Basic fiduciary criteria (e.g. audit and ethics oversight, financial statements, internal audit process);
- Specialized fiduciary criteria (e.g. project appraisal, project evaluation and transparent eligibility criteria);
- Environmental and social strategy (e.g. screening risks, gender policy)

The capacity of the EPF has been demonstrated through similar work it has executed, most notably during the ongoing LENS2 project, and more recently for the United Nations Development

Programme (UNDP). As a part of LENS2 execution, the World Bank and EPF developed a number of manuals that are used for project implementation: Project Implementation Manual, Project Operational Manual, Monitoring and Evaluation Manual, Environmental and Social Management Framework, and Community Engagement Framework. The EPF is now working to adapt these LENS2-specific manuals as institutional frameworks to be used in project implementation. This has clear application for the GCF programme, as the presence of these processes gives a level of confidence that the EPF is capable of implementing the programme. The Project Operational Manual, in particular, is important for establishing approval, disbursement, monitoring, and reporting processes, including, for example, application templates. These manuals include implementation arrangements concerning: clarifying legal agreements and roles of partners in project implementation, application templates, sub-project approval and disbursement procedures, staff management, monitoring and evaluation principles, processes and tools, processes for implementing an environmental and social management framework, community engagement strategies, and grievance mechanisms. The manuals are clearly written and provide helpful templates for project implementation. All of them will be adapted for the execution of the GCF programme.

The implementation of the LENS2 project has been given an overall rating of “moderately satisfactory” by the World Bank (World Bank, 2017). Disbursement from the World Bank to the EPF was USD 11 million, or 11% above target, as of November 2017. The EPF had spent USD 9.2 million on sub-projects, demonstrating a high level of disbursement, despite the challenge of a high number of small sub-projects and high transaction costs. 11 of 37 sub-projects were upgraded from appraisal stage to implementation during six months of the project. The law enforcement portfolio of the project demonstrates improvements and strong cooperation with other government agencies, an important finding for the GCF programme. In terms of Project Administration and EPF Capacity building, the project was also rated “moderately satisfactory”. It is noted by the evaluation that effort is needed in order to:

“support EPF’s transformation to a more mature phase where EPF is considered a professionally managed national fund that delivers verifiable results in investment, information and institutional development; sets the environmental, natural resources and green growth agenda of the country; can manage risks and all fiduciary matters – and can thereby attract and absorb funds from a more diverse and more sustainable range of financing sources besides the World Bank and GEF.”

In addition to World Bank evaluation of the EPF, UNDP has completed an assessment of the EPF (Moore Stephens LLP, 2018). UNDP assessed the EPF against the following criteria and determined the associated level of risk: implementing partner capacity (low risk), program management (low risk), organizational structure and staffing (low risk), accounting policies and procedures (low risk), fixed assets and inventory (low risk), financial reporting and monitoring (moderate risk), and procurement (moderate risk). This led to an overall assessment of low risk. While this assessment is favorable for the capacity of the EPF to manage the REDD+ Funding Window, nonetheless a few weaknesses found by UNDP are worth highlighting: i) weakness in internal control structures, as the EPF does not have a risk register or an internal audit function; ii) the EPF does not perform sufficient background checks on staff; iii) budgets are prepared at “sub-window” level, instead of at “project” level; iv) only two individuals are eligible as signatories for

check payments, creating a risk of delay; v) delay in labeling recently-acquired assets; and vi) weaknesses in procurement procedures.

The REDD+ Funding Window, to be managed by the EPF under the GCF programme, has a significant degree of complexity as it deals with multiple sectors (forestry, agriculture and financial) and different institutional partners (government agencies, village groups and private sector). The GCF programme is, therefore, an important opportunity for the EPF to build its capacity and demonstrate the ability to implement complex projects where it manages large volumes of grant financing.

In sum, while the EPF has weaknesses and areas that it can improve upon, it demonstrates capacity to successfully implement the REDD+ Funding Window. It is an objective of the GCF programme to enable the EPF to improve its capacity and take on a significant role in the country as a trusted recipient and manager of international finance, including climate finance.

2.3.1 EPF and FFRDF

The EPF, as the manager of the REDD+ Funding Window, will work closely with the Forest and Forest Resource Development Fund (FFRDF). As described in Section below, FFRDF will serve as an intermediary between the EPF and certain programme beneficiary-types. There are a number of reasons to use such a structure:

- The FFRDF does not currently meet the requirements, including basic fiduciary requirements, to accept international grant financing and therefore to act as an EE in the programme. The EPF has been chosen, therefore, to ensure that the REDD+ Funding Window and the GCF programme as a whole can be operational in a timely manner.
- The FFRDF has experience in dealing with small-size transactions, which can be a useful addition to the REDD+ Funding Window. For smaller disbursements, especially, for example, to village development funds (VDFs), the FFRDF is well positioned to directly interact with programme beneficiaries.
- Participating in the REDD+ Funding Window will help to build FFRDF's capacity to manage larger grants, and possibly take on the sole responsibility of a REDD+ Funding Window manager at some point in the future. FFRDF and EPF under co-guidance from both MONRE and MAF – fostering inter-sectoral coordination, cooperation, and synergies.
- Through their engagement with the REDD+ Funding Window, the EPF and the FFRDF will significantly increase their regular interactions on a day-to-day basis, thereby improving co-operation between the two agencies and increasing the capacity development of FFRDF and EPF staff.
- It is anticipated that GIZ, possibly in coordination with KfW, will provide capacity development support to FFRDF in the future, outside of the scope of the GCF programme.
- Combined, the EPF and the FFRDF will significantly improve Lao PDR's ability to attract new financing sources under a REDD+ Funding Window if the GCF programme is successfully implemented.

While the EPF will be the immediate manager of the REDD+ Funding Window, going forward there are three different scenarios for management of the Fund:

- If the FFRDF meets more ambitious milestones during the programme duration (for example, passing a GIZ due diligence assessment), then the FFRDF can take on more responsibility from EPF, and eventually the entire REDD+ Funding Window can be transferred to FFRDF.
- EPF and FFRDF may be merged in order to take advantage of the synergies between the two institutions.
- The REDD+ Funding Window could remain with the EPF, with FFRDF continuing to receive funding from the EPF to manage smaller transactions, if it meets EPF (fiduciary) standards.

2.4 Programme beneficiaries and eligible funding recipients

The GCF programme supports the government and people of Lao PDR in changing the present-day use of forests and landscapes to ensure a transition to sustainable management at scale that supports REDD+ and, ultimately, the transition to low-GHG development pathways. This will reduce more than 57.8 million tCO₂eq over the programme's duration. The programme targets areas that are at highest risk of deforestation and forest degradation and in locations with the largest high-carbon-stock landscapes in the six selected provinces and 28 priority districts (see Section 2.6).

These results are to be achieved by changing the investments and activities of local entities that are directly involved in agriculture, forestry and land use change more broadly. Local entities include villages and other community entities, and the local producers who make up these community entities; central, provincial and district government agencies; non-governmental organizations; and private sector entities, including agribusinesses and financial institutions. In this manner, the programme will contribute to global, regional, national and local public goods. For the purposes of this document, beneficiaries are grouped into three classifications: rural groups, government entities and private sector entities.

Rural beneficiaries. There will be an emphasis on rural community involvement in conservation, with approximately 254,800 people directly benefitting from the programme through training and livelihood support. The programme enhances the assets of the poor by expanding sustainable livelihood opportunities and by reducing the poor's vulnerability to natural resource-related shortages (i.e. non-timber forest products (NTFPs), wildlife, fish and timber), with a special emphasis on women and ethnic groups. In some communities, the programme will contribute to land use planning and land allocation activities.

Government beneficiaries. Beneficiaries of programme support include a number of sectoral and cross-cutting government agencies. As an Executing Entity, the EPF itself is a primary governmental beneficiary. The EPF will channel funds to government ministries (principally, the Ministry of Agriculture and Forestry (MAF) and the Ministry of Natural Resources and Environment (MONRE)), as well as their provincial- and district-level counterparts (i.e. Provincial Offices of Natural Resources and Environment (PONREs) and District Offices of Natural Resources and Environment (DONREs), Provincial Agriculture and Forestry Offices (PAFOs) and District Agriculture and Forestry Offices (DAFOs).

Private-sector beneficiaries. An important part of the programme's theory of change is to leverage private sector actors' investments into sustainable land use. Leveraging public funds to increase private investment is a key outcome of the programme. Specifically, the programme

will channel business development support to agribusinesses (e.g. traders and processors) that are involved in the targeted agricultural value chains.

2.5 Eligible recipients for financing from the REDD+ Funding Window

The programme will deliver benefits by channeling funds under windows of the REDD+ Funding Window to three different beneficiary groups: government agencies at national, provincial and district levels; village groups and other community groups; and private sector enterprises. Eligibility and approval of fund disbursement is described in the section below.

Government agencies. MAF and MONRE are the primary ministries that will benefit directly from the programme. A National Project Management Unit (NPMU) will be established within MAF (Department of Forestry) and associated provincial (PPMU) and district (DPMU) units will be similarly managed. PMUs and their provincial- and district-level counterparts will have significant responsibility in approving disbursements of funds. At the provincial and district levels, associated PAFOs, DAFOs, PONREs and DONREs will be eligible to receive funds from the programme.

In addition to these direct beneficiaries, the FFRDF will be a recipient of funds under the programme. As explained in a subsequent section, the FFRDF will act as an intermediary to channel funds to businesses and village groups that are too small to receive funds directly from the EPF. This will also serve to support institutional strengthening and capacity building of FFRDF, and provide it with exposure to operation of the REDD+ Funding Window (EPF Funding Window).

The following programme activities are relevant to government agencies:

- 1.1: REDD+ Funding Window and sustainable finance
- 1.2: Mainstreaming REDD+ into the NDC and socio-economic development plans (SEDPs)
- 1.3: Strengthening the regulatory framework
- 1.4: Law enforcement and monitoring
- 1.5: Land use planning and improved tenure security
- 1.6: Implementation of the Measurement, Reporting and Verification (MRV) system
- 2.1: Local incentives for good agricultural practices (GAP) and agroforestry
- 2.2: Sustainable rural infrastructure watershed management
- 3.1: Village forest management
- 3.2: Sustainable management of production forests
- 3.3: National Protected Area (NPA) management
- 4.1: Management, coordination, monitoring and reporting

Government agencies at the national and sub-national levels will be required to submit funding proposals to the EPF and NPMU in order to receive resources. Proposals will detail multi-year planning and budgets informed by the GCF Funding Proposal, PRAPs and ER-PD, exhibiting careful accounting of resource use. The NPMU and PPMUs may guide and assist government agencies to prepare funding proposals.

Village groups. Village groups and the land managers who comprise them are a key programme beneficiary, as they are currently agents that are often most directly involved in deforestation and forest degradation. Shifting their activities from degrading practices to sustainable activities

is critical to the success of the programme. Village Development Funds (VDFs) will be the primary group representing village groups. VDFs were launched by the Government of Lao PDR in the early 1990s in order to enable rural people to have more options for receiving grants, loans or other financing. VDFs operate independently and are self-governed by the villagers that participate in the VDF. Local government authorities can provide guidance and training to the VDFs, but decisions are ultimately up to the members. VDFs are set up as revolving funds, to which VDF members can both deposit savings and receive credit; resources are also available to villagers in the case of emergency, as a kind of social insurance. In some cases, VDF members also receive dividends from the fund.

Precise structures vary from province to province and even between VDFs, but an organizational structure of an illustrative VDF is provided

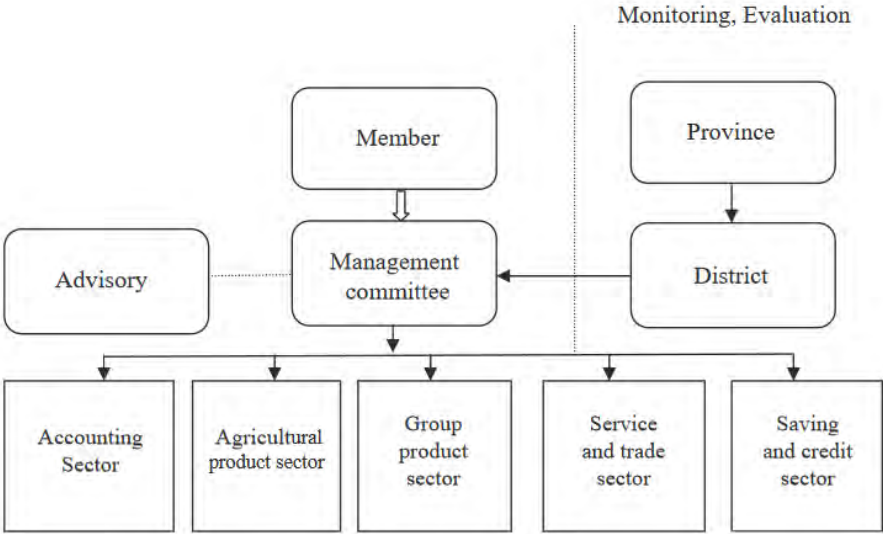


Figure 1.³

³ Sisoumang, Bounthom; Wangwacharakul, Vute; and Limsombunchai, Visit; 2013.

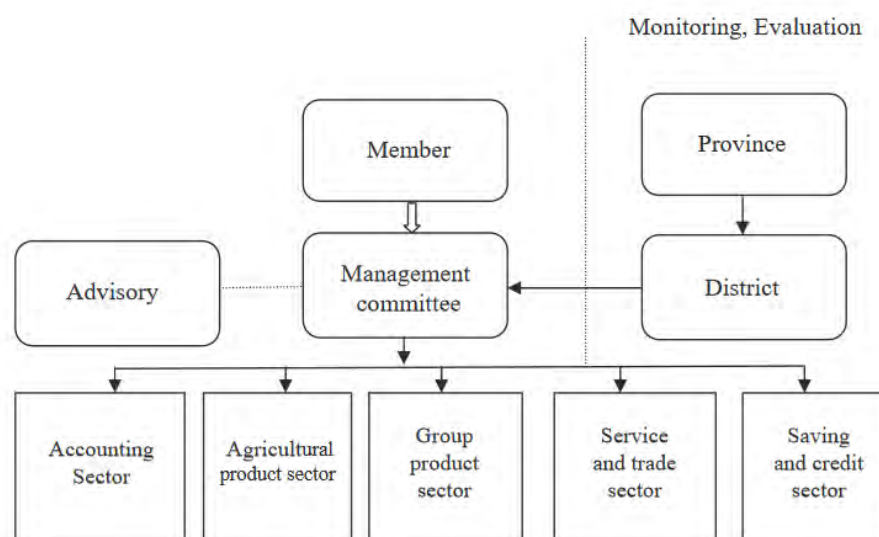


Figure 1: Illustrative VDF structure

Village groups will benefit directly from the following programme activities and will be eligible to receive grants for the following activities:

- 2.1: Local incentives for good agricultural practices (GAP) and agroforestry
- 2.2: Catalysing private sector investment in value chains
- 2.3: Sustainable rural infrastructure watershed management
- 3.1: Village forest management (through village forest organizations (VFOs) led by forest management committees)
- 3.2: Sustainable management of production forests (in VFOs led by village forest committees)
- 3.3: National Protected Area (NPA) management (co-management agreements through village conservation contracts)

Village groups will be required to submit funding proposals to the EPF and NPMU in order to receive resources. Proposals need not be multi-year but they should exhibit careful accounting of resource use. The NPMU and, more commonly, PPMU and district level coordination staff will support village groups in preparing funding proposals.

Private enterprises. Influencing the activities of the private sector will enable the programme to achieve results related to economic growth and more sustainable management of forest and other natural resources. Agribusinesses and financial institutions are the primary targeted enterprises. Agribusinesses may receive grants directly from the programme.

- 2.2: Catalysing private sector investment in value chains

Private enterprises will be required to submit funding proposals via a public tender process to the EPF and NPMU in order to receive grants. Enterprises must be able to demonstrate in-kind or cash contributions to be eligible. Enterprises may receive funds for multi-year planning or single-year planning. PPMUs and DPMUs may guide enterprises in preparing funding proposals.

Civil Society Organisations. CSOs receive funds for participating in the Programme Steering Committee, for contributing to local monitoring and evaluation of the programme process as well as contributing to local implementation of the ESMP and Gender Action Plan. Moreover, CSOs facilitate and/or participate in FPIC processes and local consultations. CSOs may receive grants for the following activities:

- 1.7: Knowledge management, FPIC, safeguards and gender

2.6 Eligible investment areas (geographical)

The selection of the eligible areas is based on a detailed assessment of the remaining forest area and the deforestation and forest degradation hotspots in the six target provinces of the programme. The selected 28 districts cover an area of 72% of the remaining high-carbon-stock area in the six target provinces of the GCF programme (3.1 million ha out of 4.3 million ha).

Bokeo	Houaphan	Luang Namtha	Luang Prabang	Oudomxay	Sayabouri
PhaOudom	Xone	Namtha	XiengNgeun	NaMo	Sayabouri
Paktha	Hiem	Long	Viengkham	Xai	Hongsa
Meung	Xam Neua	Viengphoukha	Phonexay	Nga	Phieng
Houayxai	Houameuang	Nalee	Nan	Beng	Phaklai
	Viengxay		Phonthong		Thonngmixai
	Xamtay				Sayabouri
	Sobbao				

Figure 2: Eligible investment districts for the REDD+ Funding Window

3 PROGRAMME COST AND FINANCING

Table 1: Source of finance by Output and Activity[illegible]

		Activity	Total value (€)	Natio- nal/pro- vincial gov't bud- get	Benefi- ciary con- tribution	GCF	BMZ (GIZ)	BMZ (KfW)	JICA	ADB /EU	FCFP Carbon fund	IFAD
Output 2	Activity 2.1. Promotion of deforestation-free agricultural practices and technologies	27,825,086	4,418,241	6,052,491	10,951,762	22,828	0	155,400	0	0	0	6,224,365
	Activity 2.2. ADB Sustainable Rural Infrastructure Watershed Management Sector Project	25,010,519	117,807	0	0	0	0	0	0	24,102,810	0	789,902
	Activity 2.3. Agricultural value chain development to promote deforestation-free agriculture	5,715,301	392,766	1,440,211	629,355	193,432	0	0	0	0	0	3,059,537
	Activity 2.4. Private sector development in deforestation-free agricultural value chains	3,585,944	0	1,771,000	1,695,701	119,242	0	0	0	0	0	0
	Total	62,136,850	4,928,814	9,263,702	13,276,818	335,502	0	155,400	24,102,810	0	0	10,073,804
Output 3	Activity 3.1. Implementation of Village Forest Management	32,938,288	5,357,880	939,284	16,391,540	3,498,439	6,598,250	152,895	0	0	0	0
	Activity 3.2. Implementation of SFM in production forests	5,485,436	443,520	173,684	4,868,232	0	0	0	0	0	0	0
	Activity 3.3. National conservation forest management (NPAs)	11,774,037	3,888,720	0	7,885,317	0	0	0	0	0	0	0

Activity		Total value (€)	Natio- nal/pro- vincial gov't bud- get	Benefi- ciary con- tribution	GCF	BMZ (GIZ)	BMZ (KfW)	JICA	ADB /EU	FCFP Carbon fund	IFAD
	Activity 3.4. Promotion of private sector investments in community-based agroforestry	14,174,548	76,560	8,744,721	5,353,267	0	0	0	0	0	0
	Total	64,372,309	9,766,680	9,857,689	34,498,356	3,498,439	6,598,250	152,895	0	0	0
Output 4	4.1.1. GCF programme management and coordination	9,488,022	799,514	0	3,867,820	1,935,552	0	1,605,000	0	0	1,280,137
	Total	9,488,022	799,514	0	3,867,820	1,935,552	0	1,605,000	0	0	1,280,137
	Taxes, legal capacity, customs, etc.	1,225,000			1,225,000						
	Total budget	160,065,371	22,704,718	19,153,812	63,739,396	8,000,000	7,000,000	3,560,695	24,102,810	450,000	11,353,940

4 IMPLEMENTATION ARRANGEMENTS FOR REDD+ FUNDING WINDOW

4.1 Legal agreements between partner entities

In order to implement the GCF programme, the REDD+ Funding Window and the programme's legal relationship with the EPF will need to be established. For illustration, please refer to the figure below. The overall GCF programme will be governed by an Implementation Agreement between GIZ and the Government of Lao PDR (GoL), which will include implementation arrangements concerning the EPF and programme beneficiaries, amongst other matters. In addition, GIZ and EPF will sign a Financing Agreement according to GIZ standard operating procedures in order for the EPF, in its capacity as a programme Executing Entity, to receive a grant. All GCF funds disbursed under the REDD+ Funding Window will have the nature of implementation agreements or grant agreements.

In addition to this Implementation Agreement, the EPF will sign grant agreements with a number of sub-grantees, including Government entities (especially those entities listed in Section 2.4 and the FFRDF), VDFs and private sector entities. The EPF will use its own contractual forms developed under the LENS2 project for these arrangements. As the FFRDF is envisioned to be an intermediary between EPF and some programme beneficiaries, the FFRDF will need to sign similar agreements between itself and those beneficiaries. FFRDF will need to undergo a due diligence by the EPF or GIZ, or a combination of the two, prior to becoming an intermediary.

These agreements will be finalized and signed when the GCF programme is approved.

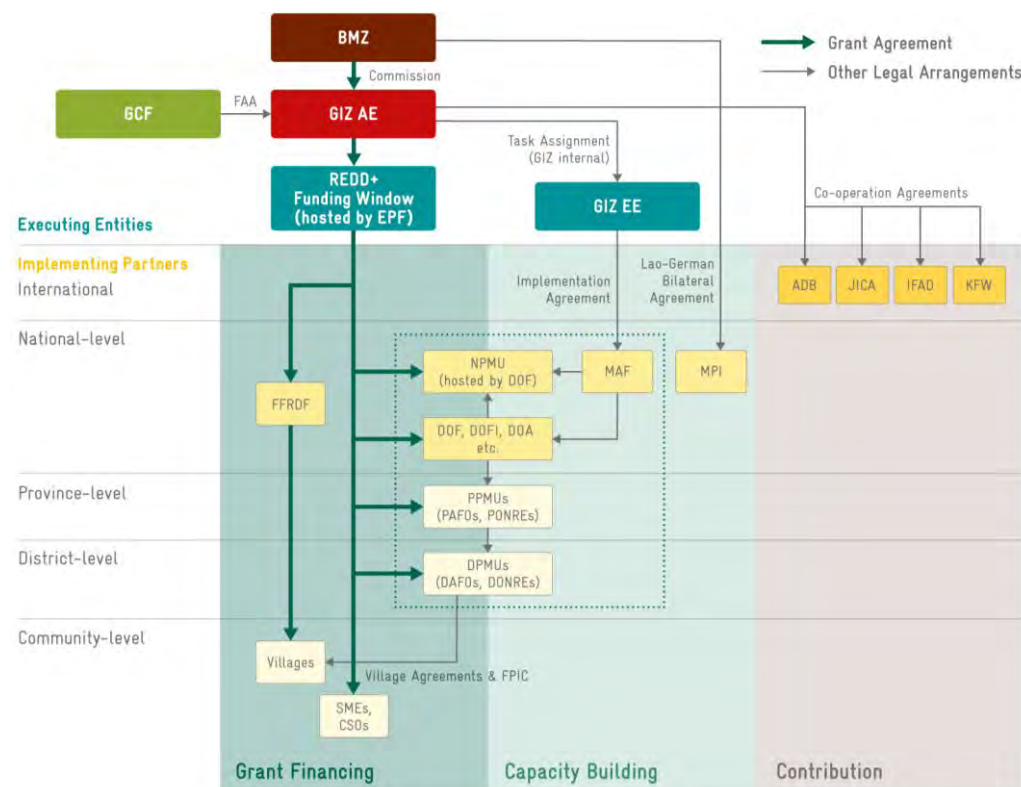


Figure 3: Contractual arrangements

GIZ AE will be responsible for managing the stakeholder discussions and signing and implementation of agreements between GIZ and other parties. The EPF will be responsible for agreements with all its sub-grantees including MAF and its sub-national line agencies, the FFRDF, VDFs and private sector entities.

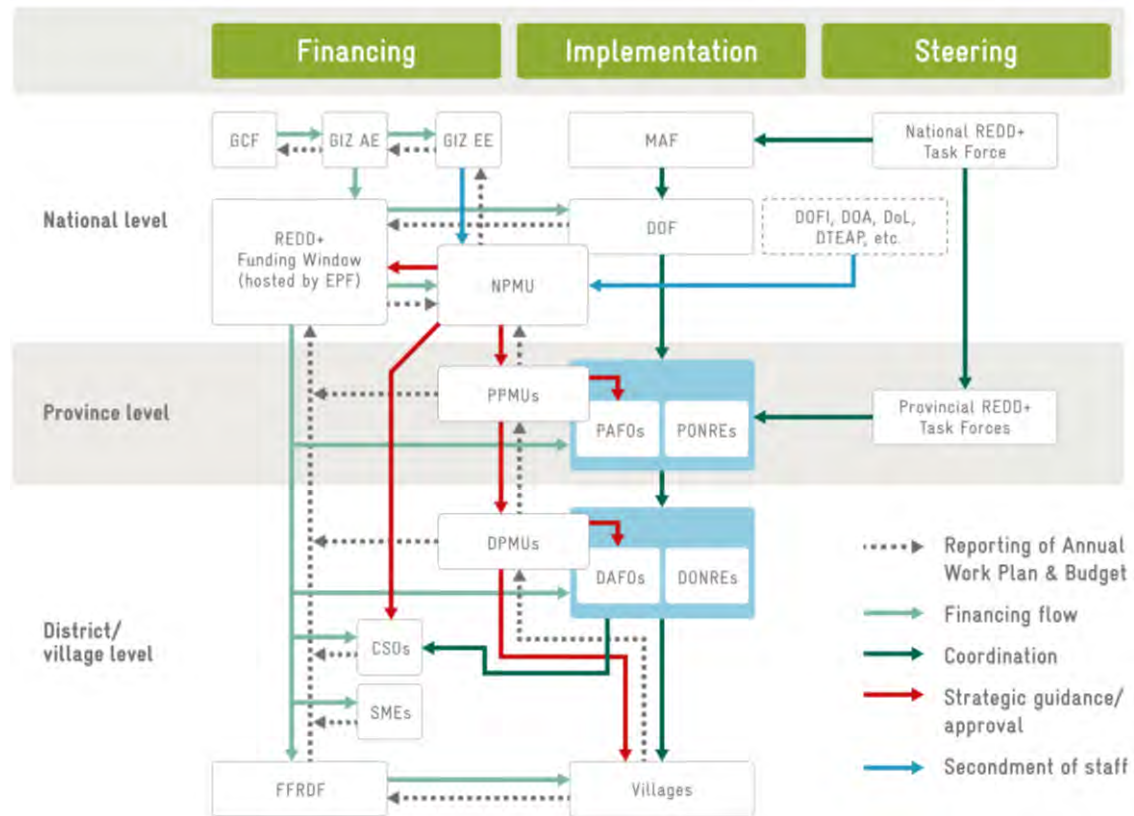


Figure 4: Implementation arrangements and finance flow

4.2 Scenarios for responsibility sharing

As an Executing Entity of the programme, the EPF has primary responsibility for management of the GCF grant. In general terms, there are two scenarios for the sharing of responsibility between the EPF and the other Executing Entity, the NPMU. **Under scenario one**, the EPF would have the following responsibilities in managing the REDD+ Funding Window:

- **Disbursement of funds** directly to the FFRDF, DOF, PAFOs, DAFOs, PONREs and DONREs will be the responsibility of the EPF. The EPF will not, however, have responsibility to approve the technical eligibility of funds to be disbursed. Instead, the NPMU will approve operational plans and budgets from sub-grantees. The EPF may approve or reject disbursement requests based on its fiduciary judgement. In many cases, particularly relating to the FFRDF, the sub-grantee will have additional responsibility in terms of disbursing to small entities (e.g. village groups) due to its presence in the districts.
- **Procurement of goods and services** would be the responsibility of the EPF.

- **Monitoring of financial flows under the GIZ-EPF financial agreement, and ensuring regular auditing and reporting financial accounting to GIZ in its capacity as the AE**, will be the responsibility of the EPF. This is a key function, as the EPF's status as an Executing Entity of the GCF programme will be contingent upon its continued demonstration of responsible fiduciary management practices.

Embedded within MAF/DOF (see Feasibility Study Chapter 4 for a detailed overview of the programme implementation arrangements, roles and responsibilities), the NPMU will play an important strategic, guiding role in ensuring the success of the programme. **Under scenario one**, the NPMU will have the following responsibilities under the programme:

- **Approval of funding proposals** will be the responsibility of the NPMU. The NPMU will evaluate operational plans and budgets against criteria to be developed and will determine the appropriateness of each proposed plan (preliminary, indicative criteria are described in Section 5.2). Approval will also be dependent upon appropriate due diligence of the recipient entity by the EPF supported – if necessary – by the NPMU, PPMUs and DPMUs. Assuming that a plan is approved, the NPMU will request the EPF to disburse funds according to the plan, provided there are no fiduciary concerns.
- **Reporting to GIZ in its capacity as AE against programme milestones and evaluation** will be the responsibility of the NPMU, as well as PPMUs and DPMUs. Results will be collected at the provincial and district levels and fed up to the NPMU. The NPMU will then ensure that reporting is undertaken according to the GCF's requirements and will submit monitoring reports to GIZ as the Accredited Entity.
- **Ensuring compliance against GCF environmental, social and governance safeguards** will be the responsibility of the NPMU.

In order to deliver against these responsibilities, the EPF will need to hire new staff and devote significant resources to managing the programme activities. The fees for the EPF to accomplish these responsibilities will be negotiated upon programme approval; as an indicative figure, a 3% fee is estimated in the programme financing plan.

Under scenario two, the EPF would have significantly more responsibility in programme management. Specifically, the EPF would have the following responsibilities in managing the REDD+ Funding Window:

- **Disbursement of funds** directly to the FFRDF, DOF, PAFOs, DAFOs, PONREs and DONREs will be the responsibility of the EPF. The EPF may approve or reject disbursement requests based on its fiduciary and technical judgement. In many cases, particularly relating to the FFRDF, the sub-grantee will have additional responsibility in terms of disbursing to small entities (e.g. village groups) due to its presence in the districts.
- **Procurement of goods and services** would be the responsibility of the EPF.
- **Monitoring of financial flows under the GIZ-EPF financial agreement, and ensuring regular auditing and reporting financial accounting to GIZ in its capacity as the AE**, will be the responsibility of the EPF.
- **Reporting to GIZ in its capacity as AE against programme milestones and evaluation** will be the responsibility of the EPF. Results will be collected at the provincial and district levels and fed up to the EPF. The EPF will then ensure that reporting is undertaken according to the GCF's requirements and will submit monitoring reports to GIZ as the Accredited Entity.

- **Ensuring compliance against GCF environmental, social and governance safeguards** will be the responsibility of the EPF.

Under scenario two, the NPMU would have lesser responsibilities:

- **Provide sub-beneficiaries with proposal preparation guidance.** The NPMU and associated PPMUs and DPMUs will work with DAFOs, PAFOs, other governmental agencies and VDFs to prepare the required materials to submit budget requests to the EPF. The NPMU would also have a role in providing guidance to the EPF on proposal review, but approval would not be the NPMU's responsibility.
- **The NPMU would provide guidance** to the EPF in terms of fiduciary responsibility, monitoring and reporting, and compliance of safeguards. However, the EPF would have the lead responsibility for these matters.

In order to deliver against these responsibilities, the EPF will need to hire many new staff and devote significant resources to managing the project activities. The fees for the EPF to accomplish these responsibilities will be negotiated upon programme approval, but are indicatively estimated at 10%.

4.3 PPMU and DPMU roles and responsibilities

PPMUs and DPMUs, under the instruction of the NPMU, will assist the NPMU in executing the above responsibilities.

In addition to these responsibilities supporting at the national level, PPMUs and DPMUs will have an additional responsibility at the provincial and district levels. In the event that programme beneficiaries (e.g. DAFOs, villages and businesses) are not able to independently prepare adequate annual operational plans and budgets, PPMUs and DPMUs will assist beneficiaries to complete appropriate plans.

5 EPF REDD+ WINDOW PROGRAMME CYCLE

5.1 Programme approval steps

The programme will deliver benefits by channeling funds under windows for three different beneficiary groups: government agencies at national, provincial and district levels; village groups

and other community groups; private sector enterprises, and civil society organisations. The proposed programme cycle for the three windows are depicted in

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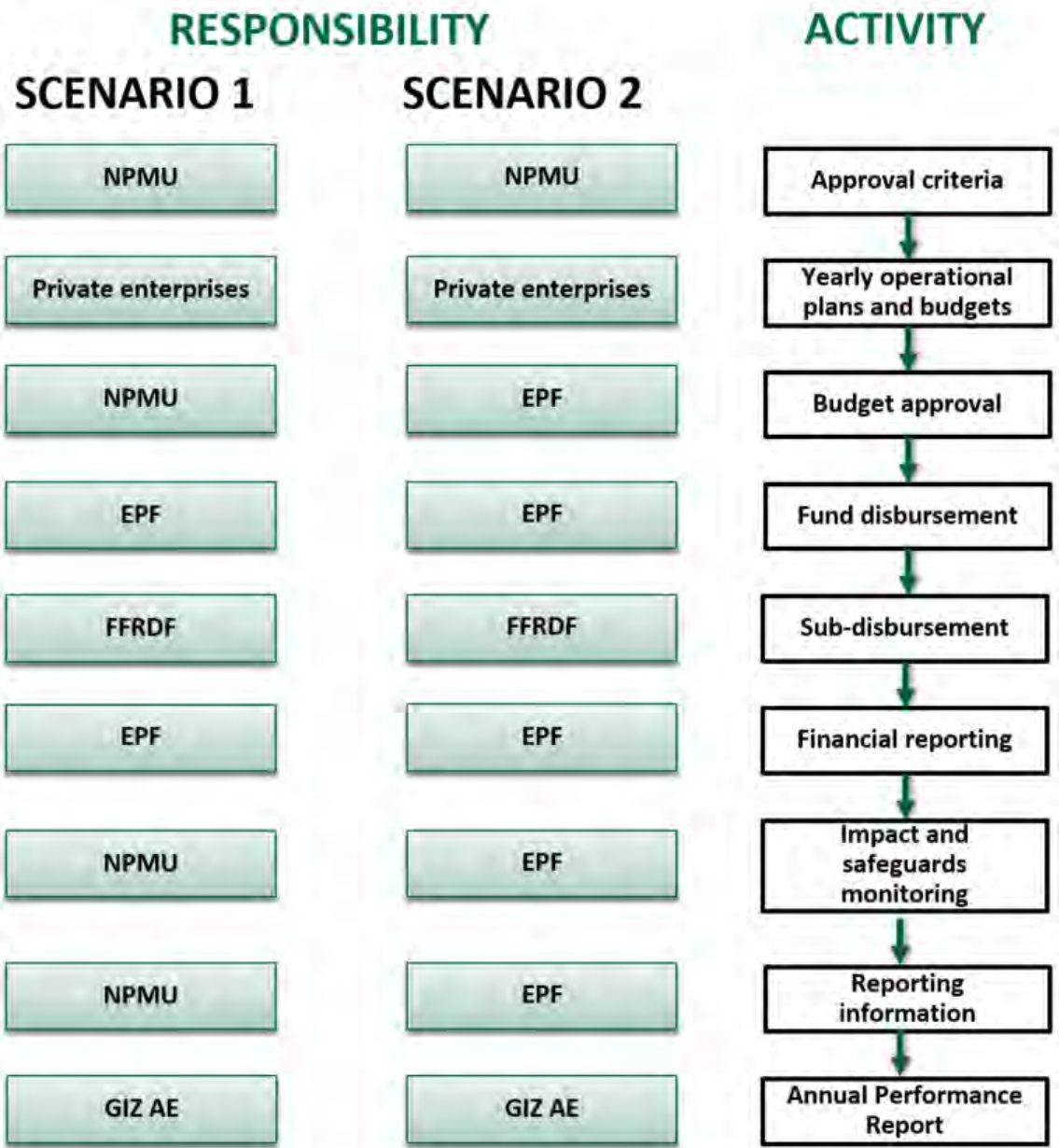


Figure 7 below, showing the differentiated responsibilities according to the two proposed scenarios.

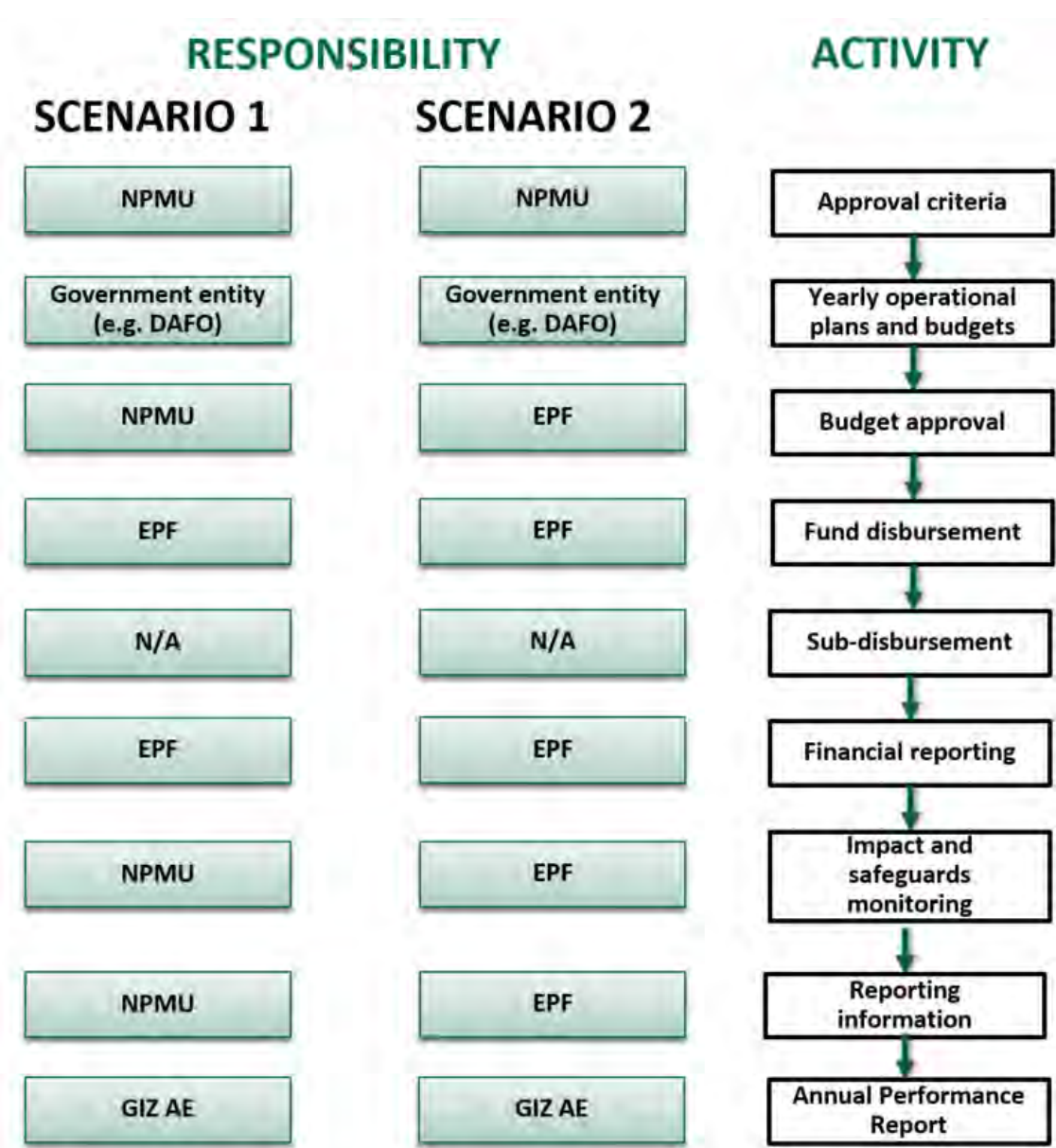


Figure 5: Proposed programme cycle: Government agency window

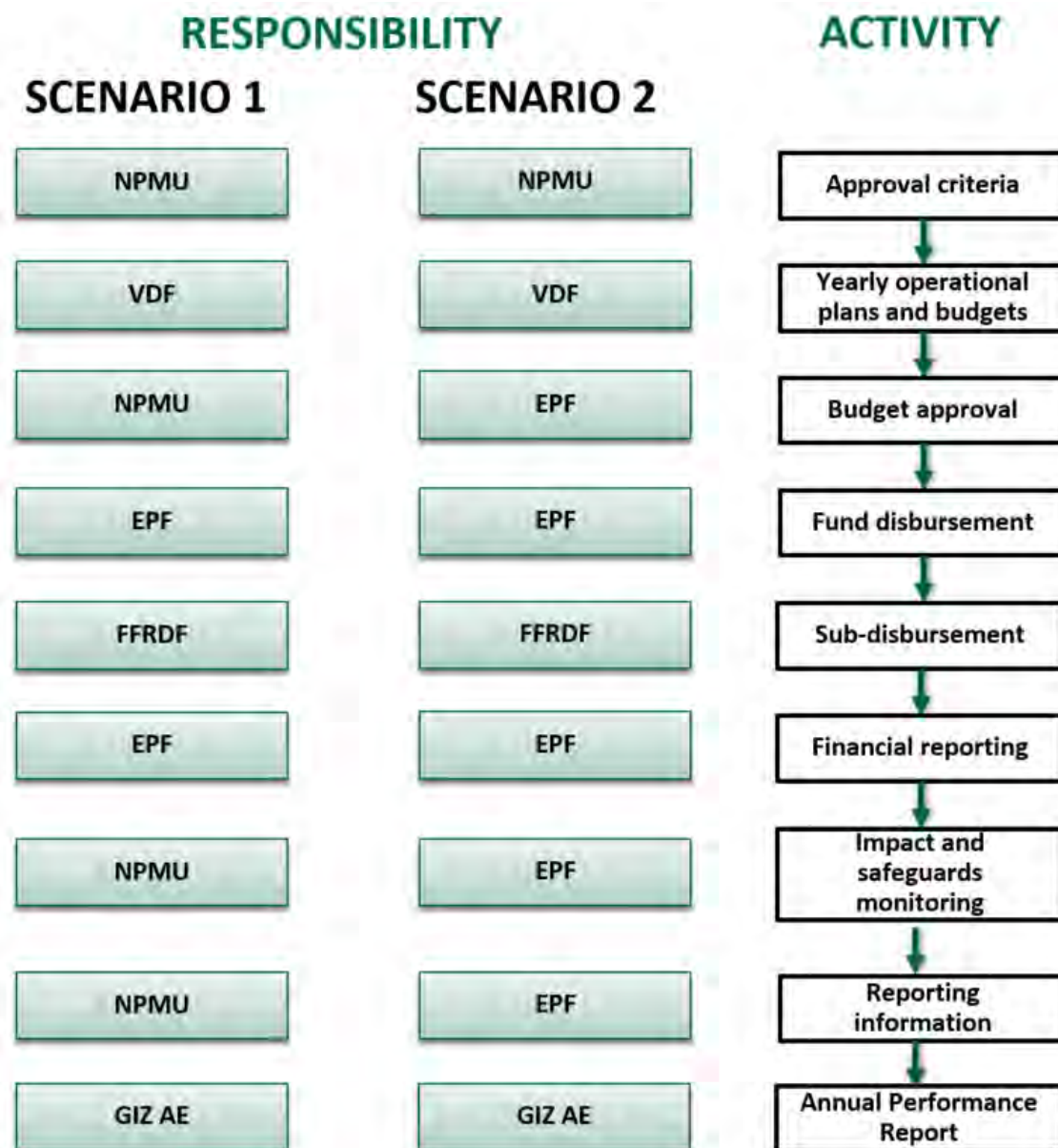


Figure 6: Proposed programme cycle: Village group window

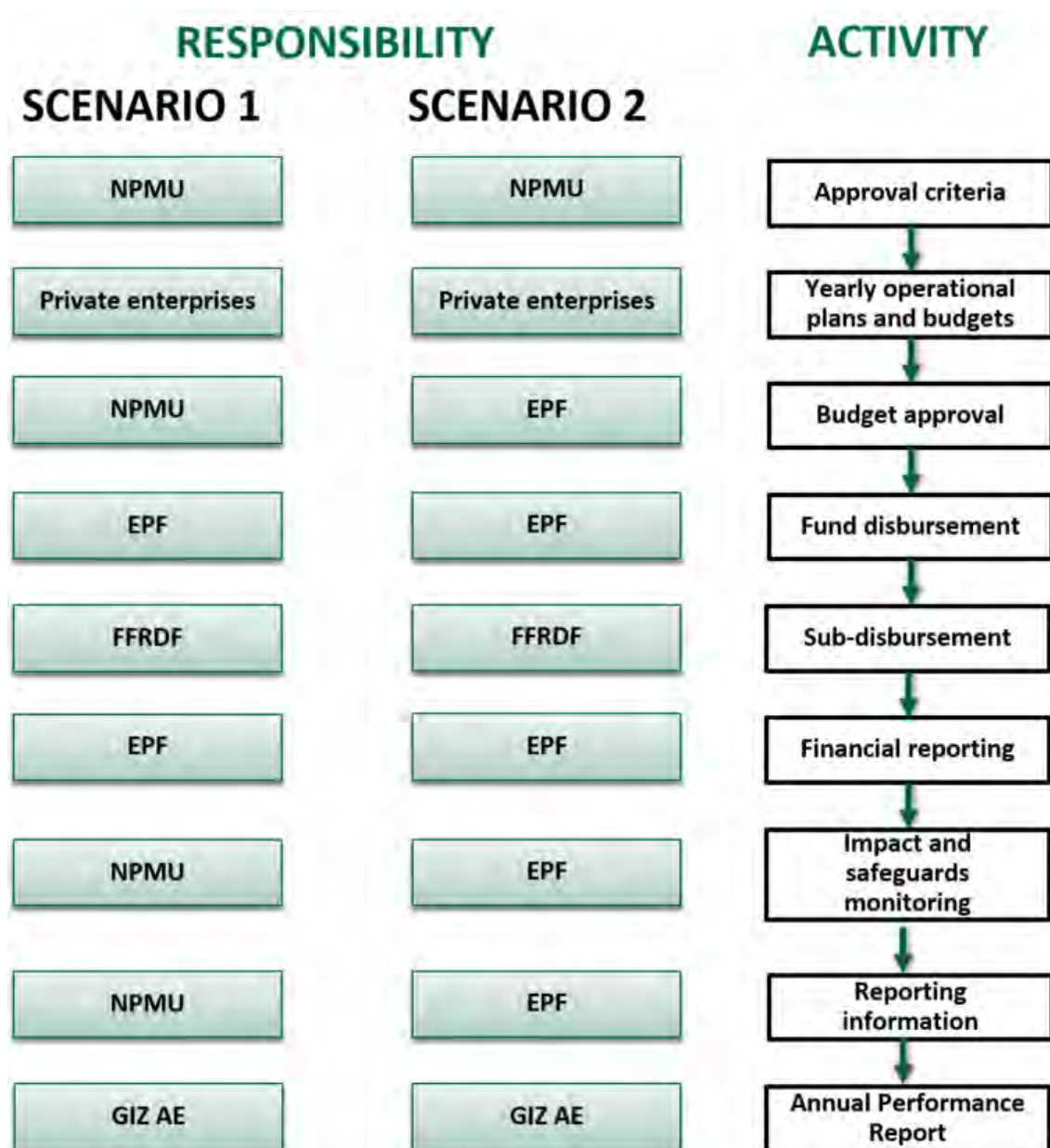


Figure 7: Proposed programme cycle: Private sector enterprise window

The programme approval cycle is broadly similar across the three windows, with some exceptions. Approval criteria and means of submitting the application form are set by the NPMU. Applications for funds will be prepared by the programme beneficiary (the government agency, village group and private enterprise, respectively across the three windows) based on annual operational plans and budgets. Operational plans are intrinsically linked to country-level REDD+ development as they will be informed by PRAPS, the Emissions Reduction Program Document

(ER-PD) and the GCF programme design. It should be noted that there is a strong linkage between the ER-PD and REDD+ Funding Window. NPMU and relevant PPMUs and DPMUs will assist the programme beneficiaries in preparing the relevant documentation.

Depending upon the scenario, either the EPF or the NPMU will review the proposal for grant requests and either approve, seek amendments or reject. In the case of scenario one, the NPMU will instruct the EPF to disburse funds to the programme beneficiary. In the case of scenario two, the EPF takes its own decision on disbursement. In the case of the window for government beneficiaries, the EPF disburses funds directly to the beneficiary. In the case of the windows for village groups and private enterprises, the EPF will disburse funds to FFRDF. This intermediary will then disburse funds to the ultimate beneficiary. The role of the FFRDF may evolve – and, ideally, expand – during the life of the programme according to options laid out in Section 2.3. The activities eligible to receive funding and the activity-specific mechanisms for disbursing funds are described under in the Feasibility Study.

Regardless of the scenario, the EPF has a key fiduciary responsibility to GIZ's AE unit, and will therefore be responsible for financial monitoring and reporting. Monitoring and reporting of programme impacts, as well as compliance with safeguards, however, will depend on the scenario: under scenario one, the NPMU will take responsibility; under scenario two, the EPF will have responsibility. PPMUs and DPMUs will assist either the NPMU or the EPF to collect field data. GIZ EE, the EPF and the NPMU will compile reports in order to prepare information for the evaluation. Finally, GIZ, in its capacity as the AE, will have the responsibility to compile Annual Performance Reports to send to the GCF.

5.2 Eligibility and programme management tools

Precise eligibility criteria for activities supported by the REDD+ Funding Window will be developed in a subsequent Project Operational Manual. Nonetheless, it is anticipated that the REDD+ Funding Window will have the following eligibility criteria, based upon those used in the LENS2 Project Operational Manual:

- Funds support a PRAP, ER-PD, or GCF FP Government policy, strategy or official plan
- The operational plan contributes to at least one indicator that is relevant to the Activity supporting the beneficiary
- Aligns with the REDD+ Funding Window's geographical scope, i.e. the ER-PD accounting area
- The beneficiary is relevant to one of the three REDD+ windows

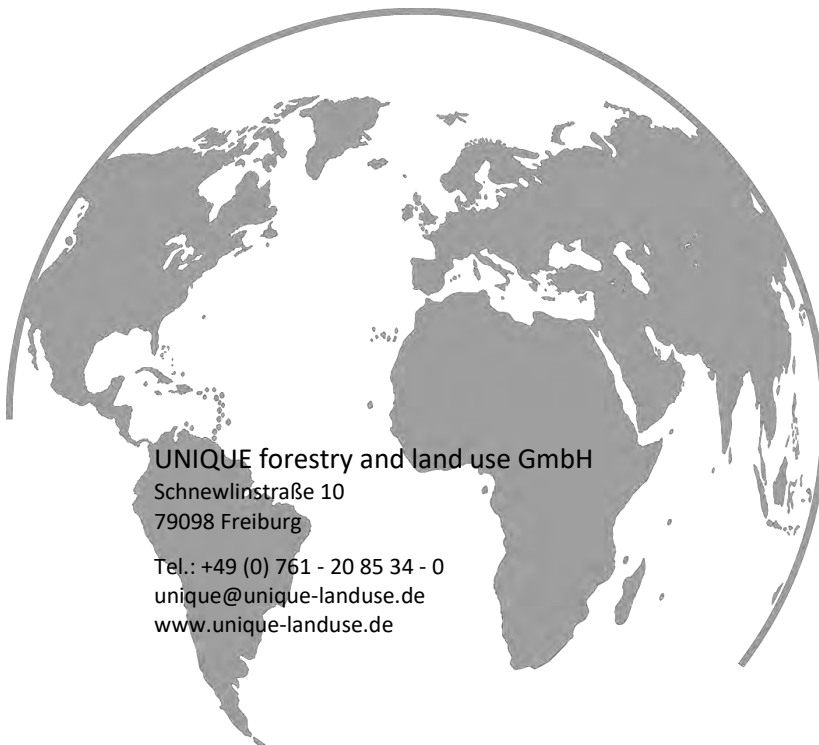
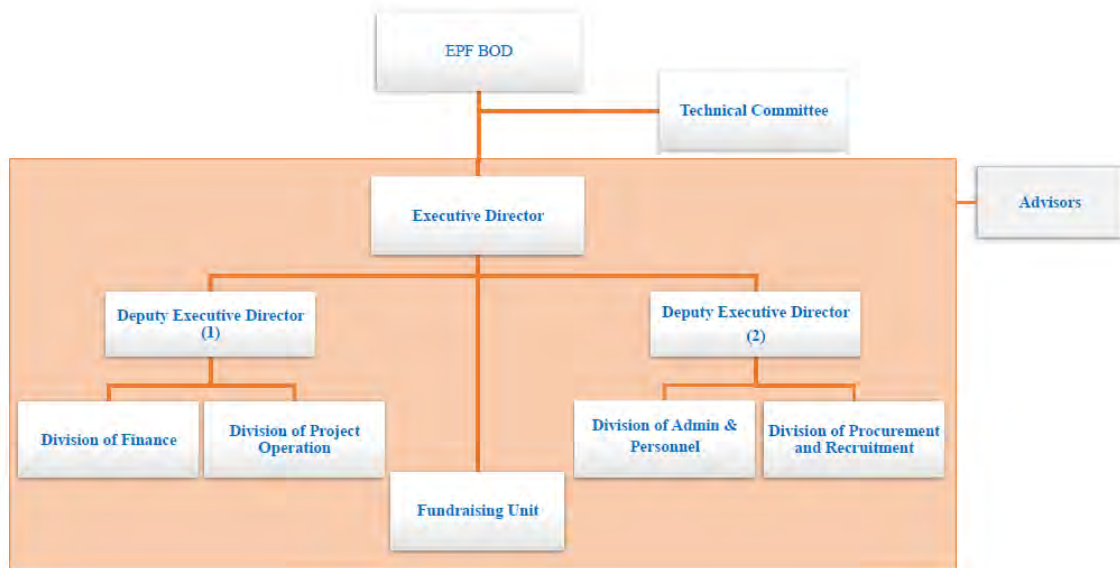
The National Fund Operational plans and budgets will be prepared using a similar format as the LENS2 project. Annex 3 provides an example Annual Work Plan and Budget (AWPB), found in Volume 3 of LENS2 Project Implementation Manual.

There are many manuals and forms that have been developed under LENS2 that can also be used or adapted for the REDD+ Window, including: evaluation of disbursement requests, screening proposals for environmental and social safeguards, sub-project semester/annual progress

reports, sub-project monitoring and reporting, indicator sheets, procurement plans and bid evaluations.

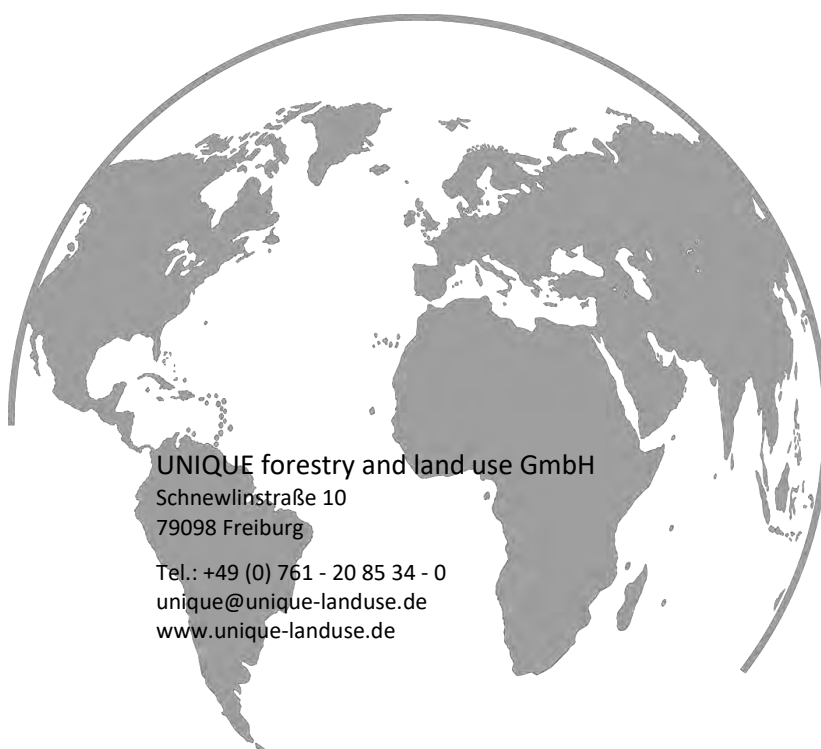
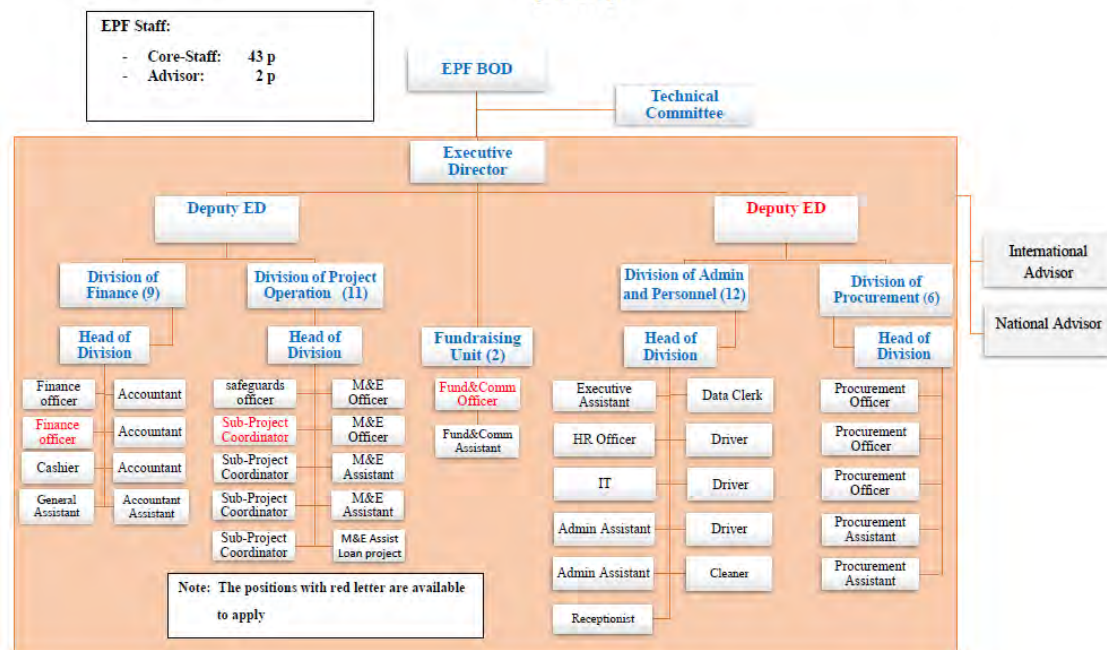
ANNEX 1: ORGANIZATIONAL STRUCTURES OF EPF

**Organization Chart of Environment Protection Fund
2017-2021**



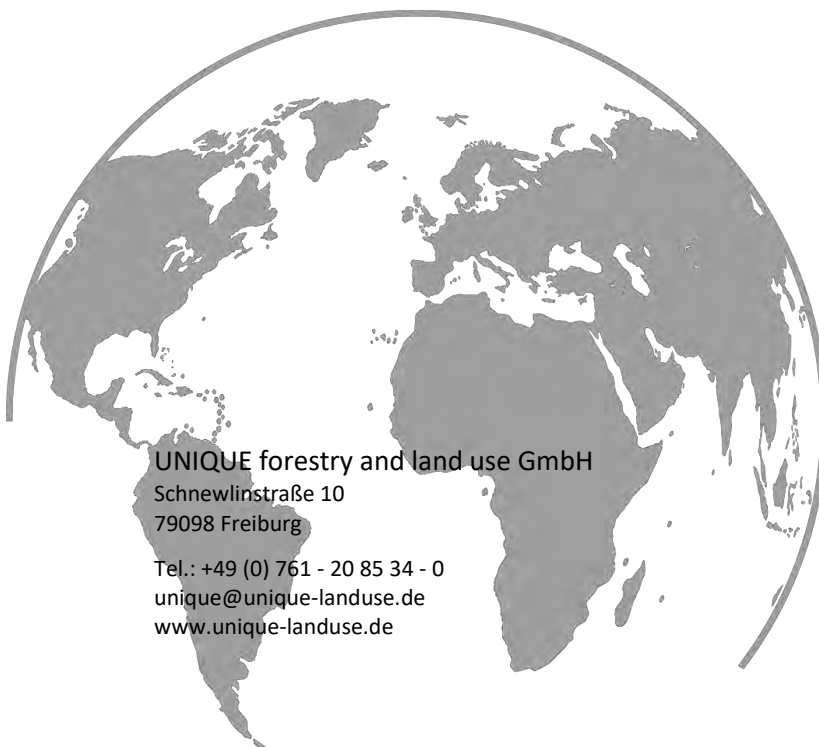
UNIQUE forestry and land use GmbH
Schnewlinstraße 10
79098 Freiburg
Tel.: +49 (0) 761 - 20 85 34 - 0
unique@unique-landuse.de
www.unique-landuse.de

Organization Chart of Environment Protection Fund, 2017 – 2021 (Draft)



UNIQUE forestry and land use GmbH
 Schnewlinstraße 10
 79098 Freiburg
 Tel.: +49 (0) 761 - 20 85 34 - 0
 unique@unique-landuse.de
 www.unique-landuse.de

ANNEX 2: AWPB





Laos People's Democratic Republic
Peace Independence Democracy Unity and Prosperity

Environment Protection Fund

Annual Work Plan and Budget (AWPB)

July 1, 2014 – September 30, 2015

I. 1. Project summary

The Protected Area and Wildlife Project (PAW) was approved by the WB Board on April 2, 2014 and the legal documents were signed on May 15, 2014. The current closing date is June 30, 2021. The project financing includes an IDA US\$ 12.5 million credit, an IDA US\$ 4.5 million grant and a GEF US\$ 6.83 million grant.

A restructuring of the PAW and additional financing, of IDA US\$ 15 million and LDCF US\$7.5 million, is underway. Once completed the name of the project will change from PAW to second Lao Environment and Social Project (LENS2).

There are 3 components under PAW. Component 1 “Institution development and capacity building” (PICE window); Component 2 “Management of wildlife and protected areas” (CBI window); and Component 3 “Project administration and capacity building”.

Component 1 and 2 will be delivered using EPF’s Sub-project mechanism. Sub-projects are proposed and implemented by Sub-project Delivery Agencies (SDAs). Each SDA will submit its own Sub-project proposal with its own AWPB. Five provinces are eligible for PAW *(and three additional for LENS2)* support: Borikhamxay, Khammuane, Huaphanh, Luang Prabang, Xiengkhuang, *Vientiane, Xaysomboon and Savannakhet* Provinces as well as Vientiane. The project initially targets two national protected areas: Nam Et-Phou Louey (NEPL) and Nakai-Nam Theun (NNT).⁶ Component 3 is directly implemented by EPF. This AWPB is limited to Component 3.

⁶ With LENS2 it is expected to include support to provincial and district conservation and protection forests.

Component 3 seeks to deliver the Project's outcomes within the allocated time frame through excellence in planning, procurement, financial management and monitoring⁷. Under this component EPF will: (a) carry out the day-to-day coordination, administration, procurement, financial management, environmental and social safeguards, Sub-project management for review and approval, communication, monitoring, evaluation, reporting and audit of the Project; and (b) raise funds for protected area and wildlife protection activities. The component will support capacity building of EPF staff and systems.

The AWPB for component 3 is using two sub-components to distinguish better administrative costs from costs related to EPF capacity building:

Sub-Component 3.1 Project Administration supports the administration of the Sub-project mechanism and overall project by EPF. It includes technical assistance to help EPF assure compliance with the World Bank's fiduciary requirements, especially procurement, financial management, and environment and social safeguards, M&E, communication with stakeholders, and facilitating effective coordination and cooperation among SDAs.

Sub-Component 3.2 Capacity development supports capacity building of EPF staff and systems to improve EPF organization and staffing for effectiveness and efficiency as well as optimize various business functions of EPF such as (a) fund raising, (b) planning and M&E, (c) communicating.

Implementation arrangements

EPF is the PAW's (and LENS2's) project implementing agency. The EPF Executive Office (EPFO) is responsible for overall and Sub-project specific administration including financial management, procurement, monitoring & evaluation, safeguard, reporting and coordination at national and provincial level. The EPFO will assist SDAs in developing eligible and high-quality Sub-project proposals and providing continuous training and support during implementation. The EPF Board serves as Project Steering Committee (PSC). A Technical Committee (TC) has been established to assist with the review of Sub-project proposals and reports. In order to strengthen the EPFO, a package of additional staffing, technical assistance, training and equipment has been built into the project design and the existing EPF/LENS manuals and instruments have been up-graded.

Implementation is guided by a Project Implementation Manual (PIM) in 5 volumes and by a set of Safeguard documents. Detailed procedures for preparing Sub-projects AWPB (including safeguards, M&E, financial management and procurement) are found in the 5 volumes of the PIM.

1.2. Purpose of the AWPB

⁷ See Annex 1 for the Result Framework of Component 3.

This first AWPB will guide the EPF in launching the implementation of the PAW while managing the transition and readiness for a consolidated LENS2. The transition is funded by a separate advance and follows its own AWPB. The LENS2 is expected to become effective during the course of the year. At that time, the present AWPB will be updated.

This AWPB provides a summary of the EPF's objective, activities and budget in year 1 of implementation within the framework of the overall PAW objective, activities and budget. The summary is supported by 4 annexes:

- A1: A results framework (covering all 7 years of implementation)
- A2: A detailed budget per sub-component (covering all 7 years of implementation and for 1st year of implementation)
- A3: An activity plan (covering 1st year of implementation)
- A4: A procurement plan (covering 18 months of implementation)

Each Sub-project has its own separate AWPB which supplement this AWPB and which are submitted separately. The SDAs are responsible for preparing their AWPB for the respective Sub-project (except the procurement plan). The AWPB of the EPFO includes a budget for assistance to SDAs to ensure the quality and timely delivery of Sub-projects.

I.3. Results for 2014-15

The component 3 **intermediary result** to be achieved is: *To deliver the Project's outcomes within the allocated time frame through excellence in planning, procurement, financial management and monitoring.*

The **intermediary results indicators** for component 3 are:

1. Financial management, monitoring & evaluation and procurement ratings at or above Satisfactory (annually)
2. Deliverables proposed in the AWPB completed each year (annually)

I.4. Total Project budget planned for component 3

*Table I.4.1 Total budget Component 3 by sub-component, funding source
(including 10% contingencies)*

	EPF US\$	WB US\$	TotalUS\$	Up-dated status ⁸
3.1.Project administration	1,347,390	3,577,420	4,924,810	

⁸ Will be up-dated in semestrial/annual progress reports and following AWPBs.

3.2. Capacity building	115,709	1,325,966	1,441,675	
Total Component 3	1,463,099	4,903,386	6,366,485	

This AWPB is for year 1 of implementation with an overall budget of estimated US\$1.1 million financed by the EPF own funds and the Project (see also table II.4.4):

Table I.4.2 Component 3 annual budget over 7 years of implementation (including 10% contingencies)

USD	Y1	Y2	Y3	Y4	Y5	Y6	Y7
3.1. Project administration	860,503	782,590	818,230	818,230	805,030	801,730	38,500
3.2. Capacity building	356,290	286,825	271,700	227,700	187,825	108,075	33,000
Total Component 3	1,216,793	1,069,415	1,089,930	1,045,930	992,855	909,805	71,500

II. SUMMARY AWPB Component 3 Year 1:

II.1. Focus

In implementing the year 1 AWPB, EPF will focus on two main: 1) to ensure that the revised structure of the EPF's Executive Office is fully staffed including defined technical advisor in place, equipped and systems in place to administer the PAW project in compliance with the Project Implementation Manual (PIM) and its sub-manuals; and 2) to support the preparation, approval, signing, implementation and supervision of Sub-projects.

II.2. Deliverables

The deliverables are defined in detail in the activity plan in Annex 3. As most of the activities and deliverables during year 1 are interrelated, particular attention to activity planning and monitoring will be needed. An overview of the deliverables per sub-component is provided below:

Table II.2.1 Deliverables Component 3 Y1

Sub-component 3.1 Project Administration
Deliverables
1. Project launch workshop carried out
2. EPFO fully staffed including advisors
3. EPFO M&E system established, staffed and functional

4. EPFO FM system functional including operational and replenished bank accounts
5. EPFO Procurement system functional
6. EPFO HR management policy in place, approved by BOD
7. Sub-project support for approval, signing and supervision for 10 sub-projects
8. Sub-project pipeline support leading to final draft application package of 6 sub-projects
9. Safeguard documents up-dated (CEF, ESMF), validated, disseminated (EPF webpage)
10. CEF manual adapted and aligned with Sub-Project Operations Manual
11. TC meetings carried out as needed on rolling basis (estimated 6)
12. SC meetings carried out (estimated 2)
13. Sub-project planning meetings at provincial and central level (estimated 6 each)
14. AWPB prepared, submitted and approved by WB as required
15. Annual audit (external and internal) carried out and reports submitted to WB as required
16. IFRs (semester) carried out and submitted to WB as required
17. Progress reports (semester/annual) prepared and submitted to WB as required
18. Stakeholder consultative meeting organized (1)
Sub-component 3.2 Capacity Building
Deliverables
1. Technical advisors recruited (M&E, Technical Management, Gender, FM)
2. Training program for EO and SDAs developed and implemented (safeguards, English, planning, m&e, procurement, financial management, communication)
3. Fundraising functions recruited (Advisor, Officer and Assistant)
4. Hydro and mining sector fundraising scoping assessment produced
5. Communication needs assessment done and communication strategy developed
6. Sub-project design and implementation workshops implemented
7. Study tours (estimated 1, e.g. Lao delegation to World Park Congress)

II.3. Annual results indicator targets

The outcome and intermediary outcomes expected in 2014-15 are detailed in Annex 1. In summary they are:

- *The Financial management, monitoring and evaluation and procurement ratings would all be at least Moderately Satisfactory.*
- *More than half of the deliverables proposed in this AWMP would be fully completed.*

II.4. Estimated budget for Component 3

The budget for **component 3 in year 1** is about US\$ 1.1 million. Details can be found in the budget tables (annex 2).

Table II.4.1. Year 1 Component 3 Budget

Sub-components	EPF co-financing in US\$ (incl. 10 % contingencies)	WB -Project US\$ budget(incl. 10%contingencies)	Total in US\$
3.1. Project administration	164,670	695,833	860,503
3.2. Capacity building	0	352,550	356,290
Total Component 3	164,670	1,048,383	1,216,793

II.5. Estimated budget for Components 1 and 2

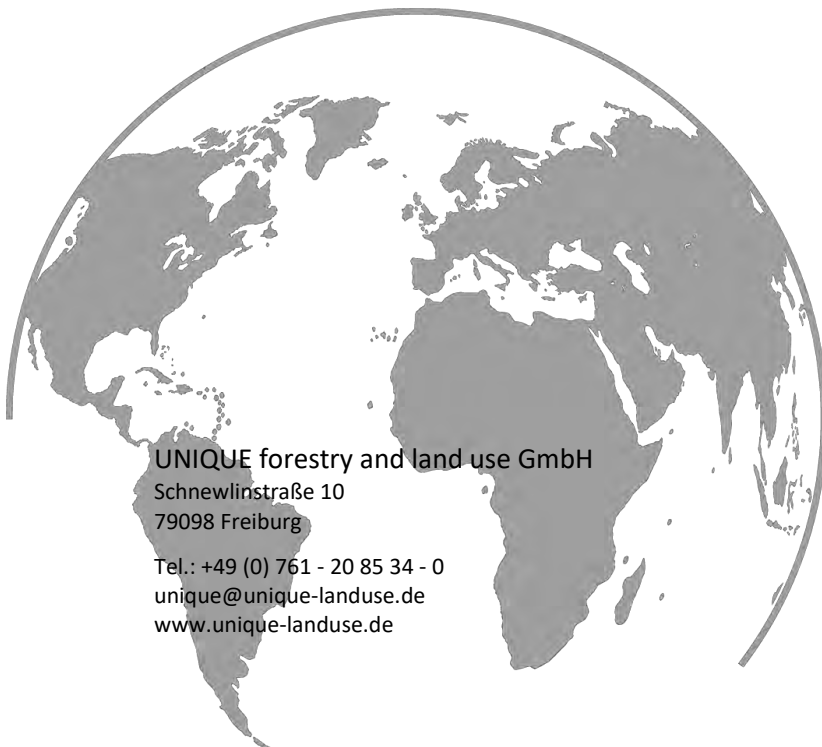
The budget of components 1 and 2 will depend on which Sub-projects are submitted, approved and initiated before end of September 2015. The tables below are indicative and will guide EPFO in organizing its support to the potential SDAs.

Table II.4.2. Estimated Y1 annual budget for component 1

Component 1: Institution development and capacity building				
SDA	Sub-project title	Est. approval date	Est. total budget (US\$)	Est. Disb. 14-15 (US\$)
DOFI	National-level capacity building in wildlife law enforcement	October 2014	1,499,580	106,610
DFRM	Institutional capacity building for protected area management and wildlife conservation	October 2014	1,659,020	107,200
NUOL FF	Human Resources Development for Protected Area and Wildlife Management	October 2014	3,000,000	432,000
Government's Office	Strengthening the Publication of Socio-Economic Development with Sustainable Environmental Protection and Natural Resources Management	October 2014	500,000	66,800
DPC, MONRE	Capacity building for national biodiversity planning and monitoring	Dec. 2014	200,000	149,930
Kaysone Acad.	Constituency building of high level officials	Dec. 2014	300,000	45,000
Total number of Sub-projects: 06				
Total budget requested (in US\$): 7,158,600				
Comments: The Kaysone Academy and DPC, MONRE has first draft there are under process of preparation				

Table II.4.3. Estimated Y1 annual budget for component 2

Component 1: Management of wildlife and protected areas				
SDA	Sub-project title	Est. approval date	Est. total budget (US\$)	Est. Disb. 14-15 (US\$)
PFRM BLX	Coordination of NPA management in Borikhamxay Province	Dec. 2014	200,000	29,870
PFRM K	Coordination of NPA management in Khammuane Province	Dec. 2014	200,000	81,980
PFRM H	Coordination of NPA management in Huaphanh Province	Dec. 2014	200,000	59,650
PFRM L	Coordination of NPA management in Luang Prabang Province	Dec. 2014	200,000	63,720
PFRM X	Coordination of NPA management in Xiengkhouang Province	Dec. 2014	200,000	64,435
POFI B	Wildlife law enforcement in Borikhamxay Province	Dec. 2014	400,000	114,936
POFI K	Wildlife law enforcement in Khammuane Provinces.	Dec. 2014	400,000	107,355
POFI H	Wildlife law enforcement in Huaphanh Province	Dec. 2014	400,000	112,730
Total number of Sub-projects: 08				
Total budget requested (in US\$): 2,200,000				
Comments: For Management of the Nakai Nam Theun NPA and Nam Et Phou Louey NPA, there is no target date due to both NPAs are need to improve the organization structure. However EPF allocated 50,000 US\$ per each PA for project preparation facilities.				



UNIQUE forestry and land use GmbH
Schnewlinstraße 10
79098 Freiburg

Tel.: +49 (0) 761 - 20 85 34 - 0
unique@unique-landuse.de
www.unique-landuse.de