



**GREEN  
CLIMATE  
FUND**

**Meeting of the Board**  
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Provisional agenda item 14

**GCF/B.24/02/Add.03**

**22 October 2019**

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# Consideration of funding proposals - Addendum III

## Funding proposal package for FP117

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### **Summary**

This addendum contains the following seven parts:

- a) A funding proposal titled “Implementation of the Lao PDR Emission Reductions Programme through improved governance and sustainable forest landscape management”;
- b) No-objection letter issued by the national designated authority(ies) or focal point(s);
- c) Environmental and social report(s) disclosure;
- d) Secretariat’s assessment;
- e) Independent Technical Advisory Panel’s assessment;
- f) Response from the accredited entity to the independent Technical Advisory Panel’s assessment; and
- g) Gender documentation.

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# Funding Proposal

Project Title:	Implementation of the Lao PDR Emission Reductions Programme through improved governance and sustainable forest landscape management
Country:	Lao People's Democratic Republic
Accredited Entity:	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
Date of first submission:	2019/03/02
Date of current submission:	2019/09/25
Version number:	V.010



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### *Note to Accredited Entities on the use of the funding proposal template*

- Accredited Entities should provide summary information in the proposal with cross-reference to annexes such as feasibility studies, gender action plan, term sheet, etc.
- Accredited Entities should ensure that annexes provided are consistent with the details provided in the funding proposal. Updates to the funding proposal and/or annexes must be reflected in all relevant documents.
- The total number of pages for the funding proposal (excluding annexes) **should not exceed 60**. Proposals exceeding the prescribed length will not be assessed within the usual service standard time.
- The recommended font is Arial, size 11.
- Under the [GCF Information Disclosure Policy](#), project and programme funding proposals will be disclosed on the GCF website, simultaneous with the submission to the Board, subject to the redaction of any information that may not be disclosed pursuant to the IDP. Accredited Entities are asked to fill out information on disclosure in section G.4.

**Please submit the completed proposal to:**

[fundingproposal@gcfund.org](mailto:fundingproposal@gcfund.org)

**Please use the following name convention for the file name:**

“FP-[Accredited Entity Short Name]-[Country/Region]-[Dates]”

PROJECT/PROGRAMME SUMMARY			
<b>A.1. Project or programme</b>	Project	<b>A.2. Public or private sector</b>	Public
<b>A.3. Request for Proposals (RFP)</b>	Not applicable		
<b>A.4. Result area(s)</b>	<p>Check the applicable <a href="#">GCF result area(s)</a> that the <u>overall</u> proposed project/programme targets. For each checked result area(s), indicate the estimated percentage of <u>GCF budget</u> devoted to it. The total of the percentages when summed should be 100%.</p>		
	<p><b>Mitigation:</b> Reduced emissions from:</p> <p><input type="checkbox"/> Energy access and power generation:</p> <p><input type="checkbox"/> Low-emission transport:</p> <p><input type="checkbox"/> Buildings, cities, industries and appliances:</p> <p><input checked="" type="checkbox"/> Forestry and land use:</p> <p><b>Adaptation:</b> Increased resilience of:</p> <p><input type="checkbox"/> Most vulnerable people, communities and regions:</p> <p><input type="checkbox"/> Health and well-being, and food and water security:</p> <p><input type="checkbox"/> Infrastructure and built environment:</p> <p><input type="checkbox"/> Ecosystem and ecosystem services:</p>	<p><b>GCF contribution:</b></p> <p><u>Enter number</u>%</p> <p><u>Enter number</u>%</p> <p><u>Enter number</u>%</p> <p>100%</p> <p><u>Enter number</u>%</p> <p><u>Enter number</u>%</p> <p><u>Enter number</u>%</p> <p><u>Enter number</u>%</p>	
<b>A.5. Expected mitigation impact</b>	<p><u>Project 1 (4 years)</u> 5.6 million t CO<sub>2</sub> eq</p> <p><u>Programme (9.5 years)</u> 57.9 million t CO<sub>2</sub> eq</p>	<b>A.6. Expected adaptation impact</b>	<p><u>Project 1:</u> - Direct rural beneficiaries: 120,000 (60,000 men and 60,000 women) - Indirect rural beneficiaries: 235,800</p> <p><u>Programme:</u> - Direct rural beneficiaries: 254,800 (127,400 men and 127,400 women) - Indirect rural beneficiaries: 412,650</p>
			<p><u>Project 1:</u> - Direct beneficiaries: 2% of national population - Indirect beneficiaries: 3% of national population</p> <p><u>Programme:</u> - Direct beneficiaries: 4% of national population - Indirect beneficiaries: 5% of national population</p>
<b>A.7. Total financing (GCF + co-finance)</b>	<p><u>Project 1:</u> 65.2 million Euros</p> <p>(Anticipated total programme financing: 162.7 million Euros)</p>	<b>A.9. Project/Programme size</b>	<p><u>Project 1:</u> Medium (Up to USD 250 million)</p>
<b>A.8. Total GCF funding requested</b>	<p><u>Project 1:</u> 15.2 million Euros</p> <p>(Anticipated total programme financing: 62.6 million Euros)</p>		<p><u>Total programme:</u> Medium (Up to USD 250 million)</p>



well-placed for Phase 2 of REDD+ (implementation) in order to reduce forest-sector emissions and to achieve true paradigm shift.

4. To achieve such a paradigm shift, the programme in which Project 1 is embedded:
  - Strengthens the **enabling environment for REDD+** through 3 principal means: enhancing the availability of financing for a deep transformation in the way Laos manages its forest landscapes – including through supporting a REDD+ Funding Window; revising and strengthening the legal and regulatory framework for forestry; and improving the enforcement of the new regulatory framework.
  - Supports **deforestation-free agriculture and agroforestry** by enhancing productivity, increasing farmers' integration into agricultural value chains, and improving access to finance and private sector participation in economic activities that reduce pressure on forests.
  - Supports the implementation of **sustainable forest landscape management (SFM)** and **forest landscape restoration (FLR)** on over 1.5 million ha of degraded lands.
5. The programme consists of 3 projects: Project 1 (mid-2020 to mid-2024) addresses the three provinces of Houaphan, Sayabouri and Luang Prabang, which contain the highest rates of deforestation and forest degradation within the programme area; Project 2 (mid-2024 to end-2029) scales-up the number of participating communities in the same geographical area; and Project 3 (2022 to end-2029) extends the geographical reach of the programme to the 3 additional provinces of Luang Namtha, Bokeo and Oudomxay.
6. The programme structure offers considerable flexibility through its constituent projects to gather data and learn iteratively for more effective and adaptive design; potential for crowding-in more sustainable financing from diversified sources (more emission reductions, additional domestic revenues, larger endowment for the REDD+ Funding Window), thereby increasing long-term financial sustainability; and better linkage with the programmatic approach of the Forest Carbon Partnership Facility (FCPF) Emissions Reduction Programme in Laos, which the programme complements and supports.
7. **This Funding Proposal presents a stand-alone GCF project (Project 1) for Board approval. Two subsequent stand-alone projects, embedded in the same programmatic context and theory of change as this project, will be submitted at a future date for Board approval. Board approval for the project presented in this Funding Proposal is wholly separate from, and does not pre-judge, Board approval for future related projects.**

#### A.21.2 Project 1 Executive Summary

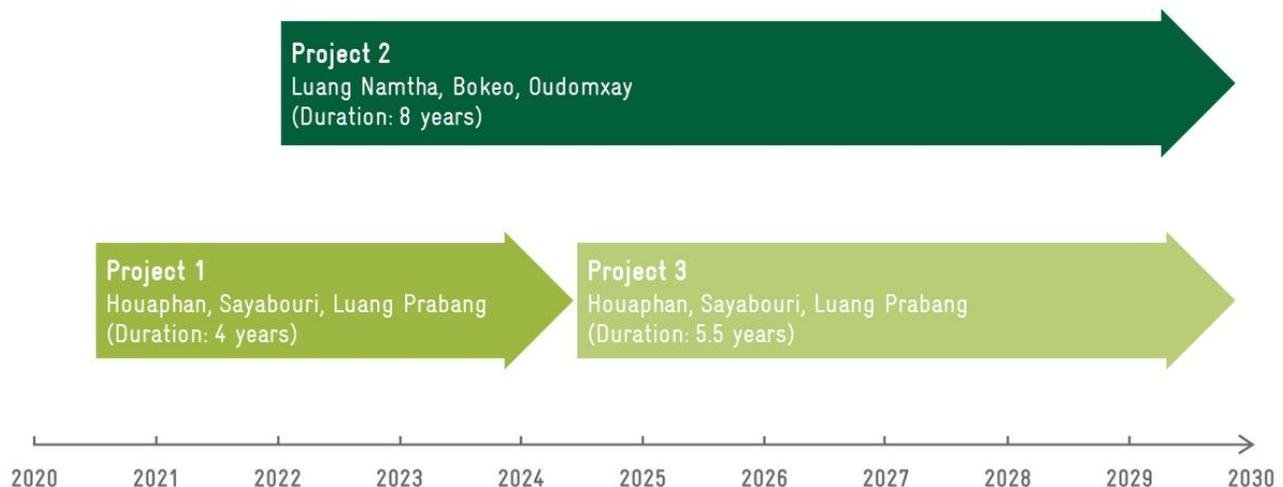
8. Project 1 mitigates 5.6 million tCO<sub>2</sub>eq during its 4-year implementation period, at a cost to the GCF of Euro 2.7/tCO<sub>2</sub>eq. It benefits 355,800 people (120,000 directly) in 3 provinces of rural northern Laos by promoting sustainable management of forests, landscapes and agricultural resources. It represents the first project of a programme that will ultimately mitigate 144.7 million tCO<sub>2</sub>eq over its 20-year lifetime (influence period, 2020-2039), at a cost to the GCF of Euro 0.4/tCO<sub>2</sub>eq.
9. Project 1 mobilises Euro 50.0 million of co-financing and will, during its 4-year implementation period, unlock REDD+ results-based payments of Euro 23 million from the FCPF Carbon Fund.
10. Project 1 will have significant socio-economic and gender-positive co-benefits in disadvantaged rural areas. Lao PDR, a landlocked least developed country (LLDC), is unable to bear the full project cost alone. Although the government is contributing significant co-financing, surpassing its NDC commitments, the GCF's contribution is essential for Project 1 to proceed.

## A.22. Programme summary

### A.22.1 Programme structure

11. Although Board approval is sought solely for Project 1 and not for the overall programme (i.e. not for constituent Project 2 or constituent Project 3), a summary of the overall programme, in which Project 1 is embedded, is provided below for reference.
12. The programme, in which Project 1 is embedded, combines a sectoral and geographical scope:
  - It is **sectoral** in the sense that it supports the Government of Lao PDR in achieving its policy goals, as defined in the NDC as well as the National REDD+ Strategy and Socio-Economic Development Plans.
  - It is **geographical** because it operates in the defined accounting area of six northern provinces selected on the basis of their mitigation potential under the ER Program. The programme applies a geographical upscaling strategy by means of constituent projects (Projects 1-3) that address provinces that are connected at ecosystem level and that are linked through other factors such as synergies among co-financing activities.
13. The programme design consists of:
  - Three Projects:
    - Project 1: Houaphan, Sayabouri and Luang Prabang provinces. Mid-2020 to mid-2024.
    - Project 2: Luang Namtha, Bokeo and Oudomxay provinces. 2022 to end-2029.
    - Project 3: Houaphan, Sayabouri and Luang Prabang provinces. Mid-2024 to end-2029.
  - Each Project contains three Outputs:
    - Output 1: Creation of an enabling environment for REDD+
    - Output 2: Market solutions for agricultural drivers of deforestation
    - Output 3: Climate mitigation action through forestry
14. Project 1 addresses a number of national-level interventions that will also serve to support Projects 2 and 3 (subject to separate GCF funding approval for Projects 2 and 3). The most notable example is the creation of the REDD+ Funding Window, which will be undertaken in Project 1 but whose structure and functionality will also be utilised in Projects 2 and 3.
15. At the core of the project are performance-based payments to participating communities and institutions to incentivise and fund those types of land-use practices that yield the highest emission reductions. The programme ties its performance to MRV-able milestones, providing GIZ and GCF with the necessary information for the design of Project 2 and Project 3, for which additional funding may be approved subsequently by the GCF Board.

Figure 1: Phased Approach to Implement the Lao PDR Emission Reductions Programme



### A.22.2 Benefits of the programmatic approach

16. The Feasibility Study (Annex 2a) recommends a programmatic approach instead of a static project approach. The programmatic approach will allow:

- Phased geographical upscaling of activities through a sequenced series of interlinked projects for different regions/provinces in the ER-P accounting area.
- A REDD+ Funding Window as a common financial mechanism at the centre of the programme.
- Common objectives aligning the constituent projects and contributing to the strategic goals of the forestry element of Lao PDR's NDC.
- A stronger emphasis on performance-based financing.
- A longer total duration of the programme compared to a single project.
- Scaling-up project activities while building up the capacity of Lao institutions.
- Taking advantage of synergies with other development programmes in the country.

17. The benefits of a programmatic approach include:

- **Impact:** Greater flexibility through constituent projects to gather data and learn iteratively for more effective and adaptive design and to achieve higher impact in subsequent projects (build up know-how and gather lessons learned).
- **Sustainability:** Higher potential for crowding-in more sustainable financing from diversified sources (more emission reductions, additional domestic revenues, larger endowment for the REDD+ Funding Window), utilising a hybrid financing mechanism for the entire programme and thereby increasing long-term financial sustainability.
- **Paradigm shift:** More time for communities, businesses, civil servants and regulators to adjust to the desired paradigm shift in the land-use sector through the extended duration of the programme.
- **Efficiency:** Greater flexibility to improve project management and reduce transaction costs over time, in particular through the common financing mechanism (the REDD+ Funding Window).
- **Integration:** Better linkage with the programmatic approach of the FCPF ER Program.
- **Convergence:** A more open platform for coordination and harmonisation of existing co-financing contributions (ADB, IFAD, KFW, JICA) towards the NDC forestry objectives, as well as a vehicle for attracting additional co-financing.

Table 1: Programme Core Indicator Targets

<b>Expected tonnes of carbon dioxide equivalent (t CO<sub>2</sub> eq) to be reduced or avoided (mitigation only)</b>	Annual	6 million t CO <sub>2</sub> eq
	Lifetime	144.7 million t CO <sub>2</sub> eq
<b>Estimated cost per t CO<sub>2</sub> eq, defined as total investment cost / expected lifetime emission reductions (mitigation only)</b>	(a) Total project financing	162.7 million Euros
	(b) Requested GCF amount	62.7 million Euros
	(c) Expected lifetime emission reductions <sup>2</sup>	144.7 million t CO <sub>2</sub> eq
	<b>(d) Estimated cost per t CO<sub>2</sub>eq (d = a / c)</b>	<b>1.12 Euros / t CO<sub>2</sub>eq</b>
	<b>(e) Estimated GCF cost per t CO<sub>2</sub>eq removed (e = b / c)</b>	<b>0.69 Euros / t CO<sub>2</sub>eq</b>
<b>Expected volume of finance to be leveraged by the programme as a result of the Fund's financing (mitigation only)</b>	(f) Total finance leveraged	747 million Euros
	<b>(g) Total Leverage ratio (i = f / b)</b>	7.5
<b>Expected total number of direct and indirect beneficiaries, (disaggregated by sex)</b>	Direct	254,800 rural beneficiaries 50% female
	Indirect	412,650 rural beneficiaries 50% female
<b>Number of beneficiaries relative to total population (disaggregated by sex)</b>	Direct	4% of national (4% of women)
	Indirect	5% of national population (5% of women)

### A.22.3 Coherence among constituent projects

<sup>2</sup> 20-year programme influence period.

18. All three constituent projects of the programme contribute to reducing emissions and increasing carbon sequestration in forest ecosystems of the accounting area. All funded activities in each project have the purpose of contributing to this goal directly or to improving the framework conditions to implement, sustain and safeguard those activities that contribute directly to this goal.
19. The constituent projects complement each other to achieve outcomes beyond those that could be achieved by isolated, one-off interventions, including through:
- Combining the mitigation potential, and therefore the potential for accessing results-based payments, at the scale necessary to sustain mitigation activities without subsequent programme support.
  - Preventing leakage.
  - Exchange and learning between participating stakeholders.

The constituent projects apply common implementation arrangements, including a:

- Joint, inclusive governance structure.
- Centralised national financial mechanism (the REDD+ Funding Window) to allocate project financing and results-based payments according to the FCPF benefit-sharing plan.
- Common Environmental and Social Framework, including a Management Plan and an Ethnic Groups Engagement Plan.
- Common monitoring framework.

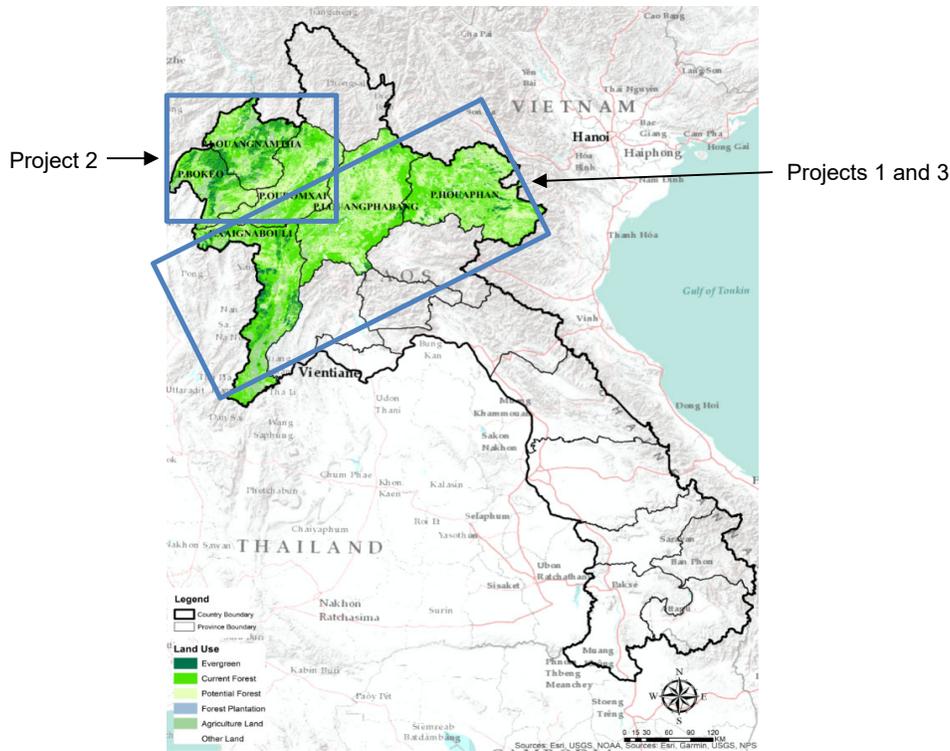
A programme is, therefore, more efficient and effective in terms of both its costs and impacts.

#### A.22.4 Programme Area

20. The envisaged programme, in which Project 1 is embedded, serves as the cornerstone instrument for successful implementation of the Laos Emission Reduction Programme (ER-P). Both cover the same six provinces in northern Laos: Houaphan, Luang Prabang, Sayaboury, Luang Namtha, Bokeo and Oudomxay (see Figure 2 below and the maps in Annex 16). The programme location constitutes 35% of the national territory and 32% of the country's forest cover. Because the programme operates in precisely the same target area as the ER-P, its mitigation outcomes can be accounted for using the same MRV institutions and processes that have been built up for the ER-P and will directly unlock FCPF results-based payments.
- Project 1 and Project 3 address the three provinces of Houaphan, Sayaboury and Luang Prabang. These provinces contain the districts with the highest rates of deforestation and forest degradation within the ER-P accounting area and contain the remaining forest areas most at risk of deforestation / forest degradation. In addition, the geographical locations of these three provinces enable connectivity of forest ecosystems at a landscape level.
  - Project 1 (mid-2020 to mid-2024) and Project 3 (mid-2024 to end-2029) will be implemented consecutively. This back-to-back structure will: enable the establishment and testing of the institutional and operational arrangements for the programme, including, for example, the REDD+ Funding Window at central level and the FPIC process at local level; facilitate implementation of local investments and mitigation actions at a more manageable, smaller scale (200 communities in Project 1); avoid overstretching the available implementation capacities of partners before scaling-up the number of communities to 400 in Project 3; generate sufficient emission reductions in time for the FCPF Carbon Fund sunset date of 2024; and set-up the programme in which the Projects are embedded to be in a position to access additional results-based payments from other sources after 2025 by taking the lessons learned of Project 1 into account and scaling-up the number of participating communities to 400 in the same geographical area (Project 3) as well as expanding the geographical area (Project 2).
  - Project 2 (2022 to end-2029) addresses the three remaining provinces of Luang Namtha, Bokeo and Oudomxay. Introducing Project 2 at a later date will enable the programme in which the Projects are embedded to benefit from lessons learned in Projects 1 when expanding the geographical scope of the programme. It will also align with KfW's investments, which will produce useful preparatory outputs, including land use plans in 103 villages in Bokeo and Luang Namtha provinces up to 2021, when KfW support is scheduled to phase out. These villages are target villages for Project 2.
21. The combined area of deforestation and forest degradation in the programme area is approximately 20,000 ha/year. Approximately 40% of total national deforestation and degradation takes place within the selected six provinces – 65% (13,000 ha/year) in the three provinces included in Projects 1 and 3 and 35% (7,000 ha/year) in the three provinces included in Project 2. Each of the six provinces has developed Provincial REDD+ Action Plans

(PRAPs – see Annex 22), which analyse key drivers of deforestation, major barriers, and proposed actions and measures to reduce emissions from deforestation and forest degradation.

Figure 2: The Programme Area in the Lao PDR Context



22. *Selection of districts.* Of the 50 districts in the six provinces, 28 districts have been selected for programme support. The selected districts cover 72% of the remaining high-carbon-stock area in the six target provinces (3.1 million ha out of 4.3 million ha). Projects 1 and 3 contain 16 districts and Project 2 contains 12 districts. The selection process for the districts combined detailed quantitative and qualitative considerations, which are described in Chapter 2.5 of the Feasibility Study (Annex 2a) and shown in Annex 16b.

Table 2: Project Coverage of Programme Districts

Projects 1 and 3	Project 2
Houaphan Province: Hiem, Houameung, Viengxai, Xam Nuea, Xamtai, Xone , Sopbao	Luang Namtha Province: Long, Luang Namtha, Nalee, Viengphouka
Sayaboury Province: Hongsa, Phaklai, Phieng, Sayabouri, Thongmixai	Bokeo Province: Houayxai, Mueng, Paktha, PhaOudom
Luang Prabang Province: Nan, Phonthong, Phonxai, Viengkham, XiengNgeun	Oudomxay Province: Beng, NaMo, Nga, Xai

23. For each selected district, a deforestation risk assessment was conducted to prioritise GCF investments and to ensure the highest possible impact. The risk assessment estimated the probability of deforestation and forest degradation due to agricultural expansion in the selected districts. Factors such as elevation, distance to roads and current land use classes were taken into account in classifying the risk and identifying potential target villages.<sup>3</sup> The programme in which the Projects are embedded will serve approximately 700 villages – 400 in Houaphan, Sayaboury and Luang Prabang provinces (200 in Project 1 and the full 400 in Project 3) and 300 in Luang Namtha, Bokeo and Oudomxay provinces in Project 2. (For environmental, social, FPIC and gender considerations, see Section G).

<sup>3</sup> The 28 district-level deforestation and degradation risk maps are provided in Annex 16.

## PROJECT INFORMATION

### B.1. Climate rationale and context

#### B.1.1. Context

24. The Lao People's Democratic Republic (Lao PDR) is a landlocked least developed country (LLDC) in Southeast Asia. The country covers an area of 24 million hectares, has a population of 6.9 million<sup>4</sup> and an average per capita income of USD 2,270.<sup>5</sup> The country has a human development index (HDI)<sup>6</sup> of 0.601, ranking it 139<sup>th</sup> (out of 189) globally.<sup>7</sup> The country's economy is dependent on natural resources, especially forestry, agriculture, electricity generation (especially hydropower) and mining. Agriculture, forestry and fisheries account for 16% of GDP and employ 64% of the Lao workforce.<sup>8</sup>
25. The agricultural sector consists primarily of subsistence farmers and is characterised by low yields due to limited use of high-quality inputs such as seeds and fertilizer, low soil quality, limited irrigation and insecure land tenure.<sup>9</sup> Significant crops include rice, maize, sugarcane and cassava. Some 80% of the population are heavily reliant on forests for timber, food, fuel, shelter, medicines and spiritual protection<sup>10</sup>. Lao forests are at the heart of the globally-recognised Biodiversity Hotspot Indo-Burma.<sup>11</sup> Forest cover accounts for 58% of the country's surface area, significantly lower than the 70% forest cover of the mid-1960s. In the past fifteen years, net forest loss has amounted to approximately 680,000 ha, the equivalent of losing 175 soccer fields per day.<sup>12</sup> The situation regarding forest degradation – which encompasses reductions in forest stocking, changes in species composition and size structure, and loss of wildlife and plant habitats – is as concerning as deforestation.<sup>13</sup>
26. Lao PDR's historical GHG emissions due to deforestation and forest degradation amounted to 34.1 million tCO<sub>2</sub>eq/year in the period 2005-2015, with an increasing trend in 2010-2015. Carbon removals due to reforestation and forest restoration (-7.53 million tCO<sub>2</sub>eq/year) are a small fraction of carbon emissions, resulting in **net annual average GHG emissions of 26.6 million tCO<sub>2</sub>eq from land use change and forestry in the period 2005-2015**.<sup>14</sup> Overall, the forestry and land use change sector is responsible for 67% of Lao PDR's emissions, and agriculture contributes a further 28%.<sup>15</sup>
27. In its Second National Communication to the United Nations Framework Convention on Climate Change (UNFCCC)<sup>16</sup>, Lao PDR identifies itself as an LDC with limited adaptive capacities that is highly vulnerable to climate change impacts. The country is considered to have a high risk of river flooding, landslides, cyclones and wildfires, a medium risk for extreme heat, and a low risk for water scarcity. Within Lao PDR, poor and marginalised groups disproportionately face climate risks, among them temperature increases and erratic rainfall, given that they are more exposed to such changes and generally have a lower capacity to adapt given their reliance on the immediate environment. Although this GCF proposal is a mitigation (REDD+) initiative, the proposal incorporates interventions that will promote climate change adaptation – notably enhanced land-use planning, improvements to irrigation infrastructure, reforestation in catchment areas and climate-smart agriculture.

<sup>4</sup> Lao Housing and Population Census, 2015

<sup>5</sup> World Bank: <https://data.worldbank.org/country/lao-pdr?view=chart>

<sup>6</sup> HDI takes into account three dimensions to assess the level of development of a country: a long and healthy life (life expectancy at birth), knowledge (expected years of schooling, mean years of schooling), and a decent standard of living (GNI per capita). Additional information can be found at: <http://hdr.undp.org/en/content/human-development-index-hdi>

<sup>7</sup> UNDP (2018), *Human Development Indices and Indicators: 2018 Statistical Update*: [http://www.hdr.undp.org/sites/default/files/2018\\_human\\_development\\_statistical\\_update.pdf](http://www.hdr.undp.org/sites/default/files/2018_human_development_statistical_update.pdf)

<sup>8</sup> World Bank: <https://data.worldbank.org/country/lao-pdr?view=chart>

<sup>9</sup> GIZ (2018), *Towards Responsible Agricultural Investment in Lao PDR: A Study of Agribusiness Experiences*.

<sup>10</sup> NAFRI (2006), *Improving Livelihoods in the Uplands of Lao PDR – A Sourcebook*, <http://www.mekonginfo.org/assets/midocs/0001773-environment-improving-livelihoods-in-the-uplands-of-the-lao-pdr.pdf>

<sup>11</sup> See <https://www.cepf.net/our-work/biodiversity-hotspots/indo-burma> and MAF (2010), Fourth National Report to the Convention on Biological Diversity

<sup>12</sup> FCPF Carbon Fund (2018), *Emission Reductions Programme Document: Promoting REDD+ through Governance, Forest Landscapes and Livelihoods in Northern Lao PDR*, [https://www.forestcarbonpartnership.org/sites/fcp/files/2018/May/LaoPDR\\_ER\\_PD\\_FinalDraftMay.2018-Clean.pdf](https://www.forestcarbonpartnership.org/sites/fcp/files/2018/May/LaoPDR_ER_PD_FinalDraftMay.2018-Clean.pdf)

<sup>13</sup> Thomas, I. L. (2015), *Drivers of Deforestation in the Greater Mekong Sub-region - Lao PDR Country Report*

<sup>14</sup> FCPF Carbon Fund (2018), *Emission Reductions Programme Document: Promoting REDD+ through Governance, Forest Landscapes and Livelihoods in Northern Lao PDR*, [https://www.forestcarbonpartnership.org/sites/fcp/files/2018/May/LaoPDR\\_ER\\_PD\\_FinalDraftMay.2018-Clean.pdf](https://www.forestcarbonpartnership.org/sites/fcp/files/2018/May/LaoPDR_ER_PD_FinalDraftMay.2018-Clean.pdf)

<sup>15</sup> WRI CAIT database (2014 data), <https://www.climatewatchdata.org/countries/LAO?source=31>

<sup>16</sup> Lao PDR Second National Communication to the UNFCCC (2013), <https://unfccc.int/sites/default/files/resource/Laonc2.pdf>

### B.1.2. Policy Framework

28. The importance of forest resources and their sustainable management is enshrined in the country's highest-level policies, including the **8<sup>th</sup> National Socio-Economic Development Plan** (8<sup>th</sup> NSEDP, 2016-2020), the **Green Growth Strategy** (currently being drafted), the **Central Party Resolution on Land** (2017), the **Forestry Strategy 2020**, as well as in **Lao PDR's Nationally Determined Contribution (NDC)**.<sup>17</sup>
29. Laos's NDC places significant weight on the forestry sector, establishing a forest cover target of 70% as well as activities for regeneration of degraded forests. The underlying Forestry Strategy 2020 identifies the following sector targets:
- To improve the quality of forests by naturally regenerating up to six million ha and planting (including through assisted natural regeneration) trees in unstocked forest area of up to 500,000 ha as an integral component of a rural livelihood support system encompassing stable water supplies and prevention of natural disasters (floods and landslides).
  - To provide a sustainable flow of forest products for domestic consumption and to generate revenue through wood processing sales and exports, contributing to livelihood improvement, fiscal revenue and foreign exchange earnings whilst increasing direct and indirect employment.
  - To preserve the many species and unique habitats which are, for different reasons, under threat.
  - To conserve the environment, including protection of soil, conservation of watersheds and combating climate change.
30. In 2018, the government complemented the NDC and Forestry Strategy with the **National REDD+ Strategy (NRS)** to 2025 and **National REDD+ Vision** to 2030 as the official government documents for guiding REDD+ implementation. The National REDD+ Strategy and Vision aim to improve the quality and extent of forests nationwide to provide economic, social and environmental benefits. The policies require all stakeholders, including households, communities and the private sector, to actively participate in the reduction of deforestation and degradation, and the promotion of forest restoration and reforestation.
31. Laos has been a partner country in the Forest Carbon Partnership Facility (FCPF) since 2008. Its Readiness Preparation Proposal (R-PP) was accepted in late 2010, its Emission Reductions Programme Idea Note (ER-PIN) was approved in March 2016 and its Emission Reductions Programme Document (ER-PD) was accepted into the FCPF Carbon Fund without conditions at the 18<sup>th</sup> Carbon Fund Participants Meeting in June 2018.<sup>18</sup> A key component of the ER-PD is the articulation of the government's comprehensive strategy to reduce GHG emissions and increase removals from the forest sector in the six target provinces – Houaphan, Luang Prabang, Sayaboury, Luang Namtha, Bokeo and Oudomxay – that comprise the Laos Emission Reductions Programme (ER-P) area. Project 1 and the following projects of the envisaged programme form a cornerstone of ER-P implementation and shares an identical target area (and accounting system) as the ER-P. This six-province strategy of the ER-P is an aggregation and synthesis of Provincial REDD+ Action Plans (PRAPs) developed for each target province in the period 2016-2018.<sup>19</sup>
32. The government, together with development partners, has put in place an extensive institutional framework at national and sub-national levels to implement REDD+, including the ER-P. This framework includes the establishment of a National REDD+ Task Force, representing diverse economic sectors, including forestry, agriculture, mining, energy and land use planning, as well as including representatives from the Ministry of Justice, Ministry of Finance, Ministry of Planning and Investment, the Lao Front for National Development (LFND), the Lao Women's Union (LWU) and the Lao Chamber of Commerce; six Technical Working Groups covering the legal framework, land tenure, MRV/REL, safeguards, benefit-sharing, and enforcement and implementation of mitigation activities; REDD+ Offices and REDD+ Task Forces at provincial level; and the development of the National REDD+ Strategy, the Forest Reference Emission Level (FREL) and Forest Reference Level (FRL), the National Forest Monitoring System (NFMS) and the Strategic Environmental and Social Assessment (SESA).
33. In parallel, the government has, in recent years, embarked on a number of reforms that provide a platform for launching GCF project interventions. In 2012, the government issued a suspension on granting of new concessions for mining, eucalyptus and rubber investments, which remains in effect today.<sup>20</sup> A national

<sup>17</sup> <https://www4.unfccc.int/sites/NDCStaging/Pages/Search.aspx?k=Lao%20People%27s%20Democratic%20Republic>

<sup>18</sup> <https://www.forestcarbonpartnership.org/carbon-fund-eighteenth-cf18-june-20-22-2018-paris>

<sup>19</sup> The PRAPs are provided in Annex 22.

<sup>20</sup> Prime Minister Order No. 13 (2012): *Moratorium on New Concessions for Mining, Rubber and Eucalyptus Plantations*

moratorium on logging in production forests has been also in effect since 2013 in order to protect natural forests from unsustainable exploitation.<sup>21</sup> In 2016, the government put in place measures to halt illegal logging and illegal timber exports; this is already demonstrating significant impact and underlies the ongoing FLEGT Voluntary Partnership Agreement (VPA) negotiations with the EU.<sup>22</sup> The adoption of the Central Party Committee Resolution on Land in 2017, indicating the need for reform in land management, is paving the way for a new Land Law in 2019. The Forestry Law (2007), which determines the basic principles, regulations and measures for the use of forest and forestland, is currently under revision to address emerging domestic and international challenges facing the sector. Moreover, since 2016 all responsibilities for forestry have been returned to one ministry, the Ministry of Agriculture and Forestry (MAF), thereby promoting 'joined up' policy development and implementation.

34. In summary, Lao PDR is positioned to embark upon an ambitious transformation of its forest sector. The NDC establishes the government's climate action framework and accords forestry and agriculture prominent roles. The National REDD+ Strategy establishes REDD+ as the national organising framework for climate mitigation in the forestry sector. The ER-P is the key government initiative to operationalise the National REDD+ Strategy. And Project 1, which is part of a broader programme, will form the cornerstone instrument for implementing the ER-P. As outlined below, the project is explicitly designed around the ER-P, sharing the same target geographical area and accounting and MRV methodologies, and building the capacity of the country to generate REDD+ results-based payments from the ER-P and to channel the revenues from these payments back to stakeholders for reinvestment in sustainable forestry practices.

### B.1.3 Project Area

35. The northern region of Laos is characterised by hilly topography, remote accessibility and limited public and industrial infrastructure, unique ethnic communities and a persistent prevalence of poverty. Project 1 addresses the three provinces of Houaphan, Sayaboury and Luang Prabang (see Figure 2) since they contain the districts with the highest rates of deforestation and forest degradation within the ER-P accounting area and contain the remaining forest areas most at risk of deforestation and forest degradation. In addition, the geographical locations of these three provinces enable connectivity of forest ecosystems at a landscape level.
36. Within these provinces, the project will serve approximately 200 villages in the following 16 districts:
- *Houaphan Province*: Hiem, Houameung, Viengxai, Xam Nuea, Xamtai, Xone, Sopbao
  - *Sayaboury Province*: Hongsa, Phaklai, Phieng, Sayaboury, Thongmixai
  - *Luang Prabang Province*: Nan, Phonthong, Phonxai, Viengkham, XiengNgeun
37. The selection process for the districts combined detailed quantitative and qualitative considerations, which are described in Chapter 2.5 of the Feasibility Study (Annex 2a) and are shown in Annex 16b. For each selected district, a deforestation risk assessment was conducted to prioritise GCF investments and to ensure the highest possible impact. The risk assessment estimated the probability of deforestation and forest degradation due to agricultural expansion in the selected districts. Factors such as elevation, distance to roads and current land use classes were taken into account in classifying the risk and identifying potential target villages.<sup>23</sup> (For environmental, social, FPIC and gender considerations, see Section G).

### B.1.4 Baseline Scenario: Emissions from, and Drivers of, Deforestation and Forest Degradation

38. The baseline greenhouse gas (GHG) emissions scenario has been analysed thoroughly as part of Lao PDR's engagement with REDD+ (the UNFCCC Forest Reference Emission Level (FREL))<sup>24</sup> and the FCPF Carbon Fund (the Reference Level (RL) of the ER-P).<sup>25</sup> The RL estimates net GHG emissions of 7.9 million tCO<sub>2</sub>eq per year from the forest sector in the six northern provinces that constitute the programme area, driven primarily by forest degradation (6.8m tCO<sub>2</sub>eq/year) and deforestation (3.8m tCO<sub>2</sub>eq/year), which are only partially offset by slight gains from reforestation (-1.4m tCO<sub>2</sub>eq/year) and forest restoration (-1.3m tCO<sub>2</sub>eq/year).

<sup>21</sup> Prime Minister Order No. 31 (2013): *Temporary Ban on Logging in National Production Forests*

<sup>22</sup> Prime Minister Order No. 15 (2016): *Enhancing Strictness in the Management and Inspection of Timber Exploitation, Timber Movement and Timber Businesses*

<sup>23</sup> The 28 district-level deforestation and degradation risk maps are provided in Annex 16.

<sup>24</sup> [https://redd.unfccc.int/files/2018\\_frel\\_submission\\_laopdr.pdf](https://redd.unfccc.int/files/2018_frel_submission_laopdr.pdf)

<sup>25</sup> FCPF Carbon Fund (2018), *Emission Reductions Programme Document: Promoting REDD+ through Governance, Forest Landscapes and Livelihoods in Northern Lao PDR*, [https://www.forestcarbonpartnership.org/sites/fcp/files/2018/May/LaoPDR\\_ER-PD\\_FinalDraftMay.2018-Clean.pdf](https://www.forestcarbonpartnership.org/sites/fcp/files/2018/May/LaoPDR_ER-PD_FinalDraftMay.2018-Clean.pdf)

39. Shifting cultivation is the greatest single proximate driver of deforestation and forest degradation in the project area, responsible for 22% of forest disturbances greater than 5 hectares in size. Agricultural land expansion (19%) and plantation agriculture development (13%) are also significant contributors. Other drivers include road construction (12%), selective logging (10%) and the establishment of tree plantations (7%).<sup>26</sup>
40. Shifting cultivation, if managed properly (including control of fires), can be sustainable. However, a number of underlying factors are transforming it into an unsustainable, and highly damaging, practice in northern Laos:
- *Economic factors:* With increasing competition for land from cash-crops, combined with a growing population, fallow periods are becoming shorter, leading to lower productivity, increased soil degradation and the need to clear more forests for subsistence purposes. Expanding agriculture – notably upland rice, an important subsistence crop – into forest areas through slash and burn practices is typically a last resort among poor families with no other livelihood options. In this respect, shifting cultivation practices act as a safety net for poor and vulnerable groups.
  - *Agro-technological factors:* Upland rice yields are often limited by seasonal precipitation, as the crop is highly susceptible to drought, weed infestations and a lack of soil conservation practices to limit erosion. Continual planting of upland rice without intercropping can lead to significant reductions in soil fertility – as much as 80% over 5 years.<sup>27</sup> This reduction of yields drives villagers to clear new forest land that is more productive after clearance. After a few years, the productivity declines again and places pressure on other forest areas.
  - *Policy and institutional factors:* Insufficient and inappropriate land use planning is a major underlying cause of deforestation, either because of the complete absence of plans or through a lack of compliance with plans (which, in the past, have often been designed in a top-down manner involving limited consultation with villagers). The absence of integrated spatial planning, and village-level participatory land use planning in some villages, is a major underlying cause of deforestation from pioneering shifting cultivation. Uncertainty regarding land uses and border demarcation can lead to unclear rules and gradual encroachment into forests. Even when village land use plans have been developed, without adequate incentive mechanisms to encourage implementation, or sanctions discouraging non-compliance, plans often are ignored. Monitoring the overall compliance with land use plans is weak in many villages and districts, and often areas under cultivation are under-reported, as many areas are illegally cleared.<sup>28</sup> Unclear land and resource rights and land allocation remain a challenge. Land allocation processes, especially in rural areas, have been hindered by a lack of government capacities, resources and equipment.<sup>29</sup>
41. The expansion of agricultural land (permanent agriculture) and plantation agriculture in the project area is driven by:
- *Economic factors:* Strong regional markets, especially in neighbouring countries, continue to drive the production of key agricultural export commodities such as rubber, sugar cane, maize and cassava. Demand from Chinese and Vietnamese markets is increasing and incentivises the clearing of forests for agriculture. Lao SMEs play an important role in these supply chains, as they typically act as traders between Lao producers and Chinese and Vietnamese markets. A further analysis of the role of markets and SMEs can be found in Chapter 2 of the Feasibility Study (Annex 2a). Cultivation of cash crops is seen as a direct route out of poverty for households and as an important economic pillar for provincial governments. While such commodities and markets are important for economic development in Lao PDR, weak land use planning, law enforcement and agro-technological factors contribute to unsustainable conversion of forested land for agricultural cultivation.
  - *Agro-technological factors:* The use of low-yield crop varieties, a lack of appropriate management practices and nitrogen loss in soil due to continual planting of crops lead to additional forest being cleared for agriculture. While yields have improved with the adoption of contract farming systems, which have provided farmers with improved maize varieties and agricultural inputs, challenges associated with mono-cropping on steep slopes are still common.

<sup>26</sup> *Ibid.*

<sup>27</sup> Linquist, B., Saito, K., Keoboualapha, B., Phengchan, S., Songyikhsutho, K., Phanthalaboon, K., Vongphoutone, B., Navongsai, V., Horie, T. (2005), 'Improving Rice-Based Upland Cropping Systems for the Lao PDR', in: *Shifting Cultivation and Poverty Eradication in the Uplands of the Lao PDR: Proceedings*, National Agriculture and Forestry Research Institute (NAFRI): p.299-313.

<sup>28</sup> Wildlife Conservation Society and GIZ (2015), *Report on the Assessment of Drivers of Deforestation and Forest Degradation in Houaphan Province*, <https://www.giz.de/en/downloads/Houaphan-Divers-of-Deforestation-Report.pdf>

<sup>29</sup> FCPF Carbon Fund (2018), *Emission Reductions Programme Document: Promoting REDD+ through Governance, Forest Landscapes and Livelihoods in Northern Lao PDR*, [https://www.forestcarbonpartnership.org/sites/fcp/files/2018/May/LaoPDR\\_ER-PD\\_FinalDraftMay.2018-Clean.pdf](https://www.forestcarbonpartnership.org/sites/fcp/files/2018/May/LaoPDR_ER-PD_FinalDraftMay.2018-Clean.pdf)

- **Policy and institutional factors:** Land use plans and targets established in provincial and district Socio-Economic Development Plans (SEDPs) are often unaligned, and lead to an inability to monitor and enforce compliance with plans, policies and regulations. For instance, the SEDP for Houaphan province has established an official target for the agricultural area of 70,545 ha by 2020; however, aggregation of the constituent district SEDP targets results in a total agricultural area that is three times larger than the provincial target. Inconsistencies in master planning and zoning are a major underlying cause of deforestation, as these plans are not reflective of the actual land use activities that are implemented.

42. The primary barriers to sustainable forestry management and reforestation include gaps in forest governance and regulation, poor land use planning, lack of long-term financing for forest management, and insufficient skills and experience in sustainable forest management. Detailed analysis of these barriers can be found in Chapter 2 of the Feasibility Study (Annex 2a).

### B.1.5 Baseline Projects

43. A number of projects have been, and continue to be, implemented in the Project 1 target region. Extensive consultations have been undertaken with these projects: the design of Project 1 builds upon their lessons learned and seeks to complement their interventions. A detailed analysis of all relevant baseline initiatives is provided in Chapter 1.10 of the Feasibility Study (Annex 2a). Key initiatives include:
44. **Climate Protection through Avoided Deforestation (CliPAD):** Government of Germany (BMZ, through GIZ and KfW), 2009-2021. The CliPAD project objective is to meet the key conditions for Lao PDR to receive FCPF REDD+ performance-based payments. The four components are: (i) national REDD+ support, (ii) Provincial REDD+ Action Plan (PRAP) development, (iii) access to climate finance, and (iv) implementation of village forest management. CliPAD is closely linked to Activities 1.2, 1.4 and 3.1 of the Project 1 design (see below, Section B.3). The fourth phase of CliPAD (2019-2021), funded by BMZ, will provide co-finance for Project 1.
45. **Protection and sustainable use of Forest Ecosystems and Biodiversity (ProFEB),** including its component **Support to the Lao-EU FLEGT<sup>30</sup> process (ProFLEGT):** Government of Germany (BMZ, through GIZ), 2013-2021. The objective of ProFEB/ProFLEGT is to improve governance in the forestry sector and to support the government of Lao PDR in its efforts to conclude a bilateral voluntary partnership agreement (VPA) with the EU on the trade in timber products whose provenance is legally verified. The VPA will set out the legal obligations and the measures to be undertaken by both parties to combat illegal logging. ProFLEGT includes the development of timber legality definitions (TLDs) and a timber legality assurance system (TLAS) for timber from different sources; it represents an essential contribution to Activities 1.4 (forest law enforcement), 2.1 (deforestation-free agricultural practices and agroforestry), 3.1 (village forestry) and 3.2 (sustainable forest management) of Project 1. The TLDs and TLAS define what constitutes legally-produced timber, how to control the supply chain, how to verify legally-sourced timber and how to issue licences.
46. **Village Forestry Management (VFM):** Government of Germany (BMZ, through KfW), 2019-2025. The objective of the VFM project is the improvement of forest ecosystems and the livelihoods of the people living in the project area through the sustainable management of village forests. The project commenced in July 2019 and close cooperation within Activity 3.1 of Project 1 is foreseen. The VFM pilot districts are also Project 1 target districts: Phiang district in Sayaboury province and Phonexay district in Luang Prabang province. The VFM project's commitment in the districts of Phonexay and Phiang is reflected in the budget for Project 1, since no budget from the GCF is allocated to those two districts for Village Forest Management Planning or for the implementation of annual operational plans. Furthermore, no equipment will be procured through the GCF budget for forest officials in these two districts, with those costs being covered by the KfW VFM project.
47. **Land Management and Decentralised Planning (LMDP):** Government of Germany (BMZ, through GIZ), 2015-2019. The LMDP project objective is to improve policies, practices and planning processes in relation to land use in Lao PDR, particularly among investors, village authorities and villagers. The five components are: (i) provision of policy and technical advice to the Lao government on improving land governance, (ii) land use and spatial planning, (iii) land registration, tenure security and improved knowledge of villages on land issues, (iv) decentralised development planning, and (v) promoting high-quality investment promotion. The LMDP project is closely linked to Activity 1.5 of the Project 1 design. The LMDP project also focuses on registration of plots of land

<sup>30</sup> Forest Law Enforcement, Governance and Trade.

and Project 1 complements this by addressing boundary demarcation. Two of the four LMDP project provinces overlap with Project 1 target areas – namely Houaphan and Sayaboury.

48. **Integrated Conservation of Biodiversity and Forests (ICBF):** Government of Germany (BMZ, through KfW), 2015-2022. The ICBF project objective is the effective management of selected target landscapes (comprising national protected areas (NPAs) and corridors) that sustain biodiversity in forest ecosystems, while supporting livelihoods of forest-dependent villages. The project is active in two NPAs in two GCF Project 2 provinces – Luang Namtha and Bokeo – and will continue activities there until 2022. The components are: (i) improved planning and management of NPAs, (ii) improved law enforcement in two project biodiversity conservation landscapes, and (iii) sustainable land and forest management, including livelihood activities based on participatory land use planning (PLUP) established within the conservation landscapes. Activity 3.3 (national conservation forest management) of Project 1 builds upon the ICBF project and its approaches on capacity building, strengthening data/information quality and availability, awareness creation, institutional development and support, border demarcation and biodiversity monitoring. Other Project 1 Activities will benefit from the ICBF project's experience, notably the ICBF project's engagement with the private sector (which links particularly to Activities 2.1 and 2.2), law enforcement (Activity 1.4) and coordination with village development funds (Activity 2.1).
49. **Incentive Mechanisms for Private Sector Engagement Under REDD+ in Lao PDR:** FAO-implemented GCF readiness project, 2018-2020. The project addresses a number of focus areas, including: (i) private sector engagement for implementing REDD+ measures that contribute directly to Project 1 – notably Activities 1.3, 2.1, 2.2 and 3.1, and (ii) a systemic approach to GCF investment in the Lao forestry sector. Policy options and models that incentivise deforestation-free agriculture (including agroforestry) investments will be generated from this work that inform the implementation of Project 1.
50. **Sustainable Forest Management and REDD+ Support Project (F-REDD):** Government of Japan (JICA), 2014-2025. The F-REDD project aims to strengthen the capacity of the Lao forestry sector through strengthening policies, effective incorporation of REDD+ and improvement of forest resource information as the foundation of sustainable forest management. The four components are: (i) enhanced capacity of the government for policy development, implementation and sector coordination, (ii) enhanced quantification of emission reductions and removals resulting from the implementation of REDD+ activities at a national scale using the National Forest Monitoring System (NFMS), (iii) enhanced institutional development, management and coordination of the national REDD+ process, and (iv) enhanced REDD+ readiness in a pilot site. The F-REDD activities are closely linked to Project 1 Activity 1.6 and Outputs 2 and 3. JICA is an Executing Entity of Project 1 (alongside GIZ and the Government of Lao PDR – see Section B.4) and will be responsible for the implementation of Activity 1.6 in close coordination with the Forest Inventory and Planning Division (FIPD) of the Ministry of Agriculture and Forestry (MAF) and the GCF National Project Management Unit (NPMU). JICA will also co-finance the implementation of Project 1 in the province of Luang Prabang. As part of its contribution to Project 1, JICA also anticipates supporting interventions to enhance the FREL.<sup>31</sup>
51. **Sustainable Forestry for Rural Development (SUFORD):** IDA/Government of Finland, 2003-2013. The SUFORD project objective was to support Lao PDR to achieve sustainable management of production forests to alleviate rural poverty in project provinces by implementing forest policy reform actions and policies. The four components were: (i) support services for SFM, (ii) SFM and village development, (iii) forestry sector monitoring and control, and (iv) project management. Specific GCF Project 1 Activities and Actions build upon the SUFORD approach and key lessons learned from the implementation of the project. Informing Activity 1.4, for example, is the fact that in SUFORD-supported provinces (Sayaboury, Luang Namtha, Bokeo and Oudomxay) it was noted that while law enforcement staff had established basic skills and a systematic enforcement programme, a major challenge was to ensure sufficient funding given budget constraints. While the use of new tools was initiated (e.g. a national forestry reporting system, an internal monitoring system, a document management system, a budget planning system and a Department of Inspection information management system), it was noted that further support was needed to ensure that the use of these management tools became a routine activity.<sup>32</sup> The design of Actions 1.4.1 (Strengthening procedures, standards and systems for law enforcement) and 1.4.2 (Training for implementation of enhanced law enforcement) have been informed by these SUFORD findings. Activity 3.1 builds on the substantial experience generated by the SUFORD project in actively involving villagers in forest

<sup>31</sup> National MRV (2019) and ER-Programme MRV are expected to be the opportunities for developing knowledge for FREL enhancement. JICA, in collaboration with other partners, will technically support this process. For example, inclusion of other carbon pools (e.g. deadwood) and non-CO<sub>2</sub> gases could be considered. Degradation monitoring is another area to be further explored (both refinement of the current methodology and application of different methodologies).

<sup>32</sup> See World Bank SUFORD project (2016), *Integrated Spatial Planning, Socio-Economic Development Planning, Awarding of Concessions and Lessons Learned for Forest Landscape Management*. Provided in Annex 21b.

management. The data for the production forests targeted under Activity 3.2 partially comes from SUFORD forest assessments.

52. The project is also fully aligned with the **GCF Country Programme** (updated in February 2019). The GCF Country Programme identifies REDD+ as one of four mitigation priorities. The increase and maintenance of forest cover is identified as one of five short-term priorities (mitigation and adaptation). The Country Programme specifically identifies the GIZ GCF project as a programming priority. Synergies with other GCF proposals that are planned or under development – including integrated food systems (UNDP), climate-friendly agribusiness (ADB) and climate-resilient smallholder farmers (WFP) – are noted, as well as synergies with a number of GCF readiness activities (notably, GIZ’s work supporting the Environmental Protection Fund to become an Accredited Entity and FAO’s support to private sector engagement with REDD+).
53. Past forestry and REDD+ projects have aimed at helping Lao PDR to become ‘ready’ in the context of the Warsaw Framework for REDD+. All past REDD+ interventions have been REDD+ readiness activities, explicitly designed to take Lao PDR through REDD+ Stage 1 of readiness, leading to the current situation where Lao PDR is, in principle, able to engage in Stage 2 (implementation) and receive results-based payments (Stage 3). Examples of past REDD+ readiness activities include: JICA setting up the MRV system and supporting the FRL/FREL, and BMZ (through CliPAD) supporting the ERPD process, safeguards and some piloting of mitigation actions. The FCPF Readiness support helped to develop the REDD+ Strategy. All of these initiatives ultimately helped Laos to be accepted into the FCPF Carbon Fund and, with project support, to be able to generate REDD+ payments.

## B.2. Theory of change

### B.2.1 Barriers

54. While the government is fully committed to implementing the Laos ER-P and the broader National REDD+ Strategy, there are barriers that need to be addressed with GCF support to ensure the success of the planned initiatives. Full details are provided in Chapter 2.2 of the Feasibility Study (Annex 2a). In summary, the barriers in the project area can be categorised as follows:
- *Lack of long-term sustainable financing for forest management and enforcement:* Government budgets are constrained and highly dependent upon donor support, partly because collection levels of legally-mandated forest-sector fees and taxes (e.g. income tax, timber harvesting taxes, land taxes) are low. While there is potential to expand and diversify sources of income for forest management (e.g. payment for ecosystem services linked to hydropower schemes and road tolls associated with infrastructure development), such measures have not been formalised or tapped at scale.
  - *Gaps in forest governance and regulations:* REDD+ is not fully mainstreamed into Socio-Economic Development Plans (SEDPs), and gaps and inconsistencies in forest regulations limit the effectiveness of forest governance. Notably, Prime Minister Order 31 (2013) prohibits logging within production forests but does not explicitly make an exception for participatory sustainable forest management; and Prime Minister Order 9 (2018) includes inconsistent incentives for smallholder engagement in village-based agroforestry.<sup>33</sup>
  - *Insufficient land use planning and weak implementation and monitoring of land use plans:* Ineffective land use planning is contributing to deforestation through unclear land use rules, inconsistent (or absent) boundary demarcations, and weak monitoring and enforcement. Even where land use planning is applied, different planning processes pertain to agricultural land and forested land, resulting in disconnected strategies and monitoring.<sup>34</sup>
  - *Insufficient law enforcement:* There is currently weak policy coherence and cross-sectoral coordination: policies continue to place emphasis on land use activities that support economic growth (e.g. cash crop cultivation, energy, etc.), while policies to safeguard forests are not given the same prominence and are not widely enforced. Law enforcement agencies such as the forest inspectorate are under-staffed and under-equipped, lacking up-to-date maps and GPS equipment, for example, and even lacking vehicles and budgets to travel to the field.

<sup>33</sup> An overview of the legal and regulatory framework governing the forest sector in Lao PDR is provided in Annex 22v.

<sup>34</sup> Dwyer, M. and Dejvongsa, V. (2017), *Forest and Agricultural Land Use Planning: A Strategic Analysis of the TABI Approach in Lao PDR*. A review of The Agro-Biodiversity Initiative commissioned by the Swiss Agency for Development and Cooperation.

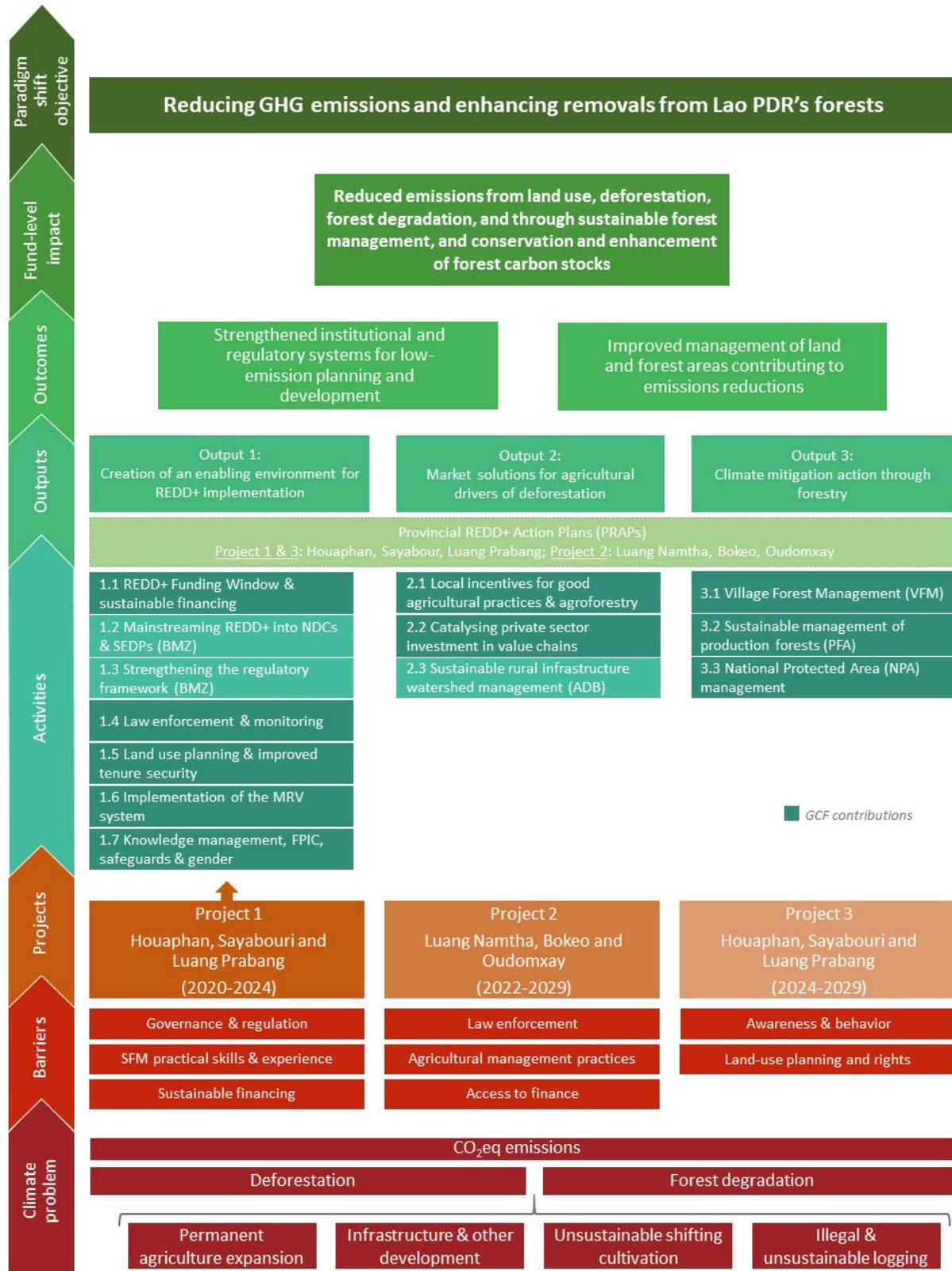
- *Insufficient practical experience and skills for implementing good agricultural practices:* Land use practices commonly applied in the Project 1 area are characterised by low productivity and cannot typically be considered 'good agricultural practice'.<sup>35</sup> Increased competition for commercial agricultural lands is shifting subsistence agriculture (upland rice, vegetables, etc.) and certain cash crops (e.g. maize, Job's tears and cassava) to less suitable forested upland areas. Tree-cutting and increasing land degradation are leading to lower productivity and producers seeking out more productive land, which is leading to further deforestation and forest degradation. Poor access to irrigation exacerbates the low productivity of agricultural production, as does the limited availability of government agricultural extension services.
- *Insufficient practical experience and skills for implementing sustainable forest management:* Weak policy coherence and limited coordination between competing policy priorities is a key barrier to the sustainable management of Lao PDR's forest resource, as is the illegal clearing and degradation of forested lands driven by inappropriate agricultural practices, insufficient land use planning and weak law enforcement (see above barriers).
- *Limited access to finance for local villagers and small and medium enterprises:* Poverty and lack of alternative livelihood opportunities (e.g. off-farm employment) have resulted in a high dependence on land and forests for household income in the project area. Nonetheless, there is a notable absence of financing opportunities for villagers and for small and medium-sized enterprises to invest in sustainable forestry and agro-forestry activities, because: (i) many Lao financial institutions have poor penetration in rural areas, making it physically difficult for remotely-located individuals and businesses to reach a bank branch; (ii) the available interest rates (typically around 10% in annualised terms) are high and act to discourage lending; (iii) financial institutions perceive lending to the agricultural and forestry sectors as risky; and (iv) many enterprises lack the capacity to prepare business plans or provide proper accounting, thereby discouraging financial institutions from lending to them.

### B.2.2 Theory of Change

55. The project's theory of change is presented in the figure below, illustrating the causal progression from Inputs and Activities to Outputs, Outcomes and Impacts. Programme and constituent Project 1 interventions will target the barriers to REDD+ application and scale-up identified above.

<sup>35</sup> For further information on 'good agricultural practice', see the dedicated Chapter on this in the Feasibility Study (Annex 2a).

Figure 3: Theory of Change



### B.3. Project description

#### B.3.1 Structure of Project 1

##### **Output 1: Enabling environment for REDD+ implementation**

56. Output 1 will support the creation of an enabling environment for REDD+ implementation through three principal means: enhancing the financing environment for forest sector transformation; revising and strengthening the legal and regulatory framework for forestry; and improving the enforcement of the new regulatory framework.
57. *Activity 1.1: REDD+ Funding Window and sustainable finance.* There is significant – but hitherto untapped – potential for Lao PDR to raise substantial, long-term climate finance. Project 1 is specifically designed to help Lao PDR to unlock REDD+ results-based payments from the FCPF. Additional sources of finance could include alternative REDD+ results-based payments (e.g. through the UNFCCC), domestic government revenues (fees, royalties, fines and taxes) and international impact investment, attracted by the combination of climate and social benefits that the Lao forestry and agriculture sectors offer. In this context, establishment of a Lao PDR REDD+ Funding Window will offer significant benefits for blending international, national, public and private sources of finance; for ensuring funds are earmarked for specific REDD+/land use actions; for channelling funds to intended beneficiaries (including communities, civil society and private sector actors); for ensuring the management of REDD+ finance meets defined fiduciary and safeguards criteria; and for providing a platform for multi-stakeholder coordination.<sup>36</sup>

Two existing Lao funds, the Forest and Forest Resource Development Fund (FFRDF) and the Environmental Protection Fund (EPF), are good candidates to host the REDD+ Funding Window. The FFRDF (under the Ministry of Agriculture and Forestry, MAF) has a legal mandate to collect and disburse forest sector financing to the district and village levels. It funds forestry activities, including conservation and protection of watersheds and protected areas, tree planting, wildlife conservation and training. However, the FFRDF currently has limited capacity to manage and disburse significant amounts of financing that meet international fiduciary standards (see the Capacity Needs Assessment, Annex 22c). The KfW Integrated Conservation of Biodiversity and Forests (ICBF) project has initiated capacity development of the FFRDF and channels small grants through the FFRDF to village groups located close to National Protected Areas (NPAs). The EPF (under the Ministry of Natural Resources and Environment, MoNRE) has a less forest-specific mandate to finance environmental protection, sustainable natural resources management, biodiversity conservation and community development, and it can provide financial support by means of non-refundable grants, preferential loans and interest rate subsidies. Currently, the main source of financing that the EPF channels to various Sub-project Delivery Agencies (SDAs) is from the World Bank Second Lao Environment and Social (LENS2) project.<sup>37</sup> The EPF is currently receiving technical support from a GIZ-implemented GCF readiness project to become a GCF Accredited Entity.<sup>38</sup>

The FFRDF has a natural legal and sectoral mandate to operate the REDD+ Funding Window but is currently unable to exercise this capability, whereas the EPF has a broader (environmental) mandate but a proven track-record of disbursing finance according to international standards (more than USD 50m to date). GCF Project 1 will provide support to both institutions and will adopt a phased approach. The project will work with the EPF to set up and operationalise the REDD+ Funding Window, which will be used to channel GCF grant resources to target beneficiaries (see Outputs 2 and 3 below) and will also be used as the distribution channel for FCPF results-based payments and other sources of REDD+ finance. In parallel, the capacity of the FFRDF will be built up through technical assistance and through operational participation in the REDD+ Funding Window. If and when the FFRDF meets specified performance milestones (for example, passing a GIZ due diligence assessment), the FFRDF will assume progressively more responsibility, until eventually the entire REDD+ Funding Window is transferred from the EPF to FFRDF. An alternative scenario under consideration by the Government involves an eventual merger of the EPF and FFRDF.

Under the REDD+ Funding Window, it is anticipated that the FFRDF will receive grant resources from the EPF and will, in turn, channel small grants to local village communities. In order to be able to receive such grant payments,

<sup>36</sup> UNDP (2012), *National Climate Funds: Learning from the Experience of Asia-Pacific Countries*, available at: [http://www.asia-pacific.undp.org/content/dam/rbap/docs/Research%20&%20Publications/environment\\_energy/ncf/APRC-EE-2012-NCF-DiscussionPaper-Asia-Pacific.pdf](http://www.asia-pacific.undp.org/content/dam/rbap/docs/Research%20&%20Publications/environment_energy/ncf/APRC-EE-2012-NCF-DiscussionPaper-Asia-Pacific.pdf)

<sup>37</sup> <http://documents.worldbank.org/curated/en/104251468179365818/Lao-People-s-Democratic-Republic-Second-Phase-of-Lao-Environment-and-Social-Project-LENS2-Implementation-support-mission-May-4-to-27-2015>

<sup>38</sup> GCF Readiness and Preparatory Support (2018-2019), *Support for the Accreditation of the Lao PDR Environment Protection Fund to the GCF*. Implemented by GIZ.

villages will need to have appropriate systems in place. Community-managed financial institutions, such as Village Development Funds (VDFs), offer considerable potential for outreach and financial inclusion.<sup>39</sup> If managed well, they can effectively assume a large part of local financial intermediation with minimal set-up and running costs. Accordingly, each of the Project 1 target villages will, upon request, be supported in starting and operating a Village Development Fund. GIZ has more than a decade of experience in supporting the establishment of VDFs. Project 1 will build on this work by assessing the current situation in terms of VDFs in 200 villages (and subsequently scaling up to 400 villages in Project 3). Of the 200 target villages, approximately 70 are believed to already have well-functioning VDFs, but this number – and their levels of functionality – will be verified in the assessment. Based on the assessment, an approach will be formulated to address current needs (i.e. the need for new VDFs and the need to support existing VDFs) and to outline suitable approaches to channel funding to villages. This assessment and concept development will be financed by BMZ (i.e. it will not require GCF financial assistance). Where needed, Project 1 will strengthen the capacities of VDFs and will provide financial support to expand into target villages not yet covered.

As in many low-income countries, individuals and small and medium-size enterprise (SME) agribusinesses in Lao PDR typically face multiple constraints on growth. A key barrier is access to finance and, specifically, limited lending from commercial banks to agribusinesses. Many SMEs have poor financial management skills, such as accounting and the ability to prepare business plans. This makes banks hesitant to lend to these SMEs, for fear that poor management will result in non-repayment. Another factor is the poor geographical coverage of many banks in the country; many financial institutions do not have branches in district capitals, let alone in rural areas. Moreover, high interest rates available to the sector (typically 10% or higher) further discourage lending. These factors result in a low level of commercialisation of the agricultural sector, and the lack of enterprises' access to external markets.

Activity 1.1 consists of 4 Actions:

- *Action 1.1.1: Mobilising sustainable forest sector financing.* Project 1 will assist the government in developing a common vision and strategy for long-term REDD+ financing, based on a detailed situation analysis of forest sector production, private sector activity and financing streams. The assessment will outline recommendations for actions to increase forest sector financing from existing legally-approved sources, such as timber fees; potential new domestic sources such as payments for ecosystem services (PES) from the hydropower industry; international climate finance from donors, foundations and market mechanisms; and international private sector finance from, for example, impact investors seeking 'double bottom line' social and financial returns from deforestation-free agriculture. An action plan to increase revenue generation will be prepared together with the responsible government entities (notably, the Department of Planning and Finance under MAF, MoNRE and the Ministry of Finance).
- *Action 1.1.2: Enabling the EPF and FFRDF to establish and operate the REDD+ Funding Window*
  - The EPF will receive GCF funds for a number of defined Project 1 activities – see the Activity descriptions below, particularly relating to Outputs 2 and 3. With the input of the National Project Management Unit (NPMU), the EPF will, through the REDD+ Funding Window, then disburse and monitor funds to Project 1 beneficiaries, including national and sub-national government entities, Village Development Funds (VDFs) via the FFRDF, CSOs and SMEs. The EPF's roles and responsibilities in this regard are outlined in the Project Implementation Manual (PIM, Annex 22e). Additionally, a Project Operational Manual (POM) will be developed within the first few months of Project 1 commencement. Figure 4 below provides a graphical overview of the financial flows and beneficiaries associated with the REDD+ Funding Window.
  - The FFRDF will be supported in redesigning its governance structure and developing standard operating procedures (SOPs), manuals and internal guidance documents that meet international fiduciary and safeguards standards. This will also require the introduction of IT infrastructure that allows FFRDF to operate professionally and to undertake financial transfers managed on an electronic basis.
  - Based on its newly-developed standard operating procedures, FFRDF staff will be provided with training and capacity development support to build the needed skills. FFRDF staff will also work closely with EPF counterparts (with formal secondments being considered) to provide them with on-the-job exposure to the operations of the REDD+ Funding Window.
  - The EPF, through the REDD+ Funding Window, will transfer small grants to the FFRDF and slowly increase their size based on performance. The FFRDF will be responsible for intermediating village-based grants for activities in target villages in the framework of Activities 2.1 and 3.1-3.3 of Project 1, and in compliance with the eligible activities of FFRDF Decree PMO No 38 (2005).

<sup>39</sup> GIZ (2018), *Rural Finance in Northern Laos: Opportunities and Limitations for Green Finance*. Provided in Annex 22z.

- *Action 1.1.3: Identification of existing and/or establishment of new Village Development Funds to channel climate finance to target villages*
  - Assessment of existing VDFs in Project 1 target villages.
  - Concept development to address the needs identified in the assessment – with a focus on channelling of climate finance to the target villages.
  - Support to existing or to-be-established VDFs, including technical assistance and capacity building.
- *Action 1.1.4: Fundraising to finance a structured green credit line for deforestation-free agriculture value chains.* In parallel with preparation of Project 1, GIZ is investing in the development of a green credit line that will be linked with the in-depth value chain studies and identified zero-deforestation business models supported under Action 2.2.1, which will boost agricultural productivity and reduce pressure on existing forests. The green credit line will be specifically targeted at the SMEs (with a particular focus on women-led SMEs) that participate in Action 2.2.5 and are supported in structuring business plans and investment proposals. The green credit line will provide concessional debt finance to the SMEs. In 2020, the financing will need to be mobilised for the green credit line. GIZ will not use GCF funds to finance lending under the green credit line. Instead, the Project 1 team will assist in fundraising activities to mobilise international public and private finance to capitalise the green credit line.<sup>40</sup>

Discussions with the Lao financial institutions, including Bank of Lao (BoL), ACLEDA Bank Lao Ltd. and Banque Pour Le Commerce Extérieur Lao (BCEL) are currently underway. BoL is interested in supporting the proposed green credit line and would likely act to channel funds to a smaller finance institution (e.g. ACLEDA or BCEL). A final decision (expected in the second half of 2019) on selection of a partner financial institution to operate the green credit line will be based upon: its fiduciary management capacity and financial health, its experience implementing credit lines with similar selection and monitoring requirements, its geographical relevance and presence in selected districts, and its experience lending to the agricultural sector. A mapping of selected financial institutions' geographical (district-level) coverage can be found in the Feasibility Study (Annex 2a). The green credit line will mobilise concessional international climate finance of (initially) USD 10-15 million (anticipated from sources such as the NAMA Facility, private sector impact investment funds, etc.). The development of the credit line will carefully consider the barriers to agribusinesses accessing finance and investing in green activities, and the concessional aspects of the green credit will directly address the identified barriers. Capacity building for financial institutions on how to roll out the green credit line (e.g. marketing materials) and how to monitor impacts will be an integral element of GCF support. The process for financial institutions to approve investments in agribusinesses is described in Chapter 3.3 of the Feasibility Study and will be further elaborated upon in a funding manual developed with the financial institutions. This manual will be available within six months of project start.

<sup>40</sup> GCF support to the green credit line will be confined to technical assistance – institutional coordination, fundraising support, etc. GCF funds will not be used to capitalise the green credit line and the credit line will be run as a separate GIZ project, outside of the framework of the programme. Green credit line capital is considered to be leveraged finance and is not included as GCF co-finance.



58. *Activity 1.2: Mainstreaming REDD+ into the NDC and socio-economic development plans (SEDPs)*. SEDPs at the province and district levels are prepared as 5-year plans and are the primary strategic reference for government entities to fulfil their work. SEDPs and sectoral plans provide the basis for government budgeting, and thus it is vital that REDD+ interventions and associated NDC measures are prominently incorporated into them. Measures linked to the National REDD+ Strategy and the NDC can be mainstreamed and strengthened within provincial- and district-level SEDPs, thereby addressing policy gaps and inconsistencies and improving implementation of REDD+ policies and measures (e.g. strengthening cross-sectoral coordination, monitoring, transparency and compliance in key sectors, protected area management plans<sup>41</sup>, etc.). Such mainstreaming is currently limited or entirely absent in SEDPs at all levels. Activity 1.2 will be financed exclusively by BMZ and by the Government of Lao PDR (i.e. Activity 1.2 will not require GCF financial support) and will consist of 3 Actions:
- *Action 1.2.1: Mainstreaming of REDD+ into the Nationally Determined Contribution (NDC)*. Provision of technical and logistical support to government staff to integrate the National REDD+ Strategy into the updated NDC, to ensure REDD+ interventions are fully considered and budgeted. The current NDC (submitted to the UNFCCC in September 2015) contains a prominent forestry and REDD+ component but does not explicitly reference the National REDD+ Strategy.
  - *Action 1.2.2: Mainstreaming of REDD+ into provincial socio-economic development plans (SEDPs) (2021-2025)*. Provision of technical and logistical support to government staff for the integration of Provincial REDD+ Action Plans (PRAPs) into 3 provincial SEDP planning processes (Project 1 provinces). The PRAPs were developed in 2017/2018<sup>42</sup> and reflect the provincial SEDP planning horizon.
  - *Action 1.2.3: Mainstreaming of REDD+ into district socio-economic development plans (SEDPs) (2021-2025)*. Provision of technical and logistical support to government staff to integrate REDD+, PRAP and NDC elements into district-level SEDP preparation in the 16 target districts of Project 1.
59. *Activity 1.3: Strengthening the regulatory framework*. The Forestry Law (No.06/NA, 2007), like the Land Law, is currently under revision. Many implementing decrees and regulations fall beneath the Forestry Law, meaning that extensive updating of regulations will be needed following revisions to the Law. Although this represents a considerable challenge, it also represents a considerable opportunity, as the body of regulations is currently internally inconsistent (contradictory in some respects), complex and not easy for local authorities to understand.<sup>43</sup> Support is needed to address the gaps and inconsistencies in the regulatory framework to create an enabling environment that incentivises investments that conform with land use plans (including deforestation-free commitments), act responsibly in the context of local regulatory frameworks and that will sustain positive relations with local communities. Financed exclusively by BMZ and the Government of Lao PDR (i.e. not requiring GCF financial support), Activity 1.3 consists of 2 Actions:
- *Action 1.3.1: Creating an enabling environment for SFM and private sector investment in village-based agroforestry development*. Revision, modification and drafting of relevant decrees and regulations that incentivise investments that conform with land use plans (including deforestation-free commitments), which act responsibly in the context of local regulatory frameworks and which sustain positive relations with local communities. The strengthened regulatory framework will also enable and strengthen the adoption of SFM, FLR and village forestry:
    - Assessment of financial and regulatory incentives and barriers for smallholders to improve smallholder engagement in village-based agroforestry. Based on the assessment, Project 1 will support the revision of relevant implementation decrees, regulations and guidelines to enable smallholder and private sector engagement in sustainable forestry activities. (The FAO-implemented GCF readiness project is expected to contribute options that will be integrated into this Action.)
    - Revision of the regulatory framework for participatory sustainable forest management (SFM) in production forests based on sustainable forest management plans, and targeted measures to support forest recovery and regeneration in production forests.
    - Revision and support to the legal adoption (in the form of implementing decrees and regulations under the Forestry Law and Land Law) of village forestry to enable sustainable harvesting of timber and NTFPs for commercial purposes based on forest inventories and approved sustainable management

<sup>41</sup> Braeutigam, D. (2015), *Integrated Conservation of Forests and Biodiversity ICBF – Introduction*, KfW and MoNRE, Lao PDR.

<sup>42</sup> The PRAPs are provided in Annex 22.

<sup>43</sup> Lestrelin, G., Trockenbrodt, M., Phanvilay, K., Thongmanivong, S., Vongvisouk, T., Pham, T.T., Castella, J.C. (2013), *The Context of REDD+ in the Lao People's Democratic Republic: Drivers, Agents and Institutions*. CIFOR Occasional Paper 92.

plans. Insight will be sought from diverse stakeholders, including CSOs. Representatives from the FLEGT Lao CSO Core Committee will be consulted, among others.<sup>44</sup>

- *Action 1.3.2: Capacity building and awareness-raising on the forest sector legal framework.* Provision of awareness-raising and capacity development on the revised regulations to government authorities (national, provincial, district and *kumban* level<sup>45</sup>), civil society organisations (CSOs, including members of the FLEGT Lao CSO Core Committee, among others) and villagers. This will ensure that all government authorities, villages and broader stakeholder groups understand the key regulations related to forest management and apply them consistently.

60. *Activity 1.4: Law enforcement and monitoring.* Strengthened law enforcement is a key measure needed to support Lao PDR's commitment to REDD+, as well as other high-level initiatives including PMO 15 and the FLEGT-VPA. Illegal logging and unauthorised clearing of forest land still exist and are a challenge for provincial and district authorities to address due to limited budgets, limited technical capacities and understaffing, but also due to a partly unclear legal framework.

A number of donor projects have supported improved law enforcement in Lao PDR. The GIZ CliPAD project, in cooperation with the Wildlife Conservation Society (WCS) and counterparts, developed a provincial Law Enforcement Action Plan (LEAP)<sup>46</sup> to reduce deforestation and degradation in Houaphan Province with the following elements: (i) strengthening effective coordination, communication and exchange mechanisms, (ii) strengthening operational structures for enforcement implementation, (iii) implementation of enforcement strategy and tactics, (iv) increasing capacity for law enforcement through training, (v) upgrading enforcement policy, and (vi) monitoring performance and effectiveness. The LEAP also incorporated the experience built up by the SUFORD project in four provinces (Sayaboury, Luang Namtha, Bokeo and Oudomxay), where law enforcement staff have established basic skills and have developed a systematic enforcement programme – the Strategic and Tactical Enforcement Patrol Programme (STEPP)<sup>47</sup> and the Spatial Monitoring and Reporting Tool (SMART)<sup>48</sup>. The SUFORD project has also supported the development of a Smart Phone Information Reporting and Intelligence Tracking (SPIRIT) system in conjunction with the Department of Forest Inspection (DOFI), which facilitates the reporting of forest and wildlife crime using smart phone GPS and camera capabilities.<sup>49</sup> While the use of these and other tools has been initiated, further support is needed to “ensure that the use of these management tools becomes a routine activity”.<sup>50</sup>

Activity 1.4 consists of 2 Actions:

- *Action 1.4.1: Strengthening procedures, standards and systems for law enforcement*
  - Revision of standard operating procedures (SOPs) for Forestry Law enforcement that are aligned with the revised regulatory framework (Activity 1.3), including improvement of investigative procedures, establishing whistle-blower systems and improvement of anti-corruption safeguards, among others.
  - Improvement of coordination among, and the establishment of mixed rapid response teams consisting of, key actors (PAFO, DAFO, POFI, DOFI, PONRE, DONRE, P-WEN (Provincial Wildlife Enforcement Network), military, police, customs officials) to improve Forestry Law enforcement by establishing clear

<sup>44</sup> Many CSOs are interested the development of a mechanism for management of non-commercial timber from Village Use Forests, with the expectation that communities will protect the forests best when they have clear rights to benefit from them. The Lao CSO FLEGT Network has received funding from GIZ and the EU to conduct research on the topic of village-use forest timber in order to provide recommendations on how to address this topic in the framework of FLEGT. Thus, the Network's insight will be important for the implementation of this Action.

<sup>45</sup> A *kumban* is a cluster of villages.

<sup>46</sup> WCS and CliPAD (2013), *A Law Enforcement Action Plan for Reducing Deforestation and Forest Degradation in Houaphan Province*, and Annex 6 of the LEAP: 'Standard Operating Procedures for Forestry Protection Task Forces and Rapid Response Teams'.

<sup>47</sup> STEPP is a performance-based operational enforcement model based on international best practices. It involves the creation of enforcement plans by POFI managers based on an assessment of levels of threat and risks to forests and wildlife in their areas of responsibility. The programme is audited at regular intervals (typically monthly) to ensure the operational focus is directed at places of highest risk ('hotspots') of illegal activities. See [https://www.illegal-logging.info/sites/files/chlogging/STEPP\\_English.pdf](https://www.illegal-logging.info/sites/files/chlogging/STEPP_English.pdf)

<sup>48</sup> SMART ([www.smartconservationtools.org](http://www.smartconservationtools.org)) is an interactive, spatially-explicit system for managing and analysing law enforcement monitoring data. It provides a low-cost, site-based tool that can provide rapid feedback to managers for use in adaptive management of enforcement operations. In the context of the GCF project, SMART has the potential to be useful for managers of production, conservation and protection forests for monitoring threats to forests and wildlife, and for planning and evaluating enforcement operations.

<sup>49</sup> See <https://www.youtube.com/watch?v=rQhqdVLg-Ak> and World Bank (2015), *Information and Communication Technology for Forest Law Enforcement and Governance – Case Study: Lao People's Democratic Republic*, [https://www.profor.info/sites/profor.info/files/Profor\\_Lao\\_WrkingPaper%20%283%29\\_0.pdf](https://www.profor.info/sites/profor.info/files/Profor_Lao_WrkingPaper%20%283%29_0.pdf)

<sup>50</sup> World Bank (2018), *Lao People's Democratic Republic – Sustainable Forestry for Rural Development Project*. Independent Evaluation Group, Project Performance, Assessment Report 125929. Washington, DC.

- communication and exchange procedures and clarification of roles and responsibilities between different government authorities.
- Introduction and use of near-real-time remote sensing data (LANDSAT or Sentinel) as a basis for controlling deforestation / forest degradation (e.g. detection, investigating and monitoring illegal activities, awareness-raising in hotspots). SMART, STEPP and SPIRIT will be implemented at district level and reported to the province and national levels, and will be used to prioritise patrolling activities.

○ *Action 1.4.2: Training for implementation of enhanced law enforcement*

- Training on strengthened standard operating procedures, anti-corruption safeguards, and STEPP and SMART for national, provincial and district authorities and rapid response teams.
- Training for targeted individuals (with intermediate experience of GIS/mapping) on the use of remote sensing and generated maps to support Provincial Offices of Forestry Inspection (POFIs) and District Offices for Forestry Inspection (DOFIs) with monitoring deforestation and forest degradation.
- Dissemination of regulations and guidelines on permitted and prohibited clearing and utilisation of forest (timber and non-timber) products, as well as streamlined, accessible and effective reporting channels.

61. *Activity 1.5: Land use planning and improved tenure security.* In order to improve tenure security, the government has put land registration and land titling high on its agenda. The government's principal objective is to secure the land rights of villagers in rural areas through registration of individual and communal land and through the issuance of respective land titles. Land tenure security has a direct correlation with the food security of smallholders and family farmers; it also contributes to improving land governance while creating a favourable environment for investment in land.<sup>51</sup> However, the associated land use planning has typically been developed with a focus on a specific sector of interest or, at times, a specific commodity, and has been restricted to a specific jurisdiction. Moreover, local land use plans are not well synchronised with higher-level plans that may take a more integrated and landscape approach (if they exist at all).<sup>52</sup>

Land use planning in Lao PDR builds on over 20 years of experience of donor-funded projects (e.g. KfW, GIZ, German AgroAction, SIDA, TABI, AgriSud and others) as well as national initiatives to conduct land use planning. Such planning has typically focused on three elements: (i) mapping the outlines of village territories with representatives of the villages and neighbouring villages, (ii) internal zoning of these village territories into forest, agricultural and other land use categories, and (iii) formally allocating agricultural land at the plot scale to village households.<sup>53</sup> Together, these elements form the basis of Participatory Land Use Plans (PLUPs).<sup>54</sup>

Subsequent implementation and monitoring of the PLUPs have typically not formed part of these donor initiatives, however, with the result that many well-designed PLUPs are not being (and have never been) implemented. Project 1 will use these existing PLUPs and will support their implementation (including augmenting them with short- and long-term financing plans) and monitoring. Based on the developed PLUPs, the Department of Land will – using government co-finance – develop and implement a programme of systematic land registration. Activity 1.5 consists of 3 Actions:

○ *Action 1.5.1: Mainstreaming FLR guiding principles into land use planning manuals and guidelines*

- Revision of existing manuals and guidelines relating to land use planning in order to integrate a landscape approach, promoting multi-sectoral planning that can promote forest and landscape restoration through a range of forestry and non-forestry sector actions.
- Stakeholder feedback and consultation on the proposed changes to manuals and guidelines.
- Awareness-raising and capacity building on the revised manuals and guidelines at province and district levels.

○ *Action 1.5.2: Participatory village land use planning (PLUP) in target project districts (linked with Activity 1.4 and Outputs 2 and 3) in hotspot areas<sup>55</sup>*

<sup>51</sup> GIZ (2015), *Systematic Land Registration in Rural Areas of Lao PDR*, [https://www.donorplatform.org/publication-land-governance/systematic-land-registration-in-rural-areas-of-lao-pdr.html?file=files/content/Media/Land\\_Governance/Publications/Systematic\\_Land\\_Registration/Systematic\\_Land\\_Registration.pdf](https://www.donorplatform.org/publication-land-governance/systematic-land-registration-in-rural-areas-of-lao-pdr.html?file=files/content/Media/Land_Governance/Publications/Systematic_Land_Registration/Systematic_Land_Registration.pdf)

<sup>52</sup> Ling S. (2017), *Developments in Land Use Planning in Lao PDR Since 2009*, <https://www.mediafire.com/file/q5borsb95ku7vbh/LIWG%20LUP%20study%20English.pdf>

<sup>53</sup> UN-REDD (2017), *Land and Forest Tenure in Laos: Baseline Overview 2016*, [https://www.unclearn.org/sites/default/files/inventory/vftenure\\_dwyer\\_fao-final\\_2\\_405493.pdf](https://www.unclearn.org/sites/default/files/inventory/vftenure_dwyer_fao-final_2_405493.pdf)

<sup>54</sup> <https://www.giz.de/en/worldwide/31066.html>

<sup>55</sup> In some district and target villages, donor-funded initiatives such as the GIZ LMPD project have supported land use planning. These land use plans will not require a new land use planning exercise and the programme will build upon and support their implementation and monitoring.

- Planning preparation (notifying villages, gathering materials, GIS data, SEDPs, statistics, data management system preparation – potentially applying FAO’s OpenForis Collect Earth tool<sup>56</sup>, for which the PAFOs of the three Project 1 target provinces have already received training).
  - Land and forest categorisation and zoning (boundary demarcation, land use mapping based on current land use, land and forest zoning, agriculture and forest production data collection, socio-economic data collection).
  - Agricultural management planning (agricultural land zoning, land management planning [soil testing, verification of suitability for planned land use], action plan for proposed agricultural projects and needed support from extension services).
  - Updating and integration of PLUP data (GPS data, maps, reports, etc.) into data management and record-keeping (digital record-keeping systems, storage of paper-based copies in all offices).
  - Developing short- and long-term financing plans for the PLUPs to ensure implementation and monitoring.<sup>57</sup>
  - Establishing or strengthening village land use and forest management committees.
  - Developing and implementing systematic land registration – individual, entity, communal/collective and State ownership – in rural areas based on up-to-date PLUPs (to be undertaken by the Department of Land).
- *Action 1.5.3: Monitoring and enforcement of land use plans*<sup>58</sup>
    - Ongoing monitoring (forest-related enforcement linked with Activity 1.4), supported by technical assistance, capacity building and equipment procurement, closely aligned with the implementation of Activities under Outputs 2 and 3.

62. *Activity 1.6: Implementation of the measurement, reporting and verification (MRV) system.* Since 2014, the JICA Sustainable Forest Management and REDD+ Support (F-REDD) project has been supporting the government to develop and execute the national forest inventory and preparation of the MRV-related components of the Emission Reductions Programme (ER-P). JICA also supported the preparation of the UNFCCC Forest Reference Emissions Level (FREL). In order to ensure consistency in MRV approaches, GCF Project 1 will work closely with JICA and the Forest Inventory and Planning Division (FIPD) of the Department of Forestry (DoF) on a harmonised approach.<sup>59</sup> JICA has committed co-finance to support Activity 1.6 implementation. Activity 1.6 consists of 7 Actions:

- *Action 1.6.1: Support to the fourth (2020/2021) national forest inventory*
  - In 2020/2021, the fourth national forest inventory will be undertaken, following the methods and design of the third national inventory (2015-2017). This will include the re-measurement of 730 plots within different forest-types and 120 plots within regenerating vegetation. The Lao PDR National Forest Inventory Standard Operating Procedures Manual for Terrestrial Carbon Measurement will be used, which is fully consistent with the methodology used in the development of the Emission Reductions Programme (ER-P) Reference Level. This forest inventory will provide the data needed for the estimation of GHG benefits of Project 1 (including leakage effects), as well as supporting other REDD+ processes (such as reporting to the UNFCCC and claiming results-based payments from the FCPF Carbon Fund).
- *Action 1.6.2: Assessment and development of the forest-type map for 2021/2022.* The same land classification system will be applied as has already been used for the FREL and the ER-P Reference Level, and which is fully aligned with the IPCC land use categorisation system.

<sup>56</sup> <http://www.openforis.org/tools/collect-earth.html>

<sup>57</sup> FAO is currently developing a review of all the local finance sources and modalities that can be applied to FLR. Webinars hosted by FAO on this topic are currently ongoing: see <http://www.fao.org/in-action/forest-landscape-restoration-mechanism/news-and-events/events-detail/en/c/1164439/>.

<sup>58</sup> FAO is hosting a global working group (involving IUCN, WRI, UNEP and CIFOR, among others) and communities of practice on FLR Monitoring. Indicators on FLR implementation will be tested from 2019 in at least 5 projects in Africa and Asia. See <http://www.fao.org/in-action/forest-landscape-restoration-mechanism/knowledge-base/monitoring-evaluation/en/>.

<sup>59</sup> The MRV of the ER Program will be focused on MRV of emission reductions, as a prerequisite to unlocking FCPF Carbon Fund payments. The MRV of the programme – including Project 1 – will cover implementation of activities (e.g. workshops held, trainings conducted, number of beneficiaries reached, etc.) AND, in conjunction with the ER Program, of emission reductions. Thus, the ER Program and the programme (including Project 1) will share a common MRV framework for emission reductions, but GCF MRV will extend more broadly. The fact that the ER Program and the programme (including Project 1) will share MRV processes for emission reductions will ensure consistent GHG accounting and cost efficiencies for both initiatives.

- *Action 1.6.3: Calculation of emission and removal factors.* Based on the data from the forest inventory, the emission/removal factors for the different forest and non-forest classes will be revised and modified, reflecting the changes over recent years. Emission factor development will focus on the reported carbon pools: above-ground biomass and below-ground biomass.
- *Action 1.6.4: Assessment of leakage effects.* This Action will specifically assess the GHG emissions and removals within and outside of the project area. To do so, a national forest inventory (Action 1.6.1) and assessment approach are required to ensure consistency and comparability of the MRV system. The assessment will compare to what extent deforestation, forest degradation and carbon removal patterns have increased/decreased within the project area compared with other parts of the country. This Action will also coordinate closely with a regional UN-REDD programme currently under development that will analyse international (cross-border) displacement of unsustainable forestry practices in the Lower Mekong region.<sup>60</sup>
- *Action 1.6.5: Reporting on reduced GHG emissions and enhanced carbon stocks.* The reporting of achieved GHG emission reductions and enhanced carbon stocks will be conducted for different purposes and will ensure that Lao PDR REDD+ data is consistently used for GCF reporting, for FCPF Carbon Fund reporting to receive results-based payments, for reporting on the NDC, and for Biennial Update Reports (BURs) and National Communications (NCs) to the UNFCCC. The reporting will be subject to a technical assessment by the FCPF Carbon Fund to ensure compliance with the five IPCC accounting principles (transparency, consistency, comparability, completeness and accuracy).
- *Action 1.6.6: Implementation of the national forest monitoring system*
  - Development of a Web-based national forest management system (NFMS).
  - Design and set-up of a carbon registry.
  - Operation of the NFMS and improvement to address new requirements.
  - Capacity building for localisation of system operation and maintenance.
- *Action 1.6.7: Digital solutions for community-based monitoring.* To support monitoring and reporting of activities, a mobile app and Web-based management information system (MIS) will be developed with an interface available in both Lao and English. The MIS will serve two principal functions:
  - To facilitate information flow from the field to the project: community-based data collection using activity surveys, relating to agricultural production and monitoring, forest management and monitoring, reporting illegal activities such as forest clearing and logging, and other activity monitoring. Monitoring support staff (at the *kumban* – village cluster – or district level) will support the data aggregation and activity monitoring process.
  - To facilitate information flow from the project to the field: to inform villagers, farmers groups and project management staff, among other stakeholders, on topics such as: land use plans (boundaries, geo-location mapping), market information, extension services and targeted training.

A training curriculum will be developed that allows the extension team to train local communities in standardised monitoring procedures. This training will be integrated into Project 1 activity implementation on the ground. Ultimately, the MIS is expected to improve engagement in, and ownership of, local communities in project implementation and monitoring, and strengthen knowledge management.

63. *Activity 1.7: Knowledge management, FPIC, safeguards and gender.* This Activity will facilitate comprehensive communication and exchange of information about topics of relevance for land users, policy-makers and the broader public to understand the purpose and benefits of REDD+ and the need for behavioural change of business-as-usual land use (see the knowledge management plan, Annex 22u).

- *Action 1.7.1: Knowledge management and communication*
  - Coordination with the Designated National Authority (DNA) at MoNRE (the same institution as the GCF NDA) for provision of relevant information to the DNA for the BUR and National Communication. The M&E system and Activity 1.6 (MRV) will provide key information in this context.
  - Lessons learned and information sharing will be conducted at the political level to inform national stakeholders and policy-makers on Project 1 progress and the key lessons learned that can support the implementation of national REDD+.

<sup>60</sup> UN-REDD (2018), *Reducing Deforestation and Forest Degradation through Sustainable Land-Based Investments: A Focus on the Lower Mekong Region*, draft project concept note.

- 3 campaigns – on awareness-raising of laws and the regulatory framework pertaining to the forestry and agricultural sectors (closely linked to Activity 1.4), on REDD+ awareness in local media (local newspapers in all 16 Project 1 districts), and on forestry and land use awareness in schools.
  - Communication and collaboration with national universities on key lessons and relevant education materials, and to support the universities in developing/acquiring research projects related to REDD+.
  - Development and management of a project website.
- *Action 1.7.2: Implementation of the Environmental and Social Management Plan (ESMP) and Gender Action Plan (GAP) and ensuring compliance with FPIC and safeguards.* The ESMP is provided in Annex 6b; the gender assessment is provided in Annex 8a; the GAP is provided in Annex 8b.

**Output 2: Market solutions for agricultural drivers of deforestation**

64. Output 2 will target the agricultural sector (including agroforestry) as a key driver of deforestation and will lower targeted barriers, enhance productivity, increase farmers' integration into agricultural value chains, and improve access to finance and private sector participation in deforestation-free agriculture. Deforestation-free value chains are those that can demonstrate that deforestation has not occurred throughout the value chain – from primary production through to sale to the consumer. The Output consists of three Activities relating to promotion of good agricultural practices and agroforestry in identified deforestation hotspots (in the 16 Project 1 districts) to reduce expansion pressure into forested landscape.

65. *Activity 2.1: Local incentives for good agricultural practices (GAP) and agroforestry*

- *Action 2.1.1: Capacity building on good agricultural practices and agroforestry*
  - Agriculture specialist(s) in the National Project Management Unit (NPMU) and the Provincial Project Management Units (PPMUs) will deliver Project 1 technical assistance (capacity building, training and continuous coaching) to agricultural extension staff of District Agriculture and Forestry Offices (DAFOs) and Technical Service Centres (TSCs), using a training-of-trainers approach. Training materials on agronomy, livestock production, agribusiness development and agroforestry will be used. Close cooperation with agricultural universities/colleges will be sought. Target villages will be selected using the district committee structure already in place and the deforestation hotspot analysis undertaken during GCF project preparation, whereby areas with high remaining forest cover and high deforestation risk will be prioritised.
  - After awareness-raising activities provided by PPMU/DAFO staff, farmers interested in participation will be identified. Women's collectives will receive specific support on production, processing and marketing of new agricultural products.
  - A District Activity Plan (DAP) for outlining activities, participants, inputs and an annual budget plan (by TSCs) will be developed, subject to approval by DAFO and PPMU, based on land use plans from Activity 1.5 and village consultations.
  - The capacity of farmers will be built on good agricultural practices, on-farm production and commercialisation. Farmers interested in value chain development (input and service provision, trading, value addition) will be supported with technical assistance and continuous coaching on business plan development, negotiation skills, access to markets, credit and processing. Youth and women will be specifically targeted.
  - Note: Measurement, monitoring and reporting (MRV) of adjacent forest areas will be conducted in Activity 1.6. Avoidance of deforestation and degradation will be enforced, as supported by Activity 1.4 and implementation of enforcement in different forest categories in Output 3.
- *Action 2.1.2: Investment in good agricultural practices and agroforestry*
  - Good agricultural practices:
    - Action 2.1.2 will invest in village development funds (VDFs) with a combination of upfront and performance-based payments. DPMUs and Village Communities will agree upon appropriate 'white lists' of good agricultural practice activities eligible for project support.
    - Good agricultural practice activities will be financed partially upfront and partially on a performance basis. Funds will be managed by the REDD+ Funding Window.
    - Based upon successful completion of a participatory land use plan (PLUP) under Action 1.5.2 and a District Activity Plan (DAP) under Action 2.1.1, VDFs will be eligible for grants covering the establishment and management costs of good agricultural practices. Village Communities, with the support of the DPMU, must develop a brief investment plan and a budget needs plan to be eligible to receive funding from VDFs.



and provincial levels and will support the identification of strategic investment areas (e.g. considering availability of land, market access, regulatory issues, etc.). Support will be provided to match-making between private sector companies, districts and villages (developing private sector-village partnerships). This will entail awareness-raising of villages on the potential of village-based agroforestry as a business case and building villages' capacities to negotiate with the private sector.

- CSOs will also be invited to participate in the dialogue platforms, including representatives from the FLEGT Lao CSO Core Committee, among others, who can bring long-standing insight to support local villages to sustainably manage forest resources and strengthen local livelihoods.

- *Action 2.2.3: Formalisation support for village and private sector partnerships*

- Building on the discussions under Action 2.2.2, contracts – private sector-village partnership agreements (PSVPAs) – between reputable private sector enterprises and Village Communities will be negotiated and signed. Enterprises will then be eligible for grants from the REDD+ Funding Window under Action 2.1.2 covering 50% of the establishment costs for village-based agroforestry (up to Euro 200/ha, approximately 50%).<sup>64</sup>

- *Action 2.2.4: Multi-Stakeholder Platforms (MSPs) on value chain development*<sup>65</sup>

- Identification and mobilisation of private sector companies (traders, input suppliers, processors, farmer organisations, financial institutions, etc.) and other value chain actors (e.g. farmer representatives, farmers' organisations, government representatives) to participate in district-level multi-stakeholder platforms (MSPs). The platforms will contribute to improved networking and coordination across the value chain of each target commodity identified under Action 2.2.1. The design and functions of the platforms will be informed by the lessons-learned from a series of public-private dialogues that are being organised by the ongoing GCF readiness project for REDD+ implemented by FAO.

- *Action 2.2.5: Business development support to agribusiness SMEs*

- Significant time will be invested in canvassing businesses, building interest and buy-in in Project 1 activities. Agribusiness SMEs will be selected for training and business development support based upon: their demonstrated long-term interest, their relevance to locally-relevant value chains, their proximity to producers, their activities in selected districts, and the likelihood that they receive subsequent financing via the green credit line supported by Action 1.1.4. Female-led SMEs will be specifically targeted.
- Selected SMEs will be trained on identified issues relating to business management and financial literacy, notably business plan development – for instance, estimating production costs, assessing risks, comprehensive book-keeping, use of credit products and financial management.

67. *Activity 2.3: Sustainable rural infrastructure watershed management.* Activity 2.3 builds on the planned ADB project, Sustainable Rural Infrastructure and Watershed Management Sector (SRIWSM) project, which has been designed in conjunction with Project 1 (see Section B.1.5). The SRIWSM project's principal focus is on investment in 11 small-scale irrigation scheme upgrades (all of them in the geographical scope of Project 1) to secure farmer access to water during the dry season. Activity 2.3 will ensure that the forested landscapes in the catchment areas remain intact through improved land management (including good agricultural practices) and reduced pressure from drivers of deforestation and degradation by addressing key underlying causes: lack of alternative livelihood opportunities, poverty, low agricultural productivity, lack of value-added activities and weak negotiation/marketing skills. Reducing deforestation and improving forest management will protect watershed health and, ultimately, the water flowing through ADB irrigation investments.

Financed exclusively by ADB/EU, IFAD and the Government of Lao PDR (i.e. without requiring GCF financial support), Activity 2.3 consists of 3 SRIWSM co-financed Actions that will reduce the need for local people to clear forested land for other activities that are inefficient, with low yields, require substantial labour, and are characterised by low profitability:

- *Action 2.3.1: Irrigated and upland farmer income generation from high-value crops and livestock.* Farmers will be assisted with planning and producing their dry season crops and livestock in the upgraded irrigation schemes (Action 2.3.2) based upon improved information about market demand, quality requirements and prices, and then better linked to markets through support to logistical services, information flows, post-harvest processing, and trader and retailer relationships.

<sup>64</sup> GIZ Laos, as a Project 1 Executing Entity, will act as an intermediary between private sector entities, village groups and others, but will not be party to contractual relationships for this Action.

<sup>65</sup> Aligned with the MSP activities within the IFAD-funded PICSA project.

- *Action 2.3.2: Productive rural infrastructure upgraded to be climate-resilient and sustainable.* SRIWSM project investment in irrigation scheme upgrading will provide secure access to water during the dry season. This will provide: (i) farmers with better opportunities to grow higher-value crops and finish cattle; (ii) increased, and more reliable, farm household incomes; and (iii) improved affordability of operating the irrigation scheme.
  - The modernisation of irrigation infrastructure in 11 irrigation schemes in Project 1 to enable water management within the command area during the dry season and to support crop diversification.
  - The provision of infrastructure and strengthening the irrigation schemes' operational capacity to provide reliable and controllable water within the entire command area throughout the dry season in three small riparian zones in Houaphan, Sayabouri and Luang Prabang. Limited upgrading will be provided within the main canal and damaged sections to reduce water losses. Additional water control measures will be applied through buried secondary distribution pipes and offtake points for piped, hand-held hose or sprinkler/trickle/drip applications.
  - Technical assistance to strengthen irrigation operation capacities, and the development and introduction of sustainable irrigation service fees to ensure the longevity, effectiveness and efficiency of the irrigation schemes.
- *Action 2.3.3: Nutrition-sensitive agriculture in targeted communities*<sup>66</sup>. The Action will strengthen the nutritional status of targeted villages in 3 districts of Houaphan province.
  - District Nutrition Teams (DNTs) will be formed in each of the target districts, consisting of 4 members of the District Department of Health and 4 members of the Lao Women's Union (LWU). Each DNT will be responsible for working with 10-15 villages.
  - Village Nutrition Teams (VNTs) will be formed to support follow-up with households on progress and challenges. VNTs and communities will discuss key nutrition indicators, such as the number and diversity of crops produced, the number and percentage of latrines, the knowledge of nutrition and hygiene concepts, the percentage of children with malnutrition and the dietary diversity for different household members. Actions Plans will then be developed and implemented.

### **Output 3: Climate change mitigation action through forestry**

68. Output 3 will build upon Output 1 (enabling environment)<sup>67</sup> and will reduce emissions through sustainable forest landscape management and the promotion of forest landscape restoration (FLR), especially on degraded lands. Activity 3.1 focuses on village forests, Activity 3.2 on production forests and Activity 3.3 on conservation forests.

- *Village forests* are forests located within a village area, which the government has allocated to the village to manage, preserve and use in a sustainable manner in accordance with the legal and regulatory framework. Village forests may be characterised as production, protection and conservation forest (see below).<sup>68</sup>
- *Production forests* are natural and planted forests classified for the purpose of timber and NTFP production.<sup>69</sup> Production Forest Areas (PFAs) are forest and forestland areas allocated to the State for management and which are managed in accordance with the Forestry Law. The forest in PFAs may be harvested for natural timber under the management of the Department of Forestry (in MAF), although PMO 31 has imposed a ban on such harvesting since 2013.

<sup>66</sup> EU and IFAD co-finance will also support the implementation of this Action. No GCF financial support is required.

<sup>67</sup> Specifically, Activities under Output 3 that are subject to Output 1 deliverables are:

- *For Activity 3.1:* Activity 1.1, Action 1.1.3: Identification of existing and/or establishment of new Village Development Funds to channel climate finance to target villages – VDFs have to be in place after Village Forest Management Planning is concluded, to provide funds for the implementation of annual plans; Activity 1.5, Action 1.5.2: Land use planning and improved tenure security – Land Use Plans have to be in place as a precondition for VFM; Activity 1.7, Action 1.7.2: Knowledge management, FPIC, safeguards and gender – FPIC has to be completed as a precondition.
- *For Activity 3.2:* Activity 1.1, Action 1.1.3: Identification of existing and/or establishment of new Village Development Funds to channel climate finance to target villages – VDFs have to be in place after Production Forest Management Planning is concluded, to provide funds for the implementation of annual plans; Activity 1.7, Action 1.7.2: Knowledge management, FPIC, safeguards and gender – FPIC has to be completed as a precondition.
- *For Activity 3.3:* Activity 1.1, Action 1.1.3: Identification of existing and/or establishment of new Village Development Funds to channel climate finance to target villages – VDFs have to be in place after National Protected Area (NPA) management planning is concluded, to provide funds for the implementation of annual plans; Activity 1.7, Action 1.7.2: Knowledge management, FPIC, safeguards and gender – FPIC has to be completed as a precondition.

<sup>68</sup> For further information about REDD+ implementation at the village forest level, see GIZ (2018), *Forest Governance, REDD+ and Village Forestry in Laos*, provided in Annex 22x.

<sup>69</sup> Smith, H. and Alounsayath, O. (2015), *Forest Legality Compendium*, Department of Forestry Inspection and Department of Forestry, Lao PDR, p.242. Provided in Annex 22v.

- *Protection forests* are forests classified for the function of protecting water resources, river banks, road sides, preventing soil erosion, protecting soil quality, strategic areas for national defence, protection from natural disasters and environmental protection.<sup>70</sup> In protection forests, individuals and villages have certain rights with respect to the harvesting of timber and forest products for their own consumption.<sup>71</sup> They are managed by the Department of Forestry.
- *Conservation forests* (also referred to as National Protected Areas, NPAs) are forests classified for the purposes of conserving nature, preserving plant and animal species, forest ecosystems and other sites of natural, historical, cultural, tourism, environmental, educational and scientific value. Within conservation forest, individuals and villages have certain rights with respect to the harvesting of timber and forest products for their own consumption.<sup>72</sup> They are managed by the Department of Forestry.

69. *Activity 3.1: Village forest management.* Village forest management will be implemented in three forest categories (production forest without any commercial harvesting potential in the short-term, and protection and conservation forest) as well as in unclassified forest, following a landscape approach (see Chapter 1.3 of the Feasibility Study, Annex 2a). In total, there is high-carbon-stock forest area of 2.3 million ha in the three Project 1 provinces. Village forest management can be supported in 1.5 million ha of high-carbon forest area. Activity 3.1 consists of 2 Actions:

- *Action 3.1.1: Development of village forest management plans (VFMPs).* Based on the PLUPs developed under Action 1.5.2, VFMPs will be designed using a combination of spatial planning and participatory land use planning with villagers as a precondition of Project 1 support to the sustainable management of village forests. Planning will be undertaken using a landscape approach, taking into account multiple land uses and benefits across the project area. Among others, tools developed by FAO for planning Forest and Landscape Restoration (FLR) will be used in this respect.<sup>73</sup> These guidelines include the following key stages:
  - Stage 1: Demarcation of forest areas and preparation of detailed village forest map
  - Stage 2: Participatory Forest Resources Assessment (PFRA) and basic forest inventory
  - Stage 3: Preparation of five-year village forest management plan (VFMP)
  - Stage 4: Preparation of annual forestry operation plan
  - Stage 5: Village forest management agreement

The VFMP guidelines (CliPAD/GIZ 2016) provide the following examples of permitted activities: forest patrolling for protection against encroachment; fire prevention (e.g. digging fire breaks, ploughing firebreaks, controlled burning of fire breaks, etc.); building check dams or small water reservoirs to provide water for firefighting and water for watering planted tree seedlings; identification and marking of trees to be left as mother trees for seed production; selective cutting (in small quantities in different diameter classes in accordance with the sustainable forest model to improve forest structure and provide timber and fuelwood for villages); close parts of forest temporarily and protect young regeneration trees, fencing off of some parts to encourage regeneration; conduct weeding around valuable tree seedlings; marking of trees to be cut every year; enrichment planting; promotion of natural regeneration (e.g. in case of fire damage, shifting cultivation, excessive degradation/tree cutting); direct seeding in barren, highly degraded areas; and NTFP management and development.<sup>74</sup>

Each VFMP establishes the geographical demarcation of village forestry, the allowable cut, where villagers can harvest, allowable practices and prohibited practices. The baseline in each case varies from village to village.

- *Action 3.1.2: Implementation and monitoring of VFMPs.* As with the development of the VFMPs, the implementation of the VFMPs will follow the best-practice guidelines and procedures outlined in the Village Forest Management Guidelines, including the following stages:

<sup>70</sup> *Ibid*, p.242.

<sup>71</sup> *Ibid*, p.113.

<sup>72</sup> *Ibid*, p.113.

<sup>73</sup> <http://www.fao.org/sustainable-forest-management/toolbox/en/>

<sup>74</sup> For more information on currently permitted activities, refer to the VFMP Guidelines: <https://www.giz.de/en/downloads/Village-Forest-Management-Planning-Guideline.pdf>. It should be noted that Activity 1.3 aims to revise these guidelines, and include commercial harvesting based on sustainable management plans and sustainable forest management principles to strengthen additional income streams for villagers and provide incentives for the sustainable management of forest resources.

- Stage 6: Implementation of the village forest management activities, following the annual plan of operation and financed by annually-approved grants.
- Stage 7: Monitoring and evaluation

Resources will be transferred to village development funds (VDFs) using mechanisms similar to those used in the Integrated Conservation of Biodiversity and Forests (ICBF) project. In summary, the EPF and NPMU will receive budget requests (annual work plans) from Village Communities and will check them against set criteria. Approved requests will be administered by the FFRDF. More details on transfer modalities are available in the REDD+ Funding Window Project Implementation Manual (PIM, Annex 22e).

70. *Activity 3.2: Sustainable management of production forests.* There are 51 production forest areas (PFAs) in Lao PDR. The scale of degradation in PFAs is immense: only 15% of the total area in production forest (465,000 hectares) is of a – more or less – satisfactory quality (contains at least 60 m<sup>3</sup> per hectare of commercial standing stock).<sup>75</sup> In the three Project 1 provinces, this forest category covers a total area of 700,000 ha. Regenerative vegetation accounts for 0.2 million ha and agricultural land for 32,000 ha in the Project 1 area, which could be used for restoration and reforestation.

There is a ban on timber harvesting within production forest areas in response to widespread unsustainable harvesting (legal and illegal). However, in the Project 1 area, commercial logging is no longer a major driver of deforestation due to the absence of marketable tree species with minimum harvestable diameters – largely due to over-harvesting in the past.<sup>76</sup> But many production forests in the project area are, however, highly degraded, and in need of natural regeneration and sustainable management. While the ban on timber harvesting has had positive impacts, including reduced deforestation, it has also substantially reduced the incomes generated from production forests. Provincial and district authorities have noted that budgets for government authorities, including those responsible for managing these forests, have been negatively affected due to reduced revenues from commercial forestry.

In 3 districts in the Project 1 area (Sayaboury Province – Phiang, Sayaboury and Hongsa districts), there is commercial potential for sustainable harvesting and the project will work with the government on a new/revised regulation that allows harvesting if the forest management entity can demonstrate long-term sustainability. Activity 3.2 consists of 2 Actions:

- *Action 3.2.1: Forest inventory and forest management planning in production forests*
  - Designation of villages, and mobilisation and organisation of villagers: MAF will present the project concept to existing village land use and forest management committees (VLUFMCs) led by a district villages forest committee (DVFC).
  - Preparation of Forest Management Plans (FMPs): participatory land use zoning, marking boundaries and taking an inventory of trees and NTFPs. The focus of the management planning will be to identify potential zones for restoration and reforestation in the production forests. The identified areas will be linked to Activity 2.2, the establishment of a public-private dialogue to promote private sector partnerships and sustainable investments.
  - Definition of degraded forest and forest access rules (rules governing forest access and benefit-sharing are clearly defined together with villagers), and ensure villagers understand and uphold these rules.
  - Assessment and identification of eligible and promising village-level development investments based on SUFORD's positive experiences with village development funds.
  - Capacity building for VLUFMCs and managing inclusive DVFCs, and training for villagers on SFM, forest management plans and monitoring.
  - Capacity building for provincial and district officials to support forest management planning and eventual FMP implementation (especially focused on provision of support to villagers).
- *Action 3.2.2: Implementation of Forest Management Plans (FMPs) with associated monitoring*
  - Support VLUFMCs and DAFOs in the development of annual work and budget plans to implement forest restoration activities under the Forest Management Plans (FMPs), including village-based forestry development and assisted natural regeneration in degraded forests.
  - Provision of grants by the REDD+ Funding Window to support FMP implementation:
    - Grants to VDFs to support the implementation of annual FMPs.

<sup>75</sup> World Bank (2018), *Sustainable Forestry for Rural Development Project: Project Performance Assessment Report*: [https://ieg.worldbankgroup.org/sites/default/files/Data/reports/ppar\\_laosustainableforestry.pdf](https://ieg.worldbankgroup.org/sites/default/files/Data/reports/ppar_laosustainableforestry.pdf)

<sup>76</sup> Lestrelin, G., Trockenbrodt, M., Phanvilay, K., Thongmanivong, S., Vongvisouk, T., Pham, T.T., Castella, J.C. (2013), *The Context of REDD+ in the Lao People's Democratic Republic: Drivers, Agents and Institutions*. CIFOR Occasional Paper 92.

- Grants to support forest establishment using the same modalities as for Action 2.1.2 (50% matching grant with a private sector investor).
- Village development grants to VDFs for livelihood activities.
- On-the-job capacity development and training of village organisations in implementation of assisted natural regeneration and forest development.
- Enforcement of forest access rules (sanctions applied to those who break the rules, and redress available for those whose rights are infringed).
- Capacity building for provincial and district authorities, as well as DVFCs, on monitoring (e.g. forest inventory revision, remote-sensing and ground truthing) and enforcement (patrolling techniques).
- Annual monitoring of overall achievement in implementing the annual plan of operation, and preparation of new annual plan of operation.
- After 4 years, in the final year of Project 1, conduct monitoring and evaluation of the overall achievement of the management plan, and prepare a new management plan for Project 2.

71. *Activity 3.3: National Protected Area management.* The Project 1 area contains 3 National Protected Areas (NPAs) – Nam Sam and Nam Et Phou Louey in Houaphan province and Nam Pouy in Sayaboury province. They span 12 Project 1 districts, which have all deliberately been selected for GCF project implementation. These protected areas account for 670,000 ha in the Project 1 area. Approximately 96% of this protected area is classified as forest.

A lack of management plans and availability of financing are major barriers to addressing deforestation and forest degradation in these NPAs.<sup>77</sup> Activity 3.3 aims to build on the extensive experience generated by the KfW Integrated Conservation of Biodiversity and Forests (ICBF) project.<sup>78</sup> Prior to its implementation, extensive pre-feasibility and feasibility studies were conducted that informed the design of the project (2012-2015, implementation until 2022). In Houaphan, experiences in strengthening NPA management will also build on experiences from Nam Et Phou Louey NPA (Wildlife Conservation Society – WCS<sup>79</sup>; World Bank<sup>80</sup>) and Nam Xam NPA (USAID and SNV)<sup>81</sup>; in the context of WCS, close exchange and cooperation is envisaged regarding the Nam Et Phou Louey NPA.

Villages will be able to access village-based grants for a set of eligible agricultural and forestry activities that support villages' livelihoods and forest protection. Guidelines developed by the ICBF project will be followed (Village Fund Disbursement / Management Guidelines), which permit activities such as the following.<sup>82</sup>

- Natural and enhanced forest restoration.
- Improved forest use through bamboo management for income generation.
- Agroforestry for food security and income generation.
- Non-timber forest products for income generation.
- Aquatic conservation zones for livelihood benefits.

These grants will reduce the pressure on deforestation and reliance of unsustainable forest use, and will improve household incomes. The application process is described in the Project Implementation Manual (Annex 22e). Activity 3.3 consists of 3 Actions:

- *Action 3.3.1: Development or revision of National Protected Area (NPA) management plans.* The development of NPA management plans and revision of existing (outdated) plans in the Project 1 area will help to strengthen the management of NPAs and reduce deforestation and forest degradation, while improving livelihoods of villagers living within or adjacent to the NPAs. This Action will include the following measures:

<sup>77</sup> Information provided by MAF and MoNRE representatives; PRAP consultations; MOF/DOF 2018.

<sup>78</sup> This project supports the "effective management of 2 target landscapes comprising NPAs and corridors contributing to sustaining biodiversity in forest ecosystems, while supporting livelihoods of forest-dependent communities": Braeutigam, D. (2015), *Integrated Conservation of Forests and Biodiversity ICBF – Introduction*, KfW and MoNRE, Lao PDR.

<sup>79</sup> More information on WCS activities within this protected area are available online: <https://laos.wcs.org/Saving-Wild-Places/Nam-Et-Phou-Louey-NPA.aspx>. WCS has recently received World Bank LENS2 funding of USD 3 million (2019-2021) to continue its work under the sub-project 'Strengthening the capacity and management of the Nam Et Phou Louey National Protected Area in the face of expanding infrastructure development'.

<sup>80</sup> Protected Area and Wildlife Project:

<http://documents.worldbank.org/curated/en/862811468266173148/pdf/IPP6840V20REV000Box382157B00PUBLIC0.pdf> and <http://documents.worldbank.org/curated/en/710021468278697087/pdf/PAD2430P128393010Box382156B00OUO090.pdf>; Developing and Demonstrating Replicable Protected Area Management Models at Nam-et-Phou Louey National Protected Area Project (NEPL Project):

<http://pubdocs.worldbank.org/en/296761446543710814/pdf/Lao-NEPL-AM-ISM-May-2015-pdf.pdf>

<sup>81</sup> <http://newgenerationplantations.org/multimedia/file/574d9156-8098-11e6-ab1e-005056986313>

<sup>82</sup> KfW (2017), *Village Fund Disbursement and Management Guideline*.

- Assessment of key forest areas and the quantification of current and potential threats as a key element of developing NPA management plans.
  - Zonation: Identifying land use categories and Participatory Land Use Planning (PLUP).
  - Assessment and identification of alternative livelihood opportunities for which villages will be eligible to receive village-level livelihood grants through voluntary co-management agreements (VCMAs – essentially village conservation contracts – under Action 3.3.3).
  - Development of National Protected Area (NPA) management plans.
  - Awareness raising and establishment of co-management agreements with villages inside or adjacent to the NPA in NPAs where this has not already been done. Voluntary co-management agreements will be based on a participatory process applying FPIC principles.
  - Development of Law Enforcement Action Plans (LEAPs) for NPAs.
- *Action 3.3.2: Improved law enforcement in NPA conservation landscape.*
    - Construct/reconstruct law enforcement infrastructure, provision of patrolling equipment and ensure operation.
    - Implementation of Law Enforcement Action Plans (LEAPs) for NPAs, regular monitoring and enforcement of management plans and NPA management, including targeting high-risk areas by Provincial Office of Forestry Inspection (POFI) staff.
    - Development and implementation of a forest monitoring strategy aimed at evaluating the effectiveness of NPA management actions.
    - Implementation of the SMART law enforcement data management system to standardise the monitoring of enforcement efforts, threats and results across all NPAs.
    - Capacity development for NPA and POFI staff, and provision of equipment to support improved monitoring and enforcement.
    - Village engagement by PPMU and DAFO staff for participating villages within and adjacent to NPAs.
  - *Action 3.3.3: Implementation of sustainable land and forest management by villages living within and adjacent to NPAs.* Support will be provided to villages living within and adjacent to NPAs to implement sustainable land use activities that are aligned with the voluntary co-management agreements and the NPA management plans.

Financing for Actions 3.3.2 and 3.3.3 will be provided from the REDD+ Funding Window to government entities and to villages. Government entities will be supported by the PPMUs in their annual work planning and budgeting. Work plans and budgets will be submitted to the NPMU, and approved funds will then be disbursed by the EPF in accordance with the REDD+ Funding Window Project Operational Manual (POM).

## B.4. Implementation arrangements

### B.4.1 Project Steering Structure

72. The **National Project Steering Committee** (NPSC) will provide administrative oversight of the project, ensuring coordination across ministries – initially for Project 1 and subsequently (contingent upon separate GCF funding approval) for Project 2 and Project 3. The NPSC will provide strategic implementation guidance to the National Project Management Unit (NPMU) and Provincial Project Steering Committees (PPSCs, the Provincial REDD+ Task Forces), whilst ensuring compliance with the NDC, the National REDD+ Strategy and national socio-economic development objectives. The National Project Steering Committee will meet 4 times per year throughout the project implementation period, as well as on an *ad hoc* basis as and when required.
73. The structure of the NPSC builds upon the existing institutional structure for REDD+ in Lao PDR. Thus, the **REDD+ Task Force**, as the responsible government entity for REDD+, will serve as the NPSC. The REDD+ Task Force was established by Government Decree No. 1313 (2008) as a multi-sector body. It is headed by a Vice Minister of the Ministry of Agriculture and Forestry (MAF) and contains representatives of the Department of Forestry (DoF, under MAF), the Department of Agricultural Land Management and Development (under MAF), the Department of Climate Change (under the Ministry of Natural Resources and Environment MoNRE), the Department of Environmental Quality Promotion (under MoNRE), the Land Department (under MoNRE), the External Finance Department (under the Ministry of Finance), the Ethnic Groups Department (under the Lao Front for National

Development), the Department of International Cooperation (under the Ministry of Planning and Investment), the Division of International Law and Administration Law (under the Ministry of Justice), the Energy Conservation and Saving Division (under the Ministry of Energy and Mines), the Central National Lao Women's Union, the Faculty of Forestry Science of the National University of Laos (NUOL) and the Lao National Chamber of Industry and Commerce.

74. GIZ, as the GCF Accredited Entity and one of three Executing Entities, will maintain observer status on the NPSC in order to provide strategic guidance and ensure that GCF-related guidance and compliance is provided to the national actors.
75. The **Provincial Project Steering Committees** (PPSCs, one for each participating province) will be led by the provincial REDD+ Task Force in each province. At the provincial level, the PPSCs will review project implementation progress and provide support to address potential bottlenecks related to implementation. For Project 1 and Project 3, the provinces of Houaphan, Sayabouri and Luang Prabang will each have a PPSC; for Project 2, the provinces of Luang Namtha, Bokeo and Oudomxay will each have a PPSC.

#### **B.4.2 Project Management, Implementation and Execution Structure**

##### *Role of GIZ as Accredited Entity and Executing Entity*

76. GIZ head office (in Germany) will serve as the Accredited Entity (AE). The GIZ office in Lao PDR will fulfil the role of an Executing Entity (EE) of Project 1, together with the Government of Lao PDR (represented by MAF and MoNRE) and JICA. The two GIZ roles will be strictly separated and will be accountable to different management structures within GIZ.

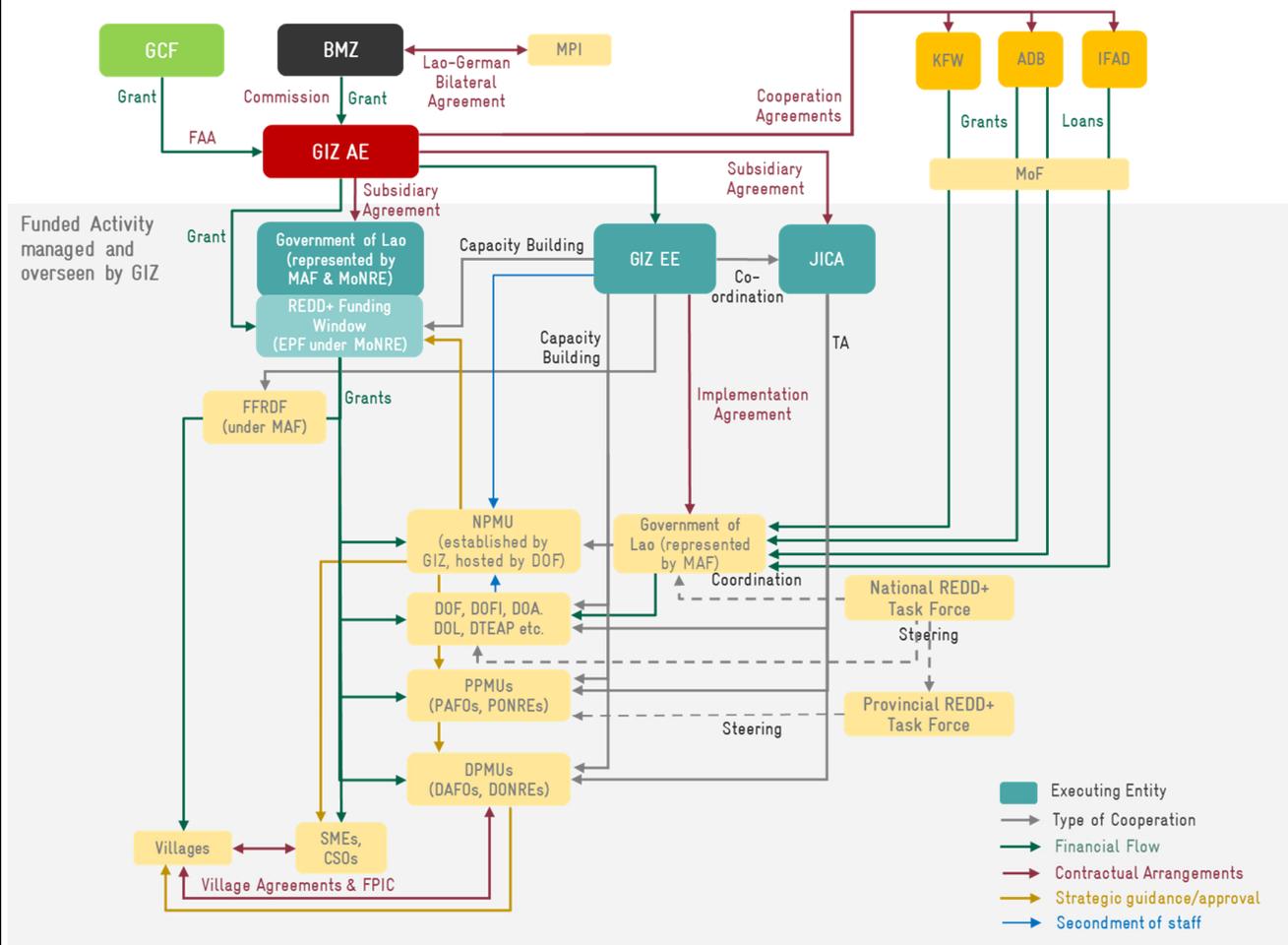
##### *GIZ as Accredited Entity*

77. As the Accredited Entity (AE), GIZ will assume oversight responsibility for Project 1, as defined in the Accreditation Master Agreement between GCF and GIZ. As AE, GIZ will administer project funds on behalf of the GCF and will provide oversight guidance and quality assurance of the three Executing Entities through its relevant head office units. The GCF AE unit based at GIZ head office will be responsible for:
- Overall responsibility for, and oversight of, Project 1, including project preparation and implementation
  - Continuous communication with the GCF
  - Receiving GCF proceeds as well as disbursing, administering and processing the funds (financial management)
  - Ensuring the proper use of the GCF proceeds
  - Assessing the integrity and capacity of the EEs
  - Setting up subsidiary agreements with the EEs
  - Monitoring the subsidiary agreements and the performance of EEs
  - Ensuring EEs' procurement activities comply with GIZ's rules and policies
  - Maintaining adequate documentation and reporting to the GCF
  - Establishing internal control routines
  - Ensuring continuous project risk assessment
  - Evaluation (commissioning of independent mid-term and final reviews)
78. In order to implement Project 1, GIZ will need to establish legal arrangements with the Executing Entities (the Government of Lao PDR and JICA), Implementation Partners and Contributing Partners.
79. For Project 1, the following agreements will be necessary:
- BMZ Commission
  - Funded Activity Agreement (FAA) between GIZ (as the Accredited Entity) and the GCF
  - Lao PDR-Germany bilateral agreement with the Ministry of Planning and Investment (MPI)
  - Executing Entities:
    - A subsidiary agreement (grant agreement) between GIZ Head Office (AE) and the Government of Lao PDR (represented by MAF and MoNRE) relating to the REDD+ Funding Window. This agreement will, among other things, also address the implementation of those activities co-financed by IFAD, KfW and ADB.

- A subsidiary agreement between GIZ Head Office (AE) and JICA.
- Implementing Partners:
  - An implementation agreement between GIZ Laos (Executing Entity) and the Government of Lao PDR (MAF).
- Contributing Partners:
  - A co-operation agreement between GIZ AE and ADB
  - A co-operation agreement between GIZ AE and IFAD
  - A co-operation agreement between GIZ AE and KfW

80. These agreements will be negotiated upon Board approval of Project 1 and in accordance with the term sheet. Similar agreements will be required for Projects 2 and 3.

Figure 5: Cooperation and Contractual Arrangements



**GIZ as an Executing Entity**

81. GIZ has been operating in Lao PDR since 1993 and employs approximately 250 staff members, most of them Lao nationals. GIZ technical assistance in the Lao forestry sector amounts to Euro 21 million, with Lao PDR ranking among the top 15 recipient countries of forestry-related German development assistance worldwide.

82. In its capacity as an Executing Entity, GIZ will lead, and provide overall management of, the Technical Assistance (TA) to Project 1 at national and sub-national levels:

- Managing the project budget of GIZ as Executing Entity that is spent in the country.

- Liaising with the GIZ Country Office regarding budget and finances, monitoring and reporting, staff and appraiser contracts.
- Reporting to the German Embassy and BMZ regarding their financial contributions to the project as well the overall progress of project implementation.
- Coordinating project implementation with the co-financing development partners and their projects and counterparts as well as other bi- and multilateral institutions operating in the same technical and/or geographical area.
- Liaising with, and reporting to, the National Project Steering Committee and Provincial Project Steering Committees.
- Coordinating with, and reporting to, line ministries involved in the project (MAF, MoNRE) as well as the MPI.
- Representing the project in national working groups and stakeholder forums.

83. GIZ will be responsible for the establishment and operation of the National Project Management Unit (NPMU). The NPMU will be established within the Department of Forestry (in MAF); associated provincial (PPMU) and district (DPMU) units will be similarly managed – PPMUs will be situated in Provincial Agriculture and Forestry Offices (PAFOs) and DPMUs in District Agriculture and Forestry Offices (DAFOs). The NPMU will have the following responsibilities under Project 1:

- Providing sub-beneficiaries with guidance on developing annual work plans and budgets. The NPMU and associated PPMUs will work with DAFOs, PAFOs, other government agencies and Village Development Funds to prepare the required materials to submit budget requests to the REDD+ Funding Window.
- Approval of work plan budgets will be the responsibility of the NPMU. The NPMU – and, by extension, GIZ as the Executing Entity responsible for 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 the Project Implementation Manual – Annex 22e). Approval will also be dependent upon appropriate due diligence of the recipient entity by the EPF supported – if necessary – by the NPMU and PPMUs. Assuming that a work plan is approved, the NPMU will request the EPF to disburse funds according to the plan, provided there are no fiduciary concerns.
- The NPMU will also have a role in providing guidance to the EPF on monitoring the implementation of the work plans.
- The NPMU will provide guidance to the EPF in terms of fiduciary responsibility, monitoring and reporting, and compliance with safeguards.

84. GIZ as an Executing Entity will be responsible for a GCF budget for Project 1 of Euro 4.1 million.

*NPMU, PPMUs and DPMUs*

85. A National Project Management Unit (NPMU) will be established within the Department of Forestry (DoF) of MAF. The NPMU's physical location in DoF is expected to foster local ownership of Project 1, to build institutional capacity and to ensure continuous linkage with Government policy-making and implementation of other initiatives. As an Executing Entity, the GIZ Country Office in Lao PDR will be responsible for the establishment and management of the NPMU, as well as the establishment and management of Provincial Project Management Units (PPMUs) in each of the 3 target Project 1 provinces and District Project Management Units (DPMUs) in each of the 16 Project 1 districts. The same NPMU structure will be used for the implementation of GIZ-managed BMZ financing and activity implementation. The NPMU will closely coordinate with the responsible government agencies on relevant activities and will provide technical and financial management support. In order to ensure capacities remain at DoF after project completion, capacities are being built to enable a transformational change and enable income-generation from sustainable forestry during the course of the project. After project completion, DoF will be prepared to make use of the knowledge and experiences, generate revenues and manage those through the Forest and Forest Resource Development Fund.

86. PPMUs and DPMUs, under the instruction of the NPMU, will assist the NPMU in executing the above responsibilities. In addition to mirroring national-level responsibilities at the local level, PPMUs and DPMUs will have an additional responsibility at the provincial and district levels. In the event that project beneficiaries (e.g. Village Development Funds) are not able to independently prepare adequate annual operational plans and budgets, PPMUs and DPMUs will assist beneficiaries to complete appropriate plans.

Figure 6: Project Organisation Chart



*The Government of Lao PDR as an Executing Entity*

87. The Government of Lao PDR, represented by the Ministry of Agriculture and Forestry (MAF) and the Ministry of Natural Resources and Environment (MoNRE), will serve as Executing Entity. The government's role in this respect is driven by two considerations:

- *The mandates and functions of the two ministries*, notably their sectoral relevance and the fact that MoNRE is the GCF National Designated Authority (NDA) of Lao PDR and is responsible for the EPF; and that MAF serves as the Chair of the REDD+ Task Force and is (together with the Ministry of Finance) the contract-signing party with the FCPF Carbon Fund to sell GHG emission reductions and receive results-based payments. MAF is further responsible for the FFRDF, which will have two roles as: a) a beneficiary receiving capacity building support; b) once its capacities are satisfactorily built to channel funds to beneficiaries. The specific role of FFRDF, as well as the implementation of activities co-financed by IFAD, KfW and ADB, will be elaborated in the Subsidiary Agreement with the Government of Lao.
- *The Government of Lao PDR possesses the legal personality to sign a subsidiary agreement with GIZ* regarding the role that the EPF will play in establishing and operating the REDD+ Funding Window (see below). While the legal agreement with GIZ (as the Accredited Entity) will be signed with the Government, the GCF funding will flow from GIZ direct to the EPF, which will be responsible for the financial management and disbursement of grants to other beneficiaries.

*JICA as an Executing Entity*

88. In its capacity as an Executing Entity, JICA will provide technical assistance (TA) to departments within the participating ministries and to sub-national agencies. JICA will use its own funds (Euro 1.6 million co-finance) in the context of its F-REDD II project to:

- Support law enforcement and land use planning (Activities 1.4 and 1.5)
- Set up the MRV system and support knowledge generation for the FRL/FREL under Activity 1.6 in close coordination with the Forest Inventory and Planning Division (FIPD) of MAF and the National Project Management Unit (NPMU)
- Support the implementation of Activities 2.1 and 3.1 in the province of Luang Prabang

*REDD+ Funding Window project cycle and fund disbursement process*

89. The EPF will channel funds under the REDD+ Funding Window. A detailed capacity assessment of the EPF is provided in Annex 22d and a due diligence assessment is provided in Annex 20a. The EPF was established in 2005 by the Government of Lao PDR 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 2005). The EPF serves as the GEF Operational Focal Point for Lao PDR.<sup>83</sup> The EPF provides financial support by means of non-refundable grants, preferential loans, interest rate subsidies or a combination of these. Currently, the main source of financing that the EPF channels to various Sub-project Delivery Agencies (SDAs) is from the World Bank Second Lao Environment and Social (LENS2) project.<sup>84</sup> 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 channelled finance for the first LENS2 project.<sup>85</sup>
90. There are three considerations underlying the EPF's role operating the REDD+ Funding Window. First, it is desirable that a local, capable entity is involved in project financing in order to increase country-ownership of activities. The EPF has proven itself capable of managing similar funds in the past (e.g. through LENS2 and through a UNDP-implemented GEF project<sup>86</sup>). Second, Project 1 aims to increase the capacity of government institutions so that the benefits of GCF support outlive its lifespan. By giving the EPF significant responsibility in project execution, the government and GIZ anticipate that local capacity will increase – facilitating, amongst others, the EPF's ambition to become a GCF Accredited Entity.<sup>87</sup> Third, the EPF's mission and mandate are well aligned with the goals of the GCF project. The EPF is operationally and legally capable of managing the REDD+ Funding Window. Its by-laws (updated in 2018) allow it to manage funds coming from: the State budget, contributions from concessions, direct grants from national and international organisations, contributions from individuals and organisations, interest and profits coming from investments, environmental rehabilitation fees, payment for ecosystem services, and fines and indemnities.
91. The REDD+ Funding Window will be established and operationalised under Project 1, and will also be utilised as a financial delivery mechanism for Project 3 and for the three additional provinces under Project 2 (if Projects 2 and 3 receive future GCF funding approval). Annex 22zb provides a description and budget of the REDD+ Funding Window under Project 1.
92. The REDD+ Funding Window will consist of 4 sub-windows, one for each of four different beneficiary groups: government agencies at national, provincial and district levels; villages (Village Development Funds, VDFs); civil society organisations (CSOs); and private sector enterprises (SMEs). Precise eligibility criteria will be developed in a future Project Operational Manual. Nonetheless, it is anticipated that the Funding Window will have the following eligibility criteria, based upon those used in the World Bank LENS2 Project Implementation Manual:<sup>88</sup>
- Funds support a government policy, strategy or official plan linked to the NDC, a PRAP, the ER-P or the GCF Funding Proposal.
  - The operational plan contributes to at least one intermediate outcome indicator that is relevant to the GCF Activity supporting the beneficiary.
  - Aligns with the project's geographical scope (i.e. the accounting area of the Emission Reductions Programme).
  - The beneficiary is relevant to one of the four REDD+ Funding Windows.
93. The EPF will sign grant agreements with a range of sub-grantees, including government entities, villages, CSOs and private sector entities. The EPF will use its own contractual forms developed under the World Bank LENS2 project for these arrangements. As the FFRDF is envisaged to be an intermediary between the EPF and some project beneficiaries, the FFRDF will also need to sign similar agreements with these entities.

<sup>83</sup> <http://www.thegef.org/country/lao-pdr>

<sup>84</sup> <http://documents.worldbank.org/curated/en/104251468179365818/Lao-People-s-Democratic-Republic-Second-Phase-of-Lao-Environment-and-Social-Project-LENS2-Implementation-support-mission-May-4-to-27-2015>

<sup>85</sup> For more information, see <https://laoeff.org/la/>, which provides documents such as the EPF corporate annual report and EPF strategy papers.

<sup>86</sup> UNDP-GEF project, 'Sustainable forest and land management in the dry dipterocarp forest ecosystems of Southern Lao PDR': <https://www.thegef.org/project/sustainable-forest-and-land-management-dry-dipterocarp-forest-ecosystems-southern-lao-pdr>

<sup>87</sup> The EPF is currently receiving GCF readiness support. With GCF readiness assistance, the EPF has conducted a gap assessment. Currently, the EPF – with support from external specialists – is revising (among others) its gender policy, its fiduciary standards and its safeguards policy. These will all be completed by autumn 2019.

<sup>88</sup> Provided in Annex 22y.

94. Grant payments channelled through the REDD+ Funding Window will be of three types: operational funds, upfront payments and performance-based payments. Operational payments ensure the implementation of planned activities (for instance, capacity development measures, equipment procurement, etc.). Upfront payments are *ex ante* payments issued to beneficiaries to support defined activities (outlined in a written budget request submitted by the beneficiary to the NPMU). Performance-based payments are *ex post* payments issued by the REDD+ Funding Window to support defined activities that have been achieved according to a pre-defined performance metric.
95. The choice of payment modality for particular project elements has been made primarily on the basis of beneficiaries' capabilities and incentives (i.e. a realistic assessment of their ability to implement activities using pre-existing skills and financial resources). Note, however, that in some respects the distinction between upfront payments and performance-based payments is somewhat artificial. Upfront payments will be issued on an annual basis. This means that, if continued funding is required, the beneficiary will be required to submit a new funding request. This provides an opportunity for the NPMU to assess beneficiary performance to date and, if needed, to stipulate corrective actions or to withhold subsequent payments. Thus, even for upfront payments there is a performance-based element.
96. Grant payments to beneficiaries through the REDD+ Funding Window will range between approximately Euro 2,000 to Euro 15,000, with most clustering in the Euro 5,000-10,000 range. The value of each grant payment will be determined by the amount requested by the beneficiary for specific activities (in the form of an *ex ante* written funding request), the amount subsequently agreed with the NPMU and the beneficiary on the basis of the beneficiary's initial request, and – if there is an *ex post* performance element – on the verified performance of the implemented activities. The basis for all payments are detailed annual workplans for national, provincial and district (including village) levels. Workplans will be developed during joint planning meetings and through the participation/involvement of all concerned stakeholders (government, CSOs, private sector, etc.). Within those plans, the timelines, budgets, concerned organisations, implementing agencies, performance metrics (if relevant), etc. will be noted and agreed on.
97. Through the REDD+ Funding Window, the EPF will channel Euro 11.1 million of the GCF grant to Project 1 beneficiaries. As laid out in the figure below, EPF roles relating to the REDD+ Funding Window will include:
- Disbursement of funds directly to SMEs, CSOs, the FFRDF and province-level (PAFOs, PONREs, POFIs) and district-level (DAFOs, DONREs, DOFIs, DFIUs) government institutions 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 responsibilities in terms of disbursing to small entities (e.g. village groups) due to its presence in the districts.
  - Procurement of goods and services will be the responsibility of the EPF.
  - Monitoring of financial flows under the GIZ-Government of Lao PDR subsidiary agreement and ensuring regular auditing and reporting to GIZ in its capacity as the AE will be the responsibility of the EPF.
  - Reporting to GIZ in its capacity as AE against project milestones and evaluations 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.
- In order to deliver against these responsibilities, the EPF will hire new staff and devote significant resources to managing the project activities. The fees for the EPF to accomplish these responsibilities will be agreed after GCF project approval.
98. Coordination between the EPF and the Executing Entities – and, in particular, with GIZ and the Government of Lao PDR – will be ensured through regular coordination meetings. Furthermore, GIZ will steer capacity building measures for the EPF and will provide technical support to the EPF. GIZ will also work with the EPF to address the gaps identified in the EPF's capacity assessment (Annex 22d). GIZ will assist the EPF to: establish an internal control system, including an internal Audit Committee, Ethics Committee and risk register; introduce a uniform accounting system, and elaborate and implement manuals, training and advisories to financial staff prior to and during REDD+ Funding Window implementation; improve the IT infrastructure so that it complies with international

standards; and comply with Environmental & Social Safeguards through setting up a Code of Conduct, and anti-fraud-, anti-money laundering and anti-corruption policies.

Figure 7: Fund Flow Structure

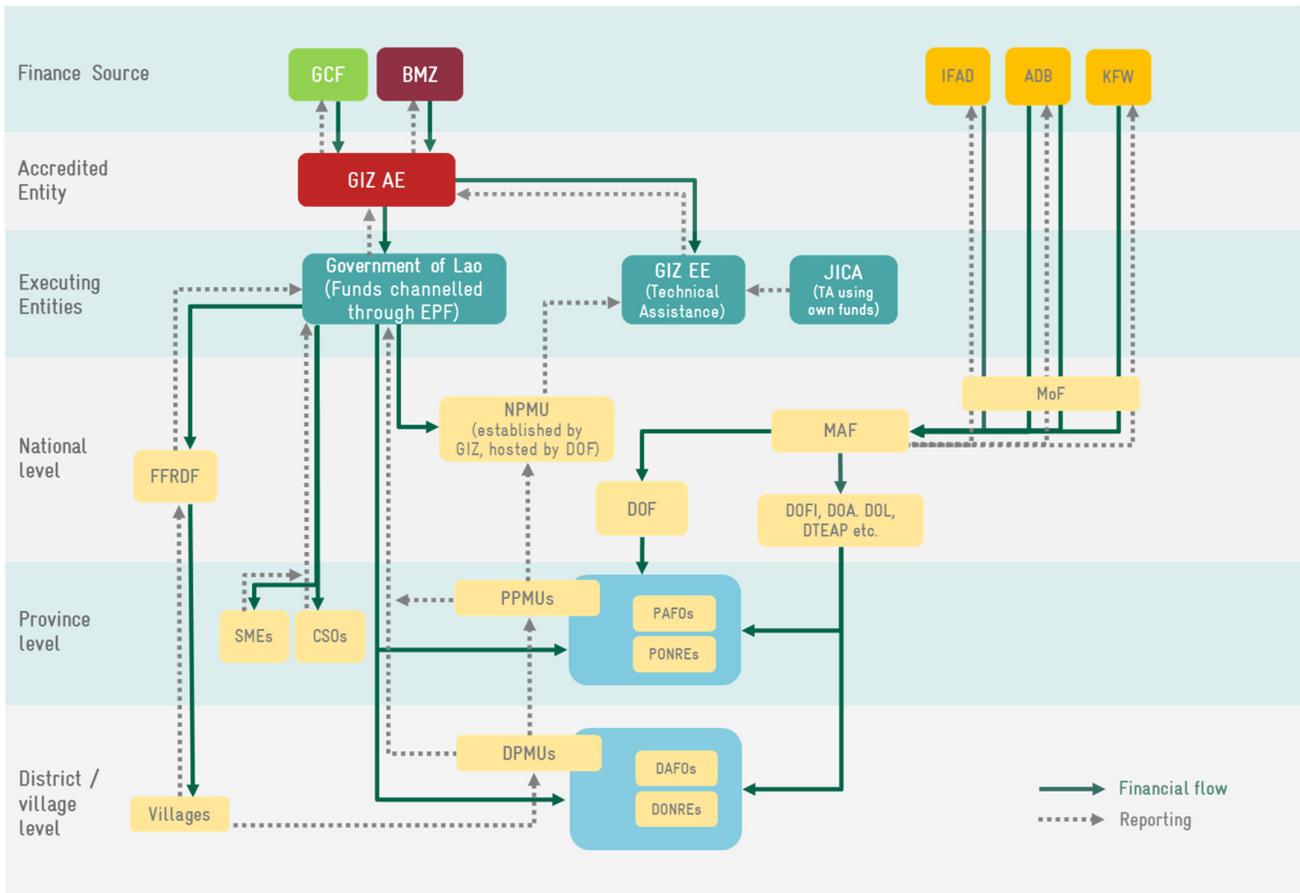


Table 3: Beneficiary Eligibility Criteria for the REDD+ Funding Window

Beneficiary Category	Activities Supported through the REDD+ Funding Window	Eligibility Criteria to receive Funding through the REDD+ Funding Window
Government agencies (at national, provincial and district levels)	Policy and regulatory reform; law enforcement; land use planning; agriculture and forestry; MRV; safeguards implementation	Approval of budget requests submitted to the NPMU
Village Development Funds	Incentives for good agricultural practices and sustainable forestry	Approval of budget requests submitted to the NPMU; establishment of a VDF committee in beneficiary villages; activities seeking funding conform with a white list of eligible activities
Private sector enterprises (primarily agribusiness SMEs)	Incentives for good agricultural practices and agroforestry	NPMU approval of funding proposals submitted via a public tender process. Enterprises must: <ul style="list-style-type: none"> <li>Be legally registered in Lao PDR</li> <li>Work in the agricultural and/or forestry sector</li> <li>Already have a track-record of engagement with good agricultural and forestry practices</li> <li>Be able to demonstrate in-kind or cash contributions</li> </ul>

		<ul style="list-style-type: none"> <li>• Have demonstrable links with the selected project villages</li> <li>• Be party to a private sector-village partnership agreement (PSVPA) with the relevant village(s)</li> </ul>
Civil Society Organisations	Monitoring and evaluation; FPIC support; safeguards implementation	<p>Selection through a competitive tender process, with a focus on Lao CSOs. Suitable CSOs have to:</p> <ul style="list-style-type: none"> <li>• Be legally registered</li> <li>• Demonstrate relevant experience</li> <li>• Have demonstrable capacities and resources to implement activities</li> <li>• Have local presence in relevant provinces and/or districts</li> </ul>

Table 4: REDD+ Funding Window Grant Allocations

REDD+ Funding Window Sub-Window	Total Operational funds (Euro)	Total Upfront Payments (Euro)	Total Performance-Based Payments (Euro)	Total Payments (Euro)
Government & Civil Society Organisations	5,796,039	–	–	5,796,039
Villages	40,400	2,962,500	2,000,000	5,002,900
Private sector enterprises	–	300,000	–	300,000
<b>Total</b>				<b>11,098,939</b>

99. **Government sub-window.** Government agencies at the national and sub-national levels will be required to submit annual work plans and associated budget requests to the NPMU in order to receive resources from the REDD+ Funding Window. The PPMUs and DPMUs may guide and assist government agencies to prepare work plans, and the NPMU will approve them. The following Project 1 Activities are relevant to government agencies:

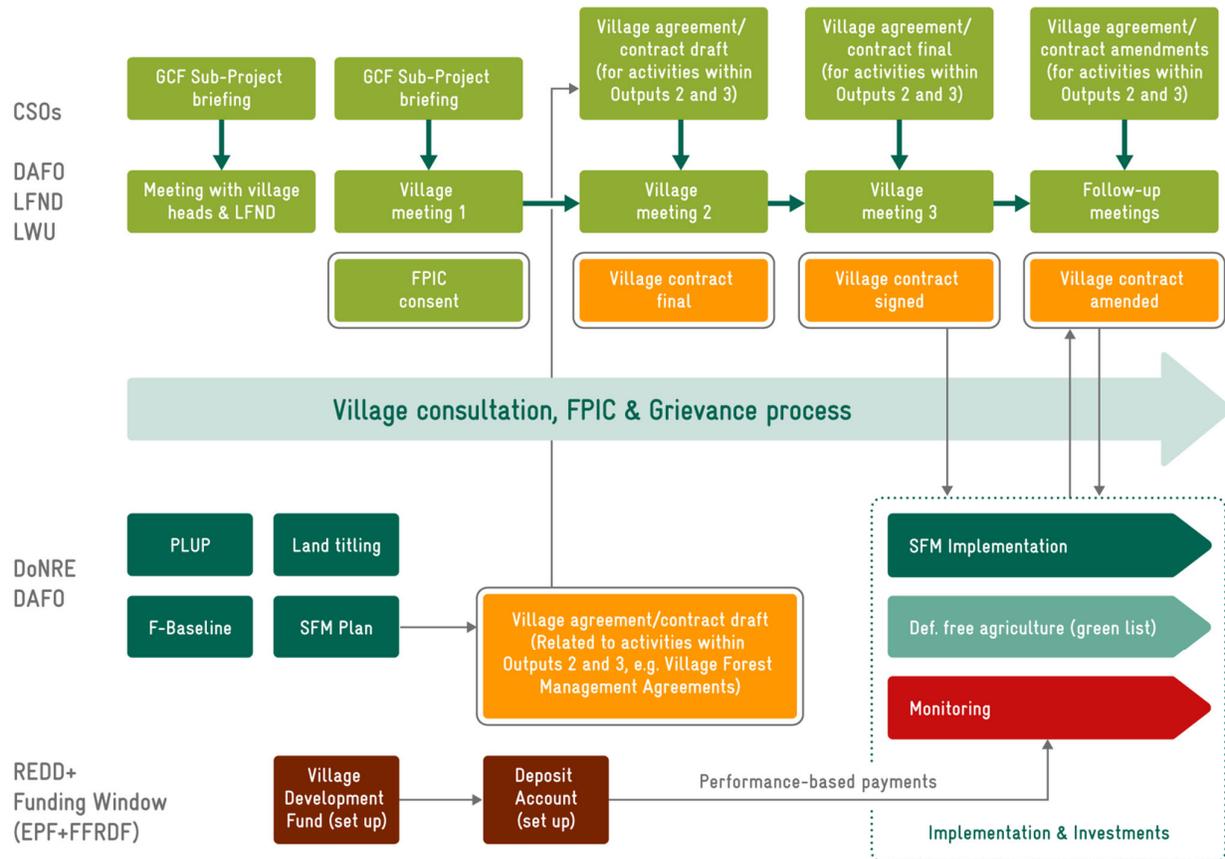
- 1.1: REDD+ Funding Window and sustainable finance
- 1.4: Improved law enforcement and monitoring
- 1.5: Land use planning and improved tenure security
- 1.6: Implementation of the Measurement, Reporting and Verification system
- 1.7: Implementing knowledge management, the ESMP and Gender Action Plan, FPIC and safeguards
- 2.1: Local incentives for good agricultural practices and agroforestry
- 2.2: Catalysing private sector investment in value chains
- 3.1: Village forest management
- 3.2: Sustainable management of production forests
- 3.3: National Protected Area (NPA) management
- 4.1: Project management, coordination, monitoring and reporting

100. **Villages sub-window.** Villages are a key project beneficiary, as local inhabitants are often most directly involved in deforestation and forest degradation. Shifting villagers' activities from degrading practices to sustainable activities is critical to the success of the project. Village Development Funds (VDFs) will be the primary entities representing villages. VDFs will be eligible to receive grants for the following Project 1 Activities:

- 2.1: Local incentives for good agricultural practices and agroforestry
- 3.1: Village forest management
- 3.2: Sustainable management of production forests
- 3.3: National Protected Area (NPA) management

Village Communities will be required to submit work plans to the EPF/FFRDF in order to receive resources for VDFs from the REDD+ Funding Window. Certain preconditions – establishment of a VDF committee with 4-5 members, at least 2 of them women, with the right to withdraw funds; activities screened against a 'white list' of eligible interventions; etc. – must be met. PPMU and district-level coordination staff will support villages in preparing funding work plans, and the NPMU will approve them.

Figure 8: Village Engagement, Contracts and Financial Transfers



101. Private enterprises sub-window. Agribusiness SMEs are the primary targeted enterprises. Private enterprises will be required to submit funding proposals via a public tender process to the REDD+ Funding Window in order to receive grants. To be eligible, enterprises must be legally registered (paying taxes) in Lao PDR, must work in the agricultural and/or forestry sector, must already have a track-record of engagement with good agricultural and forestry practices (including compliance with land use plans and applicable laws and regulations), must be able to demonstrate in-kind or cash contributions, and must have demonstrable links with the selected project villages. PPMUs and DPMUs may guide enterprises in preparing funding proposals, and the NPMU will approve them on the basis of their technical quality and their prospects for successful implementation. Issuance of subsequent grants to a particular SME is conditional upon satisfactory performance relating to prior grants. Agribusinesses may receive grants for the following Project 1 Activities:

- 2.1: Local incentives for good agricultural practices and agroforestry

102. Civil Society Organisations sub-window. CSOs receive funds for contributing to local monitoring and evaluation of the project 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 consultation. Selection of CSOs will take place through a competitive tender process, with a focus – but not exclusive focus – on Lao CSOs. Suitable CSOs have to be legally registered, have to demonstrate relevant experience (e.g. in REDD+, in project monitoring and evaluation, in gender, etc.), have demonstrable capacities and resources to implement activities, and have local presence in relevant provinces and/or districts. Decisions relating to the selection of CSOs are made by the NPMU; the EPF is responsible for financial and safeguard monitoring. CSOs may receive grants for the following Project 1 Activities:

- 1.4: Improved law enforcement and monitoring
- 1.7: Local incentives for knowledge management, FPIC, safeguards and gender
- 2.1: Local incentives for good agricultural practices and agroforestry
- 2.2: Catalysing private sector investment in value chains
- 3.1: Village forest management
- 3.3: National Protected Area (NPA) management

Table 5: Purposes of REDD+ Funding Window Grants

Project Element	Purpose of REDD+ Funding Window Grants	Grant Recipients <sup>89</sup>	Type of Grant (operational funds / upfront- / performance-based payments)	Total Grant Amount (Euro)
<i>Government &amp; CSOs Sub-Windows (financed by GCF)<sup>90</sup></i>				
Activity 1.1: REDD+ Funding Window and sustainable finance	Scoping study and action plan to mobilise long-term REDD+ financing; establishment and operationalisation of the REDD+ Funding Window	MAF, MoNRE, MoF	Operational funds	400,000
Activity 1.4: Improved law enforcement and monitoring	Revised standard operating procedures for law enforcement; improved coordination between law enforcement agencies; training for law enforcement agencies	DOFI, PAFOs, DAFOs, POFIs, DFIUs, CSOs	Operational funds	367,1300
Activity 1.5: Land use planning and improved tenure security	Design, preparation, implementation and monitoring of participatory land use plans (PLUPs)	DoL, PAFOs, DAFOs, PONRES, DONREs	Operational funds	618,900
Activity 1.6: Implementation of the MRV system	Support to the fourth national forest inventory; forest-type map; emission and removal factors; assessment of leakage; national forest management system; management information system	DoF	Operational funds	686,100
Activity 1.7: Implementing knowledge management, the ESMP and Gender Action Plan, FPIC and safeguards	Ensuring the project complies with safeguards and best practices; Local monitoring and evaluation of project implementation; local implementation of the ESMP and the Gender Action Plan	MAF, MoNRE, CSOs	Operational funds	471,500
Activity 2.1: Local incentives for good agricultural practices and agroforestry	Capacity building; district activity plans; knowledge exchange workshops for villages	DAFOs, CSOs	Operational funds	790,600
Activity 2.2: Catalysing private sector investment in value chains	Establishment of public-private dialogue and match-making platform to promote village-based agroforestry; Formalization support for village and private sector partnerships; Multi-Stakeholder Platforms (MSPs) on value chain development; Business development support to farmers / value chain actors / SMEs	PAFOs, DAFOs, CSOs	Operational funds	283,000
Activity 3.1: Village forest management	Development, implementation and monitoring of village forest management plans	DoF, PAFOs, DAFOs, POFIs, DFIUs, CSOs	Operational funds	833,400

<sup>89</sup> MAF = Ministry of Agriculture and Forestry; MoNRE = Ministry of Natural Resources and the Environment; MoF = Ministry of Finance; PAFO = Provincial Agriculture and Forestry Office; DAFO = District Agriculture and Forestry Office; POFI = Provincial Office of Forest Inspection; DFIU = District Forest Inspection Unit; DoL = Department of Land; DoF = Department of Forestry; DoFI = Department of Forest Inspection, VDF = village development fund.

<sup>90</sup> The Government and CSOs sub-windows are presented in combined form here because they closely complement each other. For example, under Activity 1.7 CSOs will provide support regarding the Gender Action Plan, FPIC, etc.; Activity 3.1 – village forest management trainings by PAFO/DAFO or CSOs (for example, for NTFP by GRET); Activity 3.3 – international service contract to support the preparation / revision of management plans for 2 NPAs (WWF / WCS). Details will be worked out during the preparation of annual workplans at all levels.

Activity 3.2: Sustainable management of production forests	Preparation and implementation of forest management plans	DoF, PAFOs, DAFOs	Operational funds	99,200
Activity 3.3: National Protected Area (NPA) management	Development of NPA management plans; improved NPA law enforcement	DoF, PAFOs, DAFOs, CSOs	Operational funds	976,000
Activity 4.1: Project management	Project Management, Coordination, Monitoring and Reporting	EPF	Operational funds	270,208
<b>Villages Sub-Window (financed by GCF)</b>				
Activity 2.1: Local incentives for good agricultural practices and agroforestry	Payments for 'white list' good agricultural practices (GAPs) such as intercropping, mulching, no-tillage, etc. specified in the village participatory land use plan as well as matching grants for agroforestry development	VDFs	Combination of <b>upfront</b> (200 villages X 7,500 EUR) and <b>performance-based payments</b> (200 villages X 10,000 EUR) after 2 years based upon the PLUP forest cover target	3,500,000
	Travel cost for villagers to training events	Villagers	Operational funds	16,000
Activity 3.1: Village forest management	Development, implementation and monitoring of village forest management plans (implementation of 615 annual plans in 4 years x 1,500 EUR)	VDFs	Upfront	922,500
	Travel cost for villagers to training events	Villagers	Operational funds	20,400
Activity 3.2: Sustainable management of production forests	Grants to support the implementation of annual forest management plans; village development grants for livelihood activities (only for Hongsa, other 2 x PFA covered under 2.1.4)	VDFs	Upfront	60,000
	Travel cost for villagers to training events	Villagers	Operational funds	4,000
Activity 3.3: National Protected Area (NPA) management	Implementation of sustainable land and forest management by villages living within and adjacent to NPAs – (Village conservation grants to NPA adjacent communities (40 villages x 3 NPAs x 4,000 EUR)	VDFs	Upfront	480,000
<b>Private Sector Enterprises Sub-Window (financed by GCF)</b>				
Activity 2.1: Local incentives for good agricultural practices and agroforestry	Matching grants for village-based agroforestry activities (1,500 ha x 200 EUR)	Private sector enterprises	Upfront (but (a) on a per hectare basis, so that subsequent tree-planting on additional land attracts additional project payments; and (b) subject to proof of private enterprise finance accounting for at least 50% of the agroforestry costs)	300,000 <sup>91</sup>

103. The initial size of the REDD+ Funding Window is Euro 11.1 million. As a result of GCF project implementation, additional financial resources will be unlocked and leveraged for reinvestment in REDD+ activities. Annex 3c provides a detailed breakdown of financial sources and amounts that will be leveraged by Project 1 and by the subsequent projects. Sources of leveraged finance include carbon results-based payments, forest taxes and fees, protected area fees, agricultural production, etc. Project 1 is expected to leverage Euro 227 million, a significant fraction of which (anticipated to be 75%+) will be reinvested in activities supportive of REDD+. It is not currently known what fraction will flow through the REDD+ Funding Window specifically – this will be a result of, for example,

<sup>91</sup> Commercial agroforestry companies will provide the same amount of investment in village plantation establishment, as outlined in the Private-Sector Village Partnership Agreements (PSVPAs).

the ongoing benefit-sharing agreement discussions between the Government and the FCPF, future Government fiscal decisions, etc. With regard to FCPF Carbon Fund results-based payments, it is anticipated in the ER-PD (Annex 20b) that 80% of the revenues will be channeled through the REDD+ Funding Window.

### **B.4.3 Regulation, taxation and insurance**

#### *Privileges, immunities and taxation*

104. The Federal Republic of Germany has concluded Framework Agreements on Technical Cooperation under international public law with the Government of Lao PDR, which provide for certain privileges and immunities to be applied in projects and programmes of technical cooperation, including exemptions for taxes, customs, duties and fees. GIZ will endeavour to reach arrangements to have these privileges and immunities also applied to Project 1, including GCF proceeds. However, formal agreements will only be entered into after the project has been approved.

#### *Approvals, permits, licences and land*

105. At the time of submitting this Funding Proposal, GIZ is not aware of the project requiring specific approvals, permits, licences or land to allow for the implementation of planned activities.

#### *Currency*

106. The local currency in Laos is the Lao KIP (code: LAK). The project's local transactions will use LAK. The AE will manage GCF proceeds in Euro. GIZ will apply its standard rates for the conversion of currency.

#### *Insurance*

107. GIZ, as the AE, will ensure that project activities are adequately insured as per GIZ standard operating procedures and common practices. GIZ standard operating procedures require contractors to ensure required insurance cover. GIZ policies provide insurance cover for GIZ staff. At the time of submitting the Funding Proposal, GIZ does not anticipate additional insurance in order to cover special risks in this project.

### **B.5. Justification for GCF funding request**

108. After decades of losing tropical forest, Lao PDR is actively seeking to implement an ambitious REDD+ emission reductions programme. Laos has committed substantial domestic resources, and has worked closely with bilateral and multilateral donors, to reach its current level of REDD+ readiness and ability to transform its forest sector. But capacity and funding gaps remain. Building on, and coordinating with, complementary initiatives, Laos will deploy GCF support to remove investment barriers to unlock future results-based payments, domestic taxes and fees, and to create a sustainable environment for scaling-up REDD+.

109. No developing country anywhere in the world has ever managed to achieve sustainable management of its forests and landscapes alone. The degree and complexity of the necessary change is high. The need for financial and technical assistance is high. In its NDC, Lao PDR has apportioned USD 12.5 million of domestic resources for the implementation of mitigation and adaptation actions (the equivalent of approximately 0.14% of GDP). For forestry sector mitigation and adaptation actions, the government is seeking international NDC financing of USD 220 million.

110. Lao PDR needs GCF support that goes beyond the potential of the government or its development partners:

- *More public financing:* The Government of Lao PDR has already committed to contributing a substantial amount of co-finance (Euro 11.8 million) to Project 1. The project, specifically Activity 1.1, will itself devote resources to mobilising additional public (and private) domestic finance to support REDD+.
- *More grants from other development partners:* All of Lao PDR's current development partners in the forest sector already support the GCF project. Germany and Japan have both committed grant financing to Project 1, and ADB and IFAD have committed loan packages for the implementation of improved agricultural practices and to reduce the pressure on expansion into forested landscapes. The World Bank (FCPF Carbon Fund) is offering Lao PDR REDD+ results-based payments. Additionally, the FCPF has worked closely with GIZ and the government to support the development of the project by scheduling the ESMF

and gender work streams to match the project's needs. The FCPF has also provided key data for the development of the project.

- *Additional loans for the Government of Lao PDR:* Lao PDR is a landlocked least developed country (LLDC) that is ranked 139<sup>th</sup> out of 189 on the Human Development Index. According to the IMF's recent Debt Sustainability Analysis<sup>92</sup>, "Lao PDR's risk of external debt distress remains high, suggesting the urgent need to tighten fiscal policy, strengthen public financial management, and develop a comprehensive medium-term debt management strategy." Despite these constraints, the government is willing to borrow Euro 12.3 million from ADB and Euro 7.7 million from IFAD to complement Project 1. The fiscal space for additional borrowing for Project 1 is exhausted and additional borrowing would be at the expense of future generations and lead to greater indebtedness of Lao PDR.
- *Loans for households:* The beneficiary groups - village foresters and subsistence farmers - are among the poorest population groups in Lao PDR, with a high dependence on natural resources and poor access to markets and financial services, and they have insufficient assets for the repayment of loans. Approximately 28% of inhabitants in the Project 1 area live below the poverty line,<sup>93</sup> higher than the national average of 23%.<sup>94</sup> Grant financing combined with technical assistance has been determined to be the only appropriate financing instrument for these beneficiary groups. The GCF's added value will be to support the poorest population groups of the country in the transformation towards more sustainable land use practices.

111. The GCF grant for Project 1 will be used to overcome the government's constraints to source public funding or assume additional debt to invest in measures needed to reduce deforestation and forest degradation. Lao PDR is a landlocked least developed country (LLDC) that is ranked 139<sup>th</sup> out of 189 on the Human Development Index.<sup>95</sup> Northern Lao PDR, the region targeted by the programme and its constituent projects, has historically been the poorest and most rural region of the country. The average annual income in that area is approximately USD 1,200 per capita, compared with a national average of USD 2,330.<sup>96</sup> The fiscal deficit was 4.4% in 2017. Government income declined during 2017/18 and is projected to continue below targets. Lower-than-expected revenues have been accompanied by reductions in government spending. The persistent fiscal deficit has led to an increase in public debt and an elevated risk of debt distress. Total public debt was nearly USD \$9 billion in 2016, or 59% of GDP. Management of the debt is a constraint on the Lao PDR economy, inhibiting the government from spending on its development agenda.<sup>97</sup> According to the IMF's recent Debt Sustainability Analysis<sup>98</sup>, "Lao PDR's risk of external debt distress remains high, suggesting the urgent need to tighten fiscal policy, strengthen public financial management and develop a comprehensive medium-term debt management strategy."
112. Project 1 will devote resources to mobilising additional public and private domestic finance to support REDD+. In particular, the project will support and strengthen the capacities of two national financial institutions: the Environmental Protection Fund (EPF) and the Forest and Forest Resource Development Fund (FFRDF). They will be enabled to jointly operate a new REDD+ Funding Window and thereby manage and disburse domestic and international sources of finance (including FCPF results-based finance), both for the GCF initiative specifically and for broader sectoral needs. The government is committed to progressively increasing its contributions to the REDD+ Funding Window, thereby over time replacing the GCF financing.
113. As a result of the significant value of emission reductions generated over the implementation period of Project 1 and, more substantially, over the 20-year lifetime (influence period) of the entire programme, coupled with economic co-benefits associated with the transition to deforestation-free agriculture and sustainable forest

<sup>92</sup> IMF (2018), *Article IV Consultation: Lao PDR*, <https://www.imf.org/~media/Files/Publications/CR/2018/cr1884.ashx>

<sup>93</sup> Lao PDR Poverty Line Definition from the 2017 Lao PDR Human Development Report (MPI and UNDP 2017): "The national poverty line is calculated on a nutritional basis. An adult must be able to consume an equivalent of 2,100 kilocalories a day to be above the poverty line. S/he should also have access to some non-food necessities. First, the monetary equivalent of 2,100 kilocalories of food (from a defined basket) is calculated, and then allowances for non-food items are calculated. The sum of these two is the poverty line. Each time a survey is conducted, the poverty line is adjusted for inflation. No new poverty line has been defined for over two decades. Lao PDR follows the World Bank's method of measuring poverty."

<sup>94</sup> Pimhidzai, O., Fenton, N. C., Souksavath, P. and Sisoulath, V. (2014), *Poverty Profile in Lao PDR: Poverty Report for the Lao Consumption and Expenditure Survey 2012–2013*. Available at:

<http://documents.worldbank.org/curated/en/868521467998508506/pdf/100120-WP-P146141-PUBLIC-Box393225B-Poverty-Profile-in-Lao-PDR-publication-version-12-19-14.pdf>

<sup>95</sup> UNDP (2018), *Human Development Indices and Indicators: 2018 Statistical Update*:

[http://www.hdr.undp.org/sites/default/files/2018\\_human\\_development\\_statistical\\_update.pdf](http://www.hdr.undp.org/sites/default/files/2018_human_development_statistical_update.pdf)

<sup>96</sup> World Bank (2018), *The World Bank in Lao PDR: Overview*, available at: <http://www.worldbank.org/en/country/lao/overview>

<sup>97</sup> World Bank (2018), *Lao PDR Economic Monitor*, <http://documents.worldbank.org/curated/en/418261529002464394/pdf/127222-REVISED-Lao-PDR-Economic-Monitor-Report-June-2018-for-Website.pdf>

<sup>98</sup> IMF (2018), *Article IV Consultation: Lao PDR*, <https://www.imf.org/~media/Files/Publications/CR/2018/cr1884.ashx>

management, the programme is expected to have a very high economic net present value (ENPV). The GCF grant for Project 1 will only be spent on public good activities that do not generate financial reflows to the project and on technical assistance and capacity building activities that, while benefiting the private sector, are essential to remove critical barriers to the transition to more sustainable agricultural and forestry management practices. Significant co-finance, in the form of both grants and loans, will be mobilised.

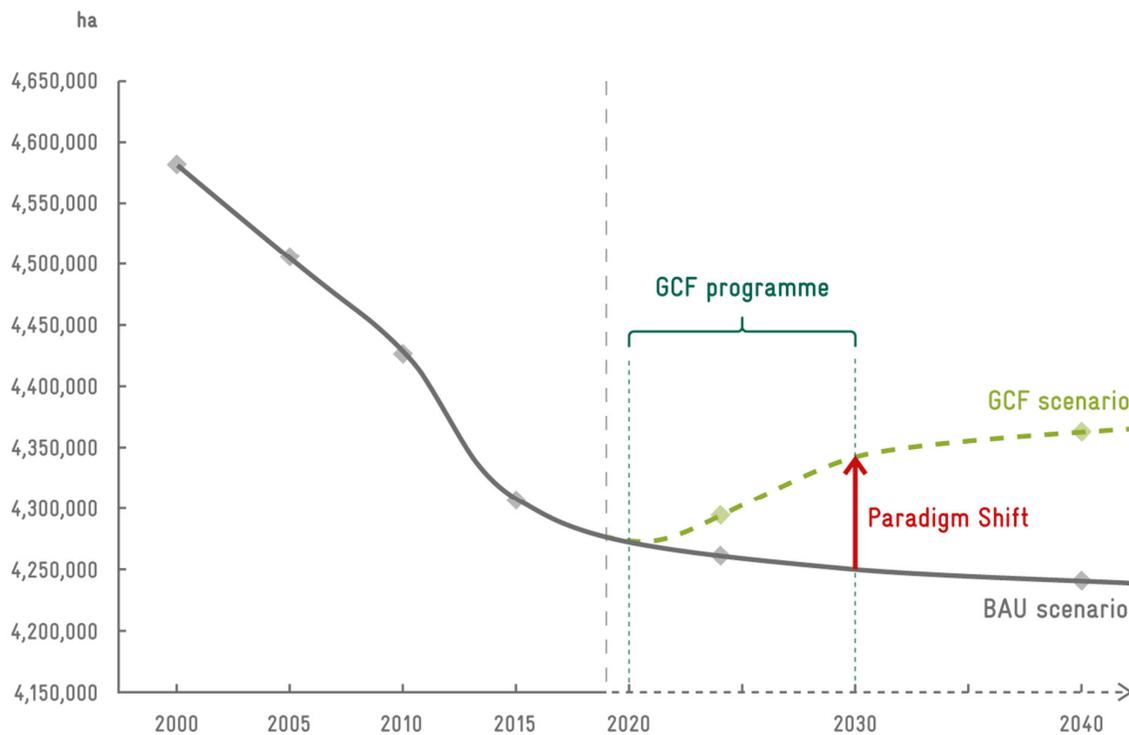
### **B.5.1 GCF Added Value through Complementary Financing of REDD+ Implementation**

114. Lao PDR has committed substantial domestic resources to participate in REDD+ and to transform its forest sector from a net GHG emission source into a net carbon sink. Lao PDR has been engaged in the REDD+ readiness process since 2008, demonstrating genuine commitment from the government and civil society stakeholders. In 2017, the government completed its NDC and its Forestry Strategy: both build upon the National REDD+ Strategy (NRS) to 2025 and National REDD+ Vision to 2030 as the official government documents for guiding REDD+ implementation.
115. As part of the national REDD+ process, the government has designed an ER-P under the Forest Carbon Partnership Facility (FCPF) Carbon Fund.<sup>99</sup> The government is currently in negotiations regarding the Emission Reductions Payment Agreement (ERPA), through which it expects to receive up to USD 42 million of REDD+ results-based payment by 2025.<sup>100</sup>
116. The FCPF represents the most immediate and concrete source of REDD+ results-based payments. However, other sources may materialise in the future, notably through the UNFCCC Warsaw Framework. At UNFCCC COP 19 in Warsaw (2013), the Parties to the UNFCCC finalised the negotiations on what was subsequently referred to as the 'REDD+ rulebook' or the 'Warsaw Framework for REDD+ (WFR)'. It collates all relevant decisions on specific REDD+ agenda items and guides countries seeking to implement REDD+. Compliance with the WFR is a prerequisite for accessing results-based payments, both from the FCPF Carbon Fund but also from other potential UNFCCC sources. The WFR stipulates that REDD+ will be implemented in three phases and indicates that developing countries implementing the five eligible REDD+ activities in phase III have to comply with the rules related to MRV as a basis for receiving results-based payments. With the assistance of the GCF, these conditions will be met, thereby opening up, in principle, future REDD+ payments for Lao PDR through not only the FCPF but also potential alternative channels.
117. In order to receive this results-based financing, investment in the enabling environment, deforestation-free agriculture and sustainable forest landscape management are required. The project is fully aligned with, and explicitly supportive of, the ER-P.
118. Figure 9 shows the forest transition curve for the programme in which Project 1 is embedded. The BAU scenario is given by the Reference Level developed for the ER-P. The GCF scenario captures the impact of avoided GHG emissions and enhanced carbon sequestration associated with activities implemented with GCF support. The figure provides a graphical illustration of the programme's added-value and paradigm shifting potential, as it shows not only a significant reversal in forest cover in northern Lao PDR (an increase of approximately 100,000 ha by 2030) but also a sustained post-programme increase thereafter. Such a reversal follows sustained, uninterrupted and precipitous forest decline over the preceding 20+ years.

<sup>99</sup> FCPF Carbon Fund (2018), *Emission Reductions Programme Document: Promoting REDD+ through Governance, Forest Landscapes and Livelihoods in Northern Lao PDR*, [https://www.forestcarbonpartnership.org/sites/fcp/files/2018/May/LaoPDR\\_ER-PD\\_FinalDraftMay.2018-Clean.pdf](https://www.forestcarbonpartnership.org/sites/fcp/files/2018/May/LaoPDR_ER-PD_FinalDraftMay.2018-Clean.pdf)

<sup>100</sup> After the successful acceptance of the Lao PDR into the FCPF Carbon Fund in June 2018, an ER-PA workshop took place which resulted in the establishment of a legal and technical ER-PA negotiation team. The FMT shared a default initial ER-PA term sheet. An appraisal mission to Lao PDR is planned in October 2019 and ER-PA negotiations will be concluded by December 2019. Government authority for ER-PA signature is planned for February 2020 and the ER-PA will come into effect by March 2020.

Figure 9: Forest Transition Curve for the Programme



### B.5.2 GCF Added Value through Broad Stakeholder Engagement and Inclusive Design

119. The project applies an innovative approach that aims to empower local villagers, including women and members of different ethnic groups, by strengthening their capacities on REDD+ and sustainable land use management, and supports them not only in planning but also in the implementation, monitoring and enforcement of activities.

### B.5.3 GCF Added Value through Social Sustainability

120. Social inclusion is a cross-cutting theme within the GCF-supported Outputs, Activities and Actions. Project 1 aims to promote an inclusive approach, ensuring beneficiaries from diverse ethnic groups and marginalised villages are included and empowered. Specific measures are included that target their participation and promote their empowerment.

### B.5.4 GCF Added Value through Environmental Sustainability

121. In addition to supporting GHG emission reductions through REDD+, Project 1 will generate substantial additional environmental benefits. Examples include, among others, enhanced biodiversity and conservation in protected areas, reduced watershed soil erosion and sedimentation, and strengthened ecosystem resilience to climate change through improved land management.

### B.5.5 Financial Analysis

122. The financial analysis focuses on the two Outputs that are amenable to the generation of financial reflows, namely Outputs 2 and 3. The Activities of Output 1 are entirely of a public good nature and will not generate financial reflows.

123. Output 2 promotes the transition to sustainable agricultural practices that do not put additional strain on existing forest resources. Most of the GCF funding for Output 2 is concentrated in Activity 2.1, 'Local incentives for good agricultural practices and agroforestry'. Over the course of the 9.5-year programme implementation period, the objective of Activity 2.1 is to shift 60,900 hectares of land away from two unsustainable agricultural practices: (i) shifting cultivation of upland rice ('rice baseline') and (ii) unsustainable maize cultivation ('maize baseline'). With

regard to rice, Activity 2.1 promotes the transition from the baseline to a sustainable model of sequential cropping, in which rice farming is sequenced with sesame/ginger and soybean/peanuts in different years. This model is financially attractive. Farmers would more than cover their labour costs, generating a positive NPV of USD 276 per ha and financial IRR of 47% over the 20-year programme lifetime. With regard to maize, Activity 2.1 promotes the transition from the baseline to one of two sustainable models: (i) inter-cropping (maize, soybean, peanuts or other cash crops) and (ii) sequential cropping on 2-year rotations (maize, soybean, peanuts or other cash crops). Both models generate a significantly higher NPV than the maize baseline, estimated at USD 2,338/ha for intercropping and USD 1,513/ha for sequential cropping over 20 years.

124. While, in theory, the sustainable rice and maize farming models promoted by Activity 2.1 are financially more attractive than the baseline agricultural practices, a GCF grant is still deemed the most efficient and effective financial instrument. This is because subsistence farmers in the target areas face, in practice, very substantial barriers that prevent them from capturing any financial upside from sustainable farming. In particular, farmers lack knowledge, awareness and expertise on sustainable farming, and lack access to downstream markets for any crops other than rice and maize. Technical assistance and capacity building funded by the GCF grant address these crucial barriers.

125. Output 3 aims at the large-scale adoption of sustainable forest management practices across forest-types. Specifically, it aims to:

- Restore 25,300 ha of completely depleted forest to production forest, by implementing sustainable forest management and harvesting of firewood, construction timber and large-diameter timber. Sustainable management and sustainable harvesting are estimated to have a positive NPV of USD 155 per ha over 20 years. This compares positively with the baseline situation where no economic value whatsoever is extracted from the forest.
- Promote sustainable forest management and non-timber forest product (NTFP) utilisation in three categories of forest. In total, by 2027, approximately 1.1 million ha of forest will be transitioned to sustainable NTFP utilisation. The sustainable forest management and utilisation of NTFPs ensures that the forest is never depleted, extending the period over which economic value can be extracted; as a result, the NPV of sustainable NTFP utilisation is positive (approximately USD 451/ha over 20 years).

126. As with Output 2, while in theory the SFM models promoted by Output 3 are financially more attractive than the baseline practices, a GCF grant is still deemed to be the most efficient and effective financial instrument. This is because beneficiaries in the target areas face, in practice, very substantial barriers that prevent them from capturing any financial upside from SFM. In particular, they lack knowledge, awareness and expertise – barriers that the GCF grant will address.

### **B.5.6 Economic Analysis**

127. The following environmental and socio-economic benefits can be expected from GCF-supported interventions: (i) reduction of CO<sub>2</sub> emissions, (ii) economic value-added captured by project beneficiaries, and (iii) the value of restored forest ecosystem. The first two factors are quantified in the economic model (Annex 3a). While there is considerable research evidence that ecosystem services have significant value (e.g. avoided erosion, watershed protection, flood protection, availability of water resources, biodiversity habitat, pollination and tourism revenues), estimates of ecosystem value vary significantly and are therefore not expressly quantified in the model. Assuming, as a base case, a carbon price of Euro 25/tCO<sub>2</sub>eq (the EU-ETS price as of June 2019) and the economic value-added derived from applying the per-hectare findings of the financial analysis above to the entire target area of Outputs 2 and 3, the programme in which Project 1 is embedded produces a very high NPV of Euro 1,485 million (over a 20-year period and a 10% discount rate). Since the programme produces a positive economic value from year 1, the economic IRR is not meaningful in the model.

128. Sensitivities were run assuming: (i) lower carbon prices (down to the ultra-conservative but unrealistic scenario of 0 carbon price), and (ii) lower economic value-added (% reduction applied to each year in the implementation period). Even at carbon prices of Euro 5/tCO<sub>2</sub>eq (approximately the lowest reached in the EU-ETS in recent years), the programme has a positive economic NPV, ranging from Euro 277 million to Euro 464 million. Only by disregarding emission reductions altogether (i.e. assuming a carbon price of 0) and reducing the economic value-added by 60% versus base-case estimates does the economic NPV move closer to zero, with the programme yielding an EIRR of 13%.

129. These findings are supportive of the very high relevance and positive cost/benefit analysis from an economic standpoint of the programme in which Project 1 is embedded. Adding the value of restored ecosystems would further improve the economic attractiveness of the programme.

## B.6. Exit strategy and sustainability

### B.6.1 Financial Exit Strategy

130. GCF grant financing will:

- *Enable access to REDD+ results-based payments:* Project 1 will close the initial structural funding gap for transforming the forest sector through the provision of GCF grant finance and will deliver emission reductions that enable the country to access REDD+ results-based payments – initially, and most concretely, through the FCPF Carbon Fund and later through other potential (e.g. UNFCCC) channels.<sup>101</sup>
- *Mobilise national and international sustainable forest sector finance:* With GCF support, the structural funding gap will be closed by unlocking and increasing additional national and international financing streams for the forest and agricultural sectors. Activity 1.1 of Project 1 is specifically devoted to the mobilisation of an array of forest sector financing options, including existing and new ones to be introduced and operationalised. The total leverage impact of Project 1 is estimated to be Euro 227 million: this includes carbon results-based payments, the green credit line, agricultural production, protected area fees, forest fees and taxes, and others (see Annex 3c for details).
- *Attract private sector investment:* The project is designed to facilitate greater private sector investment in the forestry and sustainable agriculture sectors. Project 1 Activities specifically devoted to private sector development (Activities 2.1 and 2.2) will mobilise new and additional investment.
- *Support the strengthening of national financial institutions to operate a REDD+ Funding Window:* Project 1 will support and strengthen the capacities of two national financial institutions: the Environmental Protection Fund (EPF) and the Forest and Forest Resource Development Fund (FFRDF). They will be enabled to jointly operate a newly-established REDD+ Funding Window and thereby manage and disburse domestic and international sources of finance (including FCPF results-based finance), both for the GCF project specifically and for broader sectoral needs. The project will channel GCF grant finance (in a tranching, performance-based manner) through the EPF and the FFRDF, accompanied by capacity development support, that will disburse funds to participating villages and stakeholders for implementing SFM, FLR and deforestation-free agriculture (Activity 1.1 is specifically devoted to this, as well as Activities under Outputs 2 and 3). The government commits to progressively increase its contributions to the REDD+ Funding Window, thereby over time replacing the GCF financing. The government's contributions will come from different sources:
  - *Public budget:* this includes the provision of financial and in-kind resources from the public budget of Lao PDR to the REDD+ Funding Window, beginning in year 1 of the GCF project. GCF interventions are expected to increase tax returns as a co-benefit (agriculture, commercial, forestry, mining and hydropower). These revenue flows will be monitored using EPF and FFRDF financial reports.
  - *Fees and other revenues:* the FFRDF is already legally mandated to receive payments from different forest sector sources. Project 1 will expand these revenue streams by increasing the capacity of FFRDF to collect payments and by demonstrating the value of such payments to the government.
  - *Results-based payments:* The GCF project will help to unlock FCPF Carbon Fund payments of approximately USD 42 million in the first accounting period (anticipated mid-term payment in 2023 and final payment in 2025), with FCPF payments under Project 1 amounting to approximately Euro 23 million. The Benefit Sharing Plan (BSP) governing the distribution of revenues from results-based payments is currently being negotiated by the Government of Lao PDR and the FCPF, but it is expected that the vast majority of payments will flow directly to the REDD+ Funding Window, which will then channel the funds to communities in order to implement similar activities. The ER-PD (Annex 20b) provides an indicative breakdown of the flow of results-based payments of 7% to the government budget and 93% to local REDD+ activities, 86% of which would be channelled through the REDD+ Funding Window. The ER-PD also outlines some general principles of benefit-sharing that the government plans to adopt. It notes that

<sup>101</sup> Double counting of emission reductions – understood to involve an emission reduction being counted more than once towards a mitigation pledge – will be avoided through the transparent reporting and accounting of emission reductions using UNFCCC (e.g. BUR technical annex), NDC and FCPF accounting protocols. Once the Government of Lao PDR receives FCPF payments for emission reductions, those emission reductions will be retired so that they cannot be 're-used'.

“RBPs from the ER Program, together with other sources of funds, will be reinvested into a host of REDD+ interventions as well as costs for directly facilitating the ER Program.” One explicit criterion for distributing monetary and non-monetary (e.g. agricultural extension) benefits is the degree to which such benefits will sustain successful REDD+ interventions and thereby reduce greenhouse gas emissions. The BSP will likely include guidance on eligible and ineligible uses (positive and negative lists) of benefits.<sup>102</sup>

131. Post-Project 1 funding requirements are anticipated to be relatively small – approximately 13% of annual Project 1 costs (see Annex 4c).

### **B.6.2 Exit through Complementing the Government’s Engagement with REDD+ and Alignment with National Policies and Development Plans**

132. The project is closely aligned with, and explicitly supportive of, government policies and plans (see Section B.1.2). By aligning the project with key national climate policies, priorities and commitments, including Lao PDR’s NDC, the 8th National SEDP, Vision 2020 and the ER-PD, the chances of continuity of impacts and activities after the GCF investment ends are very high.

### **B.6.3 Exit through Alternative Livelihood Opportunities and Private Sector Mobilisation**

133. Additional income and livelihood opportunities, in conjunction with participatory land use planning and reasonable law enforcement, will create a cascading effect and maintain the low-emission development trajectory triggered by the project. The Project 1 financial and economic analysis (Annex 3) demonstrates that the proposed interventions are viable in the long-run, with positive net present values as well as many other social, economic and environmental co-benefits. Measures focused on strengthening REDD+ business models, FLR and deforestation-free value chains will help leverage private sector resources for REDD+ and, ultimately, low-GHG development.

<sup>102</sup> For further information on FCPF benefit-sharing guidelines, see FCPF (2019), *Note on Benefit Sharing for Emission Reductions Programmes Under the Forest Carbon Partnership Facility and BioCarbon Fund Initiative for Sustainable Forest Landscapes*, [https://www.biocarbonfund-isfl.org/sites/biocf/files/documents/FCPF\\_ISFL\\_Benefit%20Sharing%20Note\\_Jan%202019.pdf](https://www.biocarbonfund-isfl.org/sites/biocf/files/documents/FCPF_ISFL_Benefit%20Sharing%20Note_Jan%202019.pdf)

FINANCING INFORMATION						
<b>C.1. Total financing</b>						
<b>(a) Requested GCF funding (i + ii + iii + iv + v + vi + vii)</b>		<b>Total amount</b>			<b>Currency</b>	
		15.2			million euro (€)	
<b>GCF financial instrument</b>		<b>Amount</b>	<b>Tenor</b>	<b>Grace period</b>	<b>Pricing</b>	
(i)	Senior loans	15.2		Enter		
(ii)	Subordinated loans					
(iii)	Equity					
(iv)	Guarantees					
(v)	Reimbursable grants					
(vi)	Grants					
(vii)	Result-based payments					
<b>(b) Co-financing information</b>		<b>Total amount</b>			<b>Currency</b>	
		50.0			million euro (€)	
<b>Name of institution</b>		<b>Financial instrument</b>	<b>Amount</b>	<b>Currency</b>	<b>Tenor &amp; grace</b>	<b>Pricing</b>
Government of Lao PDR		<u>In kind</u>	11.8	million euro (€)		
BMZ (implemented through GIZ)		<u>Grant</u>	5.2	million euro (€)		
ADB		<u>Senior Loan and grant</u>	12.3	million euro (€)		
IFAD		<u>Senior Loans</u>	7.7	million euro (€)		
BMZ (implemented through KfW)		<u>Grant</u>	4.8	million euro (€)		
JICA		<u>Grant</u>	1.6	million euro (€)		
Private sector <sup>103</sup>		<u>In kind</u>	0.9	million euro (€)		
Private sector <sup>104</sup>		<u>Equity</u>	5.7	million euro (€)		
<b>(c) Total financing (c) = (a)+(b)</b>		<b>Amount</b>			<b>Currency</b>	
		65.2			million euro (€)	
<b>(d) Other financing arrangements and contributions (max 0.5 page)</b>		Co-financing letters are provided in Annex 13.				
		<p><u>Co-Financiers for Project 1:</u></p> <p><b>The Government of Lao PDR</b> will contribute co-finance of Euro 11.8 million towards the implementation of Project 1. Key government inputs will be staff time contributions by national-, provincial- and district-level staff. Financial estimates of staff time value are based on an average government salary of Euro 330/month. The government co-financing contribution also includes Euro 2 million to implement land registration and land titling.</p> <p><b>The beneficiaries of Project 1</b> (related to village-level farmer and household time inputs as well as SME financial investments) will devote significant time and financial resources to the implementation of activities and participation in training in Outputs 2 and 3. Villagers' time input is valued using a Euro 2.6/day rate. This equates to a total labour input of approximately Euro 980,000 to Project 1. SME inputs equate to Euro 5.7 million. In total, therefore, beneficiary inputs amount to Euro 6.6 million.</p>				

<sup>103</sup> Beneficiary / villager in-kind contributions.

<sup>104</sup> SME financial support to/investment in Project 1 activities.

**BMZ financing:** The total BMZ financing for the project amounts to Euro 10.0 million. Of this, Euro 5.2 million will be implemented through GIZ as an Executing Entity in Lao PDR. GIZ (Executing Entity) will finance part of the project management team (Activity 4.1) and the implementation of Activities 1.1, Activity 1.2 and 1.7, as well as parts of Activities 1.3, 1.4, 1.5, 2.1, 2.2, 3.1, 3.2 and 3.3. The remaining Euro 4.8 million of BMZ financing will be implemented by KfW through its Village Forest Management Programme (VFMP) in 2 districts of two Project 1 target provinces (Sayabouri and Luang Prabang).

**JICA** will provide Euro 1.6 million co-financing, in the context of its F-REDD II project, for technical assistance to support law enforcement and land use planning (Activities 1.4 and 1.5), to support the implementation of the MRV system under Activity 1.6, and to support the implementation of Activities 2.1 and 3.1 in the Project 1 province of Luang Prabang.

**ADB and the EU** will provide co-financing of Euro 12.3 million to implement Activity 2.3 (in conjunction with the Sustainable Rural Infrastructure and Watershed Management Sector project, SRIWSM), which will be implemented in 4 provinces. The co-financing contribution is based on the implementation overlap of Project 1 and SRIWSM in seven districts in three of the provinces (Houaphan, Sayabouri and Luang Prabang), where the project and SRIWSM will work together.

The **IFAD PICSA** loan project with the Government of Lao PDR will co-finance Project 1 with Euro 7.7 million to support the implementation of Output 2 activities in 10 target districts in the Project 1 area. IFAD will provide loans direct to the Ministry of Agriculture. The IFAD loan is a stand-alone, sovereign loan to the Government, which will be supervised on technical and fiduciary aspects. IFAD will also supervise procurements. IFAD supervision will involve field missions to the project area to check compliance with procedures.

Co-Financing Flows

IFAD, KfW and ADB sign loan contracts with the Lao Government (MoF/MAF) to channel funds to MAF and then onwards to the Departments in the Ministry and to sub-national agencies; BMZ channels funds to GIZ and GIZ then provides mainly technical assistance to local partners; JICA provides technical assistance to local partners (ministries and sub-national government agencies) using its own funds. See Figure 7.

Monitoring of Villagers' Contributions

Action 4.1.2 will set up a monitoring and reporting M&E system for tracking project Actions, Activities, Outputs and Impacts in line with the logical framework, and will ensure that data – including villager contribution data – is collected and reported in project districts and villages. Types of evidence for contributions will include, for example, produced standard operating procedures (SOPs), lists of participants relating to workshops, trainings, FPIC consultations, implemented activities of Annual Village Forest Operational Plans, and others.

**C.2. Financing by component**

Table 6: Project Budget

Output	Activity	Indicative cost million euro (€)	GCF financing		Co-financing		
			Amount million euro (€)	Financial Instrument	Amount million euro (€)	Financial Instrument	Name of Institutions
Output 1: Enabling environment for REDD+ implementation	Activity 1.1	1.6	0.8	Grants	0.8	In-kind, Grants	Gov't, BMZ
	Activity 1.2	0.1	0		0.1	In-kind, Grants	Gov't, BMZ
	Activity 1.3	0.8	0		0.7	In-kind, Grants	Gov't, BMZ
	Activity 1.4	0.6	0.4	Grants	0.2	In-kind, Grants	Gov't, BMZ, JICA
	Activity 1.5	3.4	0.9	Grants	2.5	In-kind, Grants, Equity	Gov't, Beneficiaries, BMZ, JICA

	Activity 1.6	1.8	0.7	Grants	1.2	In-kind, Grants	Gov't, JICA
	Activity 1.7	1.5	1.0	Grants	0.5	In-kind, Grants	Gov't, BMZ
Output 2: Market solutions for agricultural drivers of deforestation	Activity 2.1	17.2	6.0	Grants	11.2	In-kind, Grants, Equity, Senior Loan	Gov't, Beneficiaries, BMZ, JICA, IFAD
	Activity 2.2	5.1	0.5	Grants	4.5	In-kind, Grants, Equity, Senior Loan	Gov't, Beneficiaries, BMZ, IFAD
	Activity 2.3	16.7	0		16.7	In-kind, Grants, Senior Loan	Gov't, ADB/EU, IFAD
Output 3: Climate change mitigation action through forestry	Activity 3.1	8.7	2.2	Grants	6.5	In-kind, Grants, Equity	Gov't, Beneficiaries, BMZ, JICA
	Activity 3.2	0.7	0.2	Grants	0.6	In-kind, Grants, Equity	Gov't, Beneficiaries, BMZ
	Activity 3.3	2.9	1.5	Grants	1.4	In-kind, Grants	Gov't, BMZ
Project management, coordination, monitoring and reporting	Activity 4.1	3.8	0.7	Grants	3.1	In-kind, Grants, Senior Loan	Gov't, BMZ, JICA, IFAD
<b>Total financing, Outputs 1-4</b>		64.9	14.9		50.2		
Taxes, legal capacity, customs, etc.		0.3	0.3				
<b>Indicative total cost (€)</b>		65.2	15.2		50.2		

### C.3 Capacity building and technology development/transfer

C.3.1 Does GCF financing fund capacity building activities? Yes  No

C.3.2. Does GCF financing fund technology development/transfer? Yes  No

The long-term sustainability of project interventions is enhanced by the project's focus on individual and institutional capacity building, both of the project's implementing entities and the key beneficiaries. Measures focused on institutional strengthening at the provincial, district and local levels form an essential element of the individual activities, given local capacities and the general low level of awareness of sustainable practices. Government entities and the rural population (agents of deforestation and forest degradation) will have improved skills and awareness of sustainable land use management and REDD+, and it is likely that they will continue to support such measures after project completion. Such interventions will further enhance the sense of ownership of provincial and district governments during the project life-cycle, as well as the ongoing implementation of such activities after project closure.

## EXPECTED PERFORMANCE AGAINST INVESTMENT CRITERIA

### D.1. Impact potential

#### D.1.1 Mitigation

134. Detailed GHG calculations are provided in Annex 22t. The calculations are informed by the detailed analysis undertaken as part of Lao PDR's engagement with REDD+ (the UNFCCC Forest Reference Emission Level (FREL))<sup>105</sup> and the FCPF Carbon Fund (the Reference Level (RL) of the ER-P).<sup>106</sup>
135. The methodological approach is based on the methodology used for the preparation of the Reference Level (RL), which was submitted and approved (in June 2018) by the FCPF Carbon Fund and is compliant with the Carbon Fund Methodological Framework<sup>107</sup>. The approach equates to a highly-detailed Tier 3 approach in IPCC terminology. GIZ will replicate the same methodology for the ex-post assessment of the achieved GHG emission reductions and removals within Project 1 Activity 1.6. The FCPF Carbon Fund will also use it for the determination of results-based payments for the period 2019-2024, for which the RL is valid. The validity of the RL beyond 2024 is subject to further international guidance by the UNFCCC and whether the FCPF Carbon Fund will continue its operations beyond 2025.
136. The ER-P Reference Level accounting area covers precisely the same 6 provinces (Bokeo, Houaphan, Luang Namtha, Luang Prabang, Oudomxay and Sayabouri) as are covered by the programme: the geographical footprints of the ER-P Reference Level and the programme are identical. Correspondingly, the ER-P Reference Level for Houaphan, Sayabouri and Luang Prabang equates to the reference level for Project 1.

#### D.1.2 Forest impacts

137. As a result of the direct and the enabling implementation activities, over its 4-year implementation period Project 1 is estimated to achieve (relative to the baseline):
- A reduction of deforestation of 6%, equivalent to 9,900 ha.
  - A reduction of forest degradation of 10%, equivalent to 9,030 ha.
  - An increase of restoration and reforestation of 8% and 1%, respectively – equivalent to 3,160 ha of forest restoration and 1,850 ha of reforestation.

### D.2. Paradigm shift potential

#### D.2.1 Potential for scaling-up and replication

138. There is substantial potential for scaling-up and replicating the programme and its activities. If Projects 1, 2 and 3 are considered together, the programme will be implemented in 6 provinces in Lao PDR (out of 17 provinces and 1 municipality), covering 28 out of 50 districts. Thus, within the country, the programme could be replicated in other districts and provinces. If replicated to the remaining 22 districts in the six provinces, this would represent a scaling factor of 140%. The integration of REDD+ into national and provincial development planning will contribute to the mainstreaming, and hence intrinsic scaling-up and replication, of the programme interventions.
139. Project 1 will enable paradigm shift across different sectors and business activities. Agriculture, forestry and financial sectors in particular will be targeted as key sectors for transformation. Within these sectors, the project will work throughout the supply chain, including input suppliers, producers, traders, and processors. The project will target sectors and commodities where there is strong and consistent demand in order to ensure the profitability of the supported sectors. Job's tears, maize, rice, cardamom, tea, green beans and other vegetables have been identified as commodities where demand has existed historically and is expected to increase. More information on the market and demand analysis can be found in Chapter 3 of the Feasibility Study (Annex 2a).
140. At the national level, capacities will be built in the main environmental funds (the EPF and FFRDF), which will facilitate the replication and scale-up of the project as well as the broader distribution of REDD+ finance beyond

<sup>105</sup> [https://redd.unfccc.int/files/2018\\_frel\\_submission\\_laopdr.pdf](https://redd.unfccc.int/files/2018_frel_submission_laopdr.pdf)

<sup>106</sup> <https://www.forestcarbonpartnership.org/lao-people%E2%80%99s-democratic-republic>

<sup>107</sup> FCPF (2016), available at:

<https://www.forestcarbonpartnership.org/sites/fcp/files/2016/July/FCPF%20Carbon%20Fund%20Methodological%20Framework%20revised%202016.pdf>

the GCF project target groups as the funds' capacities are built and they become fully operational and capable of managing funds for REDD+. In addition, new finance streams for forests will be mobilised: this will serve as a model for the rest of the country.

141. Internationally, the project will provide key lessons learned for supporting private sector development, the adoption of good agricultural practices and sustainable forest management. A similar upland landscape exists in neighbouring Myanmar, Thailand, Vietnam and China, and such lessons-learned and key activities/actions can be transferred to these countries as well as other similar regions within Southeast Asia.

#### D.2.2 Potential for knowledge and learning

142. Comprehensive communication and exchange of information about topics of crucial relevance for land users, policy-makers and the broader public will be provided by the project, so that they understand the purpose and benefits of REDD+ and the need for behavioural change of business-as-usual land use. Coordination with the Designated National Authority (DNA) at MoNRE (the same institution as the GCF NDA) will ensure the provision of relevant information to the DNA for its BUR and National Communication. Communication and collaboration with national universities will be sought to provide the project with key lessons learned and relevant education materials, as well as to support these universities in acquiring research projects related to REDD+. Ensuring the development of necessary job skills is critical to the success of the project; training will be implemented via a training-of-trainers approach and delivered by the extension staff of DAFO, at the district level. The knowledge management plan is provided in Annex 22u.

#### D.2.3 Contribution to the creation of an enabling environment

143. Project 1 contains a strong enabling environment element, including policy and regulatory reform (notably, Activities 1.2 and 1.3), support to regulatory enforcement (Activity 1.4) and improved land use planning (Activity 1.5), as well as community-level support in the form of capacity building and strengthening of the DAFO agricultural extension system (e.g. Activity 2.1, among others). Project 1 also seeks to support the financing environment for REDD+ by helping to establish, operationalise and finance a REDD+ Funding Window (Activity 1.1) and by providing technical assistance to a new green credit line for deforestation-free agriculture that is being set up outside the framework of the GCF project (Activity 1.1). The project also explicitly aims to 'enable' REDD+ results-based payments through support to the FCPF Emission Reductions Programme.

#### D.2.4 Contribution to the regulatory framework and policies

144. As described in Section B.3, Output 1 of Project 1 is focused on strengthening the policy and regulatory framework. Activity 1.2 will mainstream REDD+ into socio-economic development plans (SEDPs); Activity 1.3 will strengthen the regulatory framework (revision, modification and drafting of relevant laws, decrees and regulations) to enable sustainable forest management and private sector investment in village-based agroforestry development; Activity 1.4 will strengthen law enforcement and compliance monitoring; Activity 1.5 will support land use planning and measures to improve tenure security; and Activity 1.6 will strengthen the forest and forest carbon MRV system.

#### D.2.5 Summary

145. The identified paradigm shifters – scale-up and replication, knowledge and learning, creation of an enabling environment, contribution to the regulatory framework and policies – apply at both the constituent project and the programme levels. Project 2 will replicate the approach in 3 additional provinces in northern Lao PDR. Considerable scope exists to scale-up / replicate in the remaining 11 provinces of Laos, as well as in neighbouring countries with similar landscape/forestry contexts. Project 3 will scale-up the activities and impacts of Project 1, while

### D.3. Sustainable development

146. GCF-supported interventions will produce significant development benefits, which will accrue to different beneficiary groups: the 'global beneficiary' and to the people of Lao PDR:
147. The '**global beneficiary**' will receive a net present value benefit from the programme worth almost Euro 1.5 billion<sup>108</sup> in the form of 144.7 million tCO<sub>2</sub>e in GHG savings accrued thanks to the creation of the enabling

<sup>108</sup> At 10% discount rate over the 20-year programme lifetime.

environment for REDD+ implementation over the 20-year programme lifetime.<sup>109</sup> It can be said that the 1.6 million ha of forest landscapes, which would otherwise be subject to deforestation and degradation pressures, will instead benefit from sustainable management practices and will therefore be 'rented' to the 'global beneficiary' for 20 years, with the effect that 144.7 million tCO<sub>2</sub>eq in emissions are prevented over the 20-year programme lifetime. This is a significant success in terms of opportunity cost and benefit analysis. The Euro 1.5 billion estimate assumes that the 'global beneficiary' would have to procure this quantity of emission reductions through carbon markets (e.g. from the EU Emissions Trading Scheme, where credits trade at Euro 25 per tonne<sup>110</sup>). See Annex 3b for the assumptions and methodology used.

148. The '**local beneficiary in Laos**', notably 250,000 direct beneficiaries and a further 420,000 affected indirectly, will benefit from the programme (and 120,000 directly and 235,800 indirectly from Project 1 specifically). The programme, through its promotion of shifts in cultivation to more forest-friendly approaches, provides a just transition by creating better incomes, jobs and skills. Among other benefits, these will help to prevent brain drain and work emigration to neighbouring countries. The economic net present value (ENPV) provided to the local beneficiary is estimated as Euro 312 million. See Annex 3b for the assumptions and methodology used.
149. **SMEs** create multiplier effects. The companies will not only invest in better crops, education and equipment. They will also need the services of accountants, suppliers of office space, and related services, which create additional economic activity and, therefore, economic transition in the poorest regions. Under Activity 2.1 of Project 1, for instance, 160 SMEs will receive training in good agricultural practices and business management, leading to nearly USD 9 million in investment. These 160 SMEs will, in turn, support and provide markets to approximately 16,000 producers and provide employment to approximately 1,600 people.
150. **Gender-sensitive development benefits.** In addition to avoiding the continuation of existing gender stereotypes and norms which are of disadvantage to Lao women (see the Gender Assessment, Annex 8a), the programme in which Project 1 is embedded offers significant potential to contribute positively to gender equality. Project 1 will work closely with the Lao Women's Union to ensure the effective engagement of women. Inclusive awareness-raising measures targeting women as carriers of traditional knowledge and change agents within their families have great reach, especially when presented in different ethnic languages and tailored to lower education levels. Whenever possible, project-supported awareness-raising, village consultations, training and dissemination meetings will proactively involve empowerment elements for village women.<sup>111</sup> The project will promote improved participation of women and empower them to take on more leadership roles in local structures, including, for instance, supporting the elaboration of guidelines for village forest management committees, which will include a quota of at least 30% female committee members. Project 1's promotion of Village Development Funds was positively perceived in the stakeholder consultations, as VDFs have been quite effective in the past at supporting joint decision-making and benefiting women and poor households.<sup>112</sup> To support women to fully utilise and benefit from VDFs, the project will include training on business skills development for women that will help to address common participation gaps and barriers. The project will further expand new economic opportunities for women related to agroforestry, forest management and agricultural activities through integrating gender assessments in value chain studies, and providing targeted technical and financial support (within the context of Outputs 2 and 3) to women. All extension staff and trainers supporting Project 1 will be trained on gender equality and social inclusion, including time-saving activities.
151. **Ethnic-sensitive development benefits.** Specific needs of ethnic and indigenous groups include (see the Ethnic Group Development Planning Framework in the Feasibility Study, Annex 2a): the need for a strengthened voice in the context of village decision-making; access to land, forest and natural resources for livelihood purposes; respect for customary use of land, including for ancestral and spiritual uses; and appropriate access to information, including use of ethnic languages and simple imagery to accommodate lower literacy rates. Project 1 will address these needs in a number of ways, including: meaningful consultations at village level (including small group meetings with appropriate translators or ethnic language speakers) on proposed activities – leading to FPIC; ensuring that ethnic- and income-differentiated risks (including climate change risks) associated with land access are incorporated in Participatory Land Use Plans (PLUPs); sensitivity to customary uses of land;

<sup>109</sup> The economic NPV for Project 1 alone is Euro 580.9 million, meaning that Project 1 will, by itself, have a positive impact, even if the two subsequent projects that make up the programme do not materialise.

<sup>110</sup> European Energy Exchange (EEX) spot carbon price on 12 June, 2019, from: <http://www.eex.com/en/>

<sup>111</sup> As noted above, the Benefit Sharing Plan governing the distribution of revenues from results-based payments is currently being negotiated by the Government of Lao PDR and the FCPF. Gender is a key consideration, and the mechanism is expected to promote equitable benefit sharing mechanisms.

<sup>112</sup> Prochaska *et al* (2012), *Rural Finance in Laos*: <https://www.giz.de/en/downloads/giz2014-en-rural-finance-laos.pdf>

preserving and respecting indigenous knowledge; and information campaigns calibrated to the needs of ethnic groups.

152. **Project contributions to the Sustainable Development Goals (SDGs):**

- *SDG-13: Climate Action* – By reducing significant amounts of GHG emissions, implementing NDC actions at scale, supporting the deep integration of climate change into national policies, building climate-related capacity, and raising awareness on climate change mitigation.
- *SDG-1: No Poverty* – Through generating improved livelihoods and income for rural poor population groups.
- *SDG-2: Zero Hunger* – By improving agricultural productivity and incomes of small-scale food producers, in particular women, members of various ethnic groups and family farmers, including through improved access to productive resources and inputs, knowledge, financial services, markets and opportunities for value-addition and non-farm employment.
- *SDG-5: Gender Equality* – By promoting women’s participation and decision-making concerning opportunities in land-use and natural resources, as well as economic and entrepreneurial activities.
- *SDG-6: Decent Work and Economic Growth* – By promoting private sector-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encouraging the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
- *SDG-12: Sustainable Production and Consumption* – By supporting the sustainable management and efficient use of natural resources (mainly forests and land).
- *SDG-15: Life on Land* – By contributing to the implementation of sustainable management of all types of forests, halting deforestation, restoring degraded forests and substantially increasing afforestation and reforestation.
- *SDG-17: Partnerships for the Goals* – By strengthening domestic resource mobilisation, including through international support to a developing country, to improve domestic capacity for tax and other revenue collection; and mobilising additional financial resources from multiple sources.

153. **Project contributions to the 3 pillars of sustainable development:**

- *Economic pillar:* improved livelihoods and income for rural poor population groups; support to SMEs; and strengthened domestic resource mobilisation.
- *Social pillar:* reduced hunger and improved nutrition and health through improved agricultural productivity; improved employment opportunities, including for women and ethnic groups; and improved gender equality through economic, training and entrepreneurial activities.
- *Environmental pillar:* reduced GHG emissions from the forestry sector and increased carbon sequestration from the atmosphere; and sustainable management and efficient use of natural resources (notably, forests and land).

**D.4. Needs of recipient**

**D.4.1 Climate vulnerability**

154. The project is a mitigation (REDD+) initiative. Nonetheless, it will serve to address climate vulnerabilities in Lao PDR. In its Second National Communication to the UNFCCC, Lao PDR identifies itself as an LDC with limited adaptive capacities that is highly vulnerable to climate change impacts.<sup>113</sup> The Economy and Environment Programme for Southeast Asia (EEPSEA) ranks Lao PDR as one of the most climate-vulnerable countries in the

<sup>113</sup> Lao PDR Second National Communication to the UNFCCC (2013), <https://unfccc.int/sites/default/files/resource/Laonc2.pdf>

region, where vulnerability is defined as a function of exposure, sensitivity and adaptive capacity.<sup>114</sup> Forestry and agriculture are two of four key sectors highlighted by Lao PDR's National Adaptation Programme of Action (NAPA), submitted to the UNFCCC in 2009, as well as two of five key sectors identified in the NDC as being highly vulnerable to climate change. Poor and marginalised groups disproportionately face climate risks, among them temperature increases and erratic rainfall, given that they are more exposed to such changes and generally have a lower capacity to adapt given their reliance on the immediate environment.

155. The annual mean temperature in Southeast Asia consistently increased between 1970-2010.<sup>115</sup> From 1951 to 2000, mean annual temperatures increased by 0.1 to 0.3°C per decade in Lao PDR. Historical analyses also reveal increased seasonal (2,046 mm/year) and annual (2,741 mm/year) rainfall rates.<sup>116</sup> These trends are due to increased frequency of extreme rainfall events. Probability analyses reveal that monthly rainfall events with more than 600 mm precipitation have increased while those with 300-500 mm precipitation have decreased in the same time period.<sup>117</sup> During the last century, a slight delay has been observed in the rainy season, indicating that rainfall variability and uncertainty remains a "critical issue".<sup>118</sup> Other studies indicate that the dry season is becoming longer and that climate change will result in increasing droughts, especially within the dry season.<sup>119</sup>
156. From 1966-2009, about three-quarters of national disasters were climate-related (flood 50%, storm 14%, drought 14%). The frequency of natural disasters has increased from once every two years before 1992 to once per year or even twice per year after 1992.<sup>120</sup> The country is considered to have a high risk of river flooding, landslides, cyclones and wildfires, a medium risk for extreme heat, and a low-risk for water scarcity.<sup>121</sup> Fourteen out of seventeen provinces have experienced significant floods since 1995, and severe droughts have occurred in 1996, 1998 and 2003.<sup>122</sup>
157. By 2100, mean annual temperatures are projected to increase by 1.4-4.3°C.<sup>123</sup> Under high emissions scenarios, the number of days of extreme rainfall are projected to increase by about 7 days from 1990 to 2100, and the days of heat waves to increase from fewer than 10 in 1990 to about 170 days on average in 2100. Also, under high emissions projections the number of drought days is projected to increase from 55 days in 1990 to about 65 in 2100.<sup>124</sup>
158. In northern Laos specifically, high-resolution (50 km<sup>2</sup>) climate modelling using interpolation of observed values, and utilising mid-range IPCC emissions scenarios and analysis of the findings of 24 Global Climate Models (GCMs), applied to major catchments in the north of the country predicts a temperature increase of 0.8-0.9 °C relative to the historical average) by 2030. Precipitation may increase slightly (11-15 mm annual average) but with greater temporal variability.<sup>125</sup>
159. The project design responds to these climate changes in a number of ways:
  - Inclusion of drought-resilient crops and varieties, and support to dry-season irrigation schemes, in Output 2.

<sup>114</sup> EEPSEA (2010), *Hotspots: Mapping Climate Change Vulnerability in Southeast Asia*, [http://www.eepsea.net/pub/book/Coffee\\_Book\\_Final\\_29Sep10.pdf](http://www.eepsea.net/pub/book/Coffee_Book_Final_29Sep10.pdf)

<sup>115</sup> FCPF Carbon Fund (2018), *Emission Reductions Programme Document: Promoting REDD+ through Governance, Forest Landscapes and Livelihoods in Northern Lao PDR*, p.101, [https://www.forestcarbonpartnership.org/sites/fcp/files/2018/May/LaoPDR\\_ER-PD\\_FinalDraftMay.2018-Clean.pdf](https://www.forestcarbonpartnership.org/sites/fcp/files/2018/May/LaoPDR_ER-PD_FinalDraftMay.2018-Clean.pdf)

<sup>116</sup> Lao PDR (2009), *National Adaptation Programme of Action (NAPA)*, <http://unfccc.int/resource/docs/napa/laos01.pdf>

<sup>117</sup> Lao PDR (2009), *National Adaptation Programme of Action (NAPA)*, <http://unfccc.int/resource/docs/napa/laos01.pdf>

<sup>118</sup> Lefroy, R., Collet, L., Grovermann, C. (2010), *Study on the Potential Impacts of Climate Change on Land Use in the Lao PDR*, Available online: [https://landportal.org/si0tes/default/files/june\\_2010\\_cc\\_land\\_use\\_change\\_ciat-gtz\\_-\\_j.pdf](https://landportal.org/si0tes/default/files/june_2010_cc_land_use_change_ciat-gtz_-_j.pdf)

<sup>119</sup> World Bank Climate Portal 2018

([http://sdwebx.worldbank.org/climateportalb/home.cfm?page=country\\_profileandCCCode=LAOandThisTab=Overview](http://sdwebx.worldbank.org/climateportalb/home.cfm?page=country_profileandCCCode=LAOandThisTab=Overview))

<sup>120</sup> Lefroy, R., Collet, L., Grovermann, C. (2010), *Study on the Potential Impacts of Climate Change on Land Use in the Lao PDR*, Available online: [https://landportal.org/si0tes/default/files/june\\_2010\\_cc\\_land\\_use\\_change\\_ciat-gtz\\_-\\_j.pdf](https://landportal.org/si0tes/default/files/june_2010_cc_land_use_change_ciat-gtz_-_j.pdf)

<sup>121</sup> ThinkHazard! Tool: <http://thinkhazard.org/en/report/139-lao-peoples-democratic-republic>

<sup>122</sup> FAO-implemented Least Developed Countries Fund (LDCF) project PIF, 'Climate-smart agriculture alternatives for upland production systems in Lao PDR'.

<sup>123</sup> World Bank Climate Portal 2018

([http://sdwebx.worldbank.org/climateportalb/home.cfm?page=country\\_profileandCCCode=LAOandThisTab=Overview](http://sdwebx.worldbank.org/climateportalb/home.cfm?page=country_profileandCCCode=LAOandThisTab=Overview))

<sup>124</sup> World Health Organisation (2016), *Climate and Health Country Profile – 2015 Lao People's Democratic Republic*. Available online: <http://apps.who.int/iris/bitstream/handle/10665/246139/WHO-FWC-PHE-EPE-15.39-eng.pdf;jsessionid=449060C1FA8148FFBA3AEC5A496FA09B?sequence=1>

<sup>125</sup> Eastham, J., F. Mpelasoka, M. Mainuddin, C. Ticehurst, P. Dyce, G. Hodgson, R. Ali and Kirby M., (2008), *Mekong River Basin Water Resources Assessment: Impacts of Climate Change*, CSIRO: Water for a Healthy Country National Research Flagship. For similar climate forecasts for northern Laos, see also: the Climate Change Data Distribution System (SEA START) of the Greater Mekong Subregion Core Environment Programme: [www.gms-eoc.org](http://www.gms-eoc.org).

- Capacity building and training on sustainable water harvesting techniques, risk mitigation processes (including good agricultural practices with strong climate change adaptation co-benefits that can reduce risk): for example, reducing shifting cultivation and increasing vegetative cover in upland areas can help reduce erosion and sedimentation that contribute to riverbank cutting and riverbed rise downstream, as well as landslides in steep areas.
- Capacity building for farmers on sustainable pest and disease management.
- Land use planning will help improve land use practices, including reducing exposure to risk (e.g. identifying high-risk areas for landslides, flooding, etc.), and will support the planning, adoption and monitoring of sustainable land use processes that can help reduce risk.
- The timing of project activities will be conducted considering seasonal conditions, climate, etc. (e.g. tree planting in the dry season).
- Regular monitoring conducted within the framework of the project will lead to early detection, follow-up and the identification of suitable management practices/adjustments as necessary. The NPMU will include a staff member dedicated to monitoring the impact of the project and implementation of the Environmental and Social Management Plan (ESMP).

#### D.4.2 Financial, economic, social and institutional needs

160. Lao PDR is a landlocked least developed country (LLDC) that is ranked 139<sup>th</sup> out of 189 on the Human Development Index. Northern Lao PDR has historically been the poorest and most rural region of the country. The average annual income in the target area is approximately USD 1,200 per capita, compared with a national average of USD 2,330.<sup>126</sup>
161. In total, over 1.8 million people live in the target provinces. Over the past decade, the provinces' population has been growing at an average rate of 1.1%. On average, 28% of the population in the target area lives in urban centres<sup>127</sup>, which is below the national average.<sup>128</sup> In northern Lao PDR, poverty rates are among the highest in the country. Substantial efforts have reduced the number of people living below the poverty line from 52% to 26% between 1993 and 2013.<sup>129</sup> Despite this notable progress, poverty levels in the northern region still exceed the national average (23%). HDI values are lower in the target region than the national level (0.44 compared to 0.61). Bokeo and Houaphan have particularly low HDI values. Food security is a major challenge for many households in rural areas in the northern region of Lao PDR. An estimated 25% of rural households in the region are food-poor<sup>130</sup>, and households in the agricultural sector are twice as likely than non-farm households to fall back into poverty, as they are highly vulnerable to shocks.<sup>131</sup>
162. The project seeks to remove barriers that currently prevent Lao stakeholders from accessing climate and REDD+ finance to help address their financial, economic, social and institutional needs:
- **Barrier:** Government budgets are constrained and highly dependent upon donor support, partly because collection levels of legally-mandated forest-sector fees and taxes (e.g. income tax, timber harvesting taxes, land taxes) are low.  
**Response:** The GCF project will build the legal/regulatory, enforcement and institutional capabilities of Government entities – notably the EPF and FFRDF – to collect forest fees and taxes, to diversify revenue sources and to unlock an entirely new revenue stream in the form of REDD+ results-based payments.
  - **Barrier:** Lao PDR is a landlocked LDC (LLDC) that faces a high risk of external debt distress. The fiscal space for additional Government borrowing is extremely limited.

<sup>126</sup> World Bank (2018), *The World Bank in Lao PDR: Overview*, available at: <http://www.worldbank.org/en/country/lao/overview>

<sup>127</sup> Urban is classified as a town with more than 5,000 inhabitants.

<sup>128</sup> Government of Lao PDR (2015), *Results of Population and Housing Census 2015*, [https://lao.unfpa.org/sites/default/files/pub-pdf/PHC-ENG-FNAL-WEB\\_0.pdf](https://lao.unfpa.org/sites/default/files/pub-pdf/PHC-ENG-FNAL-WEB_0.pdf)

<sup>129</sup> Pimhidzai, O., Fenton, N. C., Souksavath, P. and Sisoulath, V. (2014), *Poverty Profile in Lao PDR: Poverty Report for the Lao Consumption and Expenditure Survey 2012–2013*. Available at: <http://documents.worldbank.org/curated/en/868521467998508506/pdf/100120-WP-P146141-PUBLIC-Box393225B-Poverty-Profile-in-Lao-PDR-publication-version-12-19-14.pdf>

<sup>130</sup> Pimhidzai, O., Fenton, N. C., Souksavath, P. and Sisoulath, V. (2014), *Poverty Profile in Lao PDR: Poverty Report for the Lao Consumption and Expenditure Survey 2012–2013*. Available at: <http://documents.worldbank.org/curated/en/868521467998508506/pdf/100120-WP-P146141-PUBLIC-Box393225B-Poverty-Profile-in-Lao-PDR-publication-version-12-19-14.pdf>

<sup>131</sup> Government of Lao PDR (2018), *Voluntary National Review on the Implementation of the 2030 Agenda for Sustainable Development*, <http://www.la.undp.org/content/dam/laopdr/docs/Reports%20and%20publications/2018/VNR%20web%20very%20low%20resolution%20.pdf>

*Response:* The GCF project will channel considerable co-finance to the forestry sector, including grant support from the Governments of Germany and Japan, and concessional loans from ADB and IFAD.

- *Barrier:* The beneficiary groups - village foresters and subsistence farmers - are among the poorest population groups in Lao PDR, with a high dependence on natural resources and poor access to markets and financial services, and they have insufficient assets for the repayment of loans.

*Response:* The GCF project will channel grant resources to rural beneficiaries and will build their capacities to apply for, deploy and report on financial resources.

- *Barrier:* Limited exposure of domestic institutions to the rigours (e.g. fiduciary, MRV, etc.) of managing international climate finance.

*Response:* The GCF project will set up and operationalise a REDD+ Funding Window as the key national funding channel for the forestry sector, in compliance with international fiduciary, technical and management standards. The REDD+ Funding Window will be operated by the EPF and, progressively, the FFRDF, thereby building their capacities and exposure to climate finance.

## D.5. Country ownership

### D.5.1 Coherence with national climate strategy and plans and policies

163. The GCF project is fully aligned with, and supportive of, the country's climate policies, including the 8th National Socio-Economic Development Plan (8th NSEDP, 2016-2020), the Green Growth Strategy (currently being drafted), the Central Party Resolution on Land (2017), the Forestry Strategy 2020, the REDD+ Strategy and Vision<sup>132</sup>, the Nationally Determined Contribution (NDC) and the FCPF Emission Reductions Programme – see Section B.1.2 and Chapter 1 of the Feasibility Study (Annex 2a) for further details.

### D.5.2 Coherence with GCF country programme

164. The GCF project has formed part of Lao PDR's GCF project pipeline since 2017 and has been formally prioritised by both the Ministry of Agriculture and Forestry (see Annex 1b) and by the NDA, as reflected in the Lao PDR Country Programme presented in February 2019 at the GCF/GEF Coordinated National Dialogue meeting.

### D.5.3 Capacity of Accredited Entities or Executing Entities to deliver

165. See Section B.4.2 for details of the three Executing Entities' experience and track-record.

### D.5.4 Engagement with the NDA, civil society organisations and other relevant stakeholders

166. Stakeholder engagement has formed a central element of project design: **over one thousand stakeholders have taken part in GCF project consultation meetings.** Stakeholders have played an important role in providing inputs and feedback on project design and have validated the proposed project (and broader programme). Extensive engagement with stakeholders has also been conducted for the elaboration of the ER-PD and National REDD+ Programme, which laid a strong foundation for the design of GCF Project 1.

#### Stakeholder engagement within the framework of the GCF project

##### *Preliminary scoping missions*

167. Preliminary scoping missions were conducted by GIZ staff and project development experts to assess the possibility of developing a GCF concept note and potential funding proposal from April 3-7 and April 23-30, 2018. Missions focused on fact-finding, meeting with key actors and determining country interest in developing a proposal, whilst ensuring the relevance of the concept selected. A high-level meeting with government representatives was held to ensure commitments to project development from the main project partners and supporting partners interested in providing co-finance.

<sup>132</sup> The National REDD+ Vision establishes the strategic objective for Lao PDR to engage in forest protection and expansion; the National REDD+ Strategy provides the implementation details to achieve this objective. The Strategy identifies 5 key forest stressors: expansion of agricultural land; infrastructure and mining; timber harvesting; shifting cultivation and forest fires; and commercial tree plantations. The Strategy presents 5 strategic programmes to address these stressors: 1) sustainable agriculture; 2) infrastructure and mining development; 3) sustainable timber harvesting; 4) sedentary cultivation and forest restoration; and 5) sustainable commercial forestry. The programme addresses 4 of the key forest stressors and is aligned primarily with strategic programmes 1, 4 and 5, with a contribution to 3.

#### *Inception workshop*

168. An inception workshop for national government partners was held on October 5, 2018, where the initial project structure was presented, as well as key considerations for activities and actions, institutional arrangements and potential co-financing sources. A major topic of this workshop was discussing the plan for feasibility study and proposal development, as well as planning for upcoming provincial consultations. In total, 17 officials attended the workshop.

#### *Engagement with the NDA*

169. The project has been developed with regular engagement from the NDA (MoNRE) in Lao PDR. The idea to develop a GCF proposal to support the Emission Reductions Programme (ER-P) was taken up by the NDA and officially presented at the GCF Structured Dialogue in Bali in April 2017.<sup>133</sup> Since then, the project has formed part of Lao PDR's GCF country programme. Representatives of the NDA have attended cross-sectoral multi-stakeholder workshops to provide feedback on the project and the broader programme. A letter of no-objection has been provided by the NDA (Annex 1a), confirming the project conforms to the country's national priorities, strategies and plans, and that it is in accordance with relevant laws and regulations.

#### *Engagement with government focal points for REDD+ and the UNFCCC*

170. In addition to maintaining ongoing communication with the NDA, the project has been designed with the continuous engagement of government focal points from key ministries, where the government has demonstrated strong ownership of the project concept. The head of the country's REDD+ Division and the National REDD+ Focal Point have been major proponents of the project and have been consistently involved in project design and stakeholder consultations. The UNFCCC Focal Point within MoNRE has also been kept informed about the project, and representatives from MoNRE have regularly participated in project consultation events and workshops.

#### *Engagement with development partners*

171. A multi-donor working group exists to support the Ministry of Agriculture and Forestry on REDD+ issues. The working group consists of GIZ, the World Bank (including representatives of the SUFORD project and the FCPF Technical Assistance team), JICA and FAO. The working group has assisted MAF with the development of the FCPF ER-PIN, the ER-PD, the PRAPs and the national REDD+ Strategy. GIZ has worked closely with the World Bank – both the Lao Country Office and the FCPF – throughout the REDD+ development process, starting in 2015 and continuing through the GCF project preparation period. In December 2017, MAF Vice Minister H.E. Thongpath Vongmany wrote a letter to BMZ Minister Dr. Gerd Mueller to request GIZ support to design and implement the GCF proposal, identifying other development partners as potential co-financiers.

#### *Engagement with Civil Society Organisations*

172. CSOs have been consulted extensively, and at frequent intervals, during the project preparation process. CSOs involved in the design of the project have included the Lao Women's Union (including at national-, provincial- and district-levels), Village Focus International, The Centre for People and Forests (RECOFTC), the FLEGT CSO Network and the National University of Laos (NUOL). CSOs represent a central beneficiary of project support at the local level. All village-level activities, including, for example, Participatory Land Use Plans (PLUPs) and Village Forest Management Agreements (VFMA)s, will be subject to prior village-level discussion and agreement, with full CSO participation encouraged and facilitated. Village contracts will not be signed by the GCF project before at least 3 village-level consultation meetings have been held. CSOs will play an important role in various aspects of project implementation:

- *CSOs will benefit from capacity building events, training, awareness-raising and project activities.*
- *CSOs such as farmer-based associations will facilitate communication between local communities and the project management units.*

<sup>133</sup> <https://www.greenclimate.fund/meetings/2017/bali>

- CSOs will form an integral element of the project's Free, Prior and Informed Consent (FPIC) approach. CSOs will be involved in the establishment of local-level networks in the target districts – such as the Lao Women's Union, the Lao Biodiversity Association and Village Focus International – are expected to participate in FPIC consultation processes and, in the process, build their capabilities for future initiatives.
- CSOs will participate in the project's grievance redress mechanism. CSOs in the target provinces and districts will be trained on the project's grievance redress mechanism and provided with information brochures. They will be familiar with the mechanism, will be provided with key phone numbers and will be enabled to support local villages/villagers to understand the grievance redress mechanism.
- *Funding for CSOs.* Project funding will be made available under Action 1.3.1 (Strengthening the regulatory framework), Action 1.3.2 (Capacity building and awareness-raising on the forest sector legal framework), Action 1.7.1 (Knowledge management and communication), Action 1.7.2 (ESMP, gender action plan, FPIC and safeguards implementation) and Action 2.2.2 (Establishment of public-private sector dialogue to promote village-based agroforestry).

*Other stakeholders*

173. Additional consultations have been held to support the development of the GCF funding proposal, which 1,066 participants have attended.<sup>134</sup> Consultations have been held with the following stakeholders at the national, province, district and village level:

Stakeholder Category	Stakeholders Consulted
<b>Government</b>	
<i>National</i>	DoF/MAF: Production Forest Division, Forest Protection Division, Planning and Cooperation Division, National Protected Areas Division, REDD+ Division, Aquatic and Wildlife Division, Administration Division, Legal Division, Forest and Forestry Resources Development Fund, Forest Inventory and Planning Division, Deputy Director General of DoF, Village Forests and NTFP Division, Department of Forest Inspection  DALAM/MAF: Department of Agriculture and Land Management  Funds: EPF and FFRDF  MoNRE: Planning and Cooperation Division, Department of Climate Change Representatives from National REDD+ Task Force  Ministry of Planning and Investment  Ministry of Finance  NAFRI
<i>Provincial</i>	Provincial REDD+ Offices (PRO), PAFO, PONRE and POFI representatives in each Province  Members of Provincial REDD+ Task Force
<i>District</i>	District representatives including from DAFO, DONRE and DOFI
<b>Local Communities (Projects 1 and 3)</b>	
▪ <i>Houaphan</i>	Huayhu village, Ban Yard village, Hong Oy village, Ban Phonxay
▪ <i>Sayabouri</i>	Phonekeo village, Ban Phonxay
▪ <i>Luang Prabang</i>	Ban Phanid
<b>Local Communities (Project 2)</b>	
▪ <i>Luang Namtha</i>	Ban Nam Mad Mai, Ban Nam Dee, Ban Don Mai
▪ <i>Bokeo</i>	Ban Samork Neua, 1 additional village in NPA
▪ <i>Oudomxay</i>	Nangew village, Ban Napa
<b>Civil Society</b>	Lao Women's Union (including at national, provincial and district-level); Village Focus International; The Centre for People and Forests (RECOFTC); Lao FLEGT CSO Network – including the Green Community Development Association (GCDA), the Association for Rural Mobilisation and Improvement (ARMI), Lao Biodiversity

<sup>134</sup> Note that some participants may have participated in more than one consultation or workshop.

	Association (LBA), Maeying Houamjai Phathana (MHP, Women Participating in Development) and the Community Development and Environment Association (CDEA) <sup>135</sup> ; National University of Laos (NUOL)
<b>Private Sector</b>	Burapha Agro-forestry Co. Ltd. Plus, interviews with 25 producers, 15 traders (paddy, maize, Job's Tears, NTFPs), 12 rice millers and 2 banks in Luang Prabang, Luang Namtha and Oudomxay provinces
<b>Development Partners</b>	KfW (Country Office and ICBF Programme); GIZ (CliPAD, LMDP, ProFEB/ProFLEGT); JICA (F-REDD); FAO; UNDP; ADB; Head of German Development Cooperation in Lao PDR/BMZ; World Bank; SUFORD-SU (WB).

#### Stakeholder engagement during project implementation

174. The stakeholder engagement plan for project implementation is provided in Annex 7o. Stakeholder engagement will be continuous throughout the implementation of the GCF project. This stakeholder engagement strategy has been designed with the following objectives:

- To ensure there are opportunities for stakeholders to provide feedback, ask questions and raise concerns.
- To ensure information sharing and disclosure.
- To establish a culturally appropriate mechanism for filing complaints and grievances.
- To foster strong project-stakeholder relationships, including at the village level.
- To ensure meaningful consultation and promote social acceptability of the project.

#### Project grievance redress mechanism

175. A grievance mechanism has been developed to acknowledge and address any negative impacts or complaints that arise as a result of the project. Any grievances will be analysed and mitigated as quickly as possible to avoid any tensions or conflicts. The grievance mechanism is cost-effective as it is integrated into the institutional design of Project 1. The objectives of the grievance redress mechanism are to:

- Provide affected people an avenue through which they can voice their concerns and dissatisfactions.
- Create a platform in which stakeholders and village members can freely raise concerns and complaints to be effectively addressed.
- Demonstrate to project stakeholders and villages that they play an important role in project design and implementation.
- Follow up and report on efforts to take corrective action.

176. The resolution of claims and complaints arising from the project will be based on existing grievance and redress systems developed for REDD+ in the country (see Annex 7o), as well as a project-specific reporting mechanism to the NPMU, PPMU and/or DPMU, and the PPMU will include safeguards and M&E specialists hired to ensure the monitoring and fulfilment of safeguards for Project 1 implementation. The designed structure allows grievances to flow through an internal process from the district level to the national level. See Chapter 12 of the Feasibility Study (Annex 2a) for further details.

### **D.6. Efficiency and effectiveness**

#### **D.6.1 Cost-effectiveness and efficiency**

177. The project will result in 5.6 million tCO<sub>2</sub>eq of emission reductions over the 4-year project implementation period. This equates to a mitigation cost to the GCF of Euro 2.7 per tonne of CO<sub>2</sub>eq (see Section E.2.2). For reference, the abatement cost of another approved GCF REDD+ Phase 2 project (FP19, Ecuador) is Euro 2.5/tCO<sub>2</sub>eq.

#### **D.6.2 Co-financing and leveraging**

##### *Co-finance – Project 1*

- Project 1 GCF budget: Euro 15,160,596
- Project 1 co-finance: Euro 48,830,495

<sup>135</sup> The 6 CSOs listed here form the Core Committee of the Lao CSO FLEGT Network. The Network itself consists of 26 CSOs, including – for example - the Rural Research and Development Promoting Knowledge Association (RRDPA), the Wildlife Conservation Association (WCA) and the Social Development Alliance Association (SODA). The programme has also consulted with members of the broader Network.

- Project 1 co-finance ratio: 3.2

Detailed leverage estimates are provided in Annex 3c.

*Leveraged finance by Project 1* – estimated to be Euro 227 million.

#### D.6.3 Financial viability

178. The Activities under Output 1 of Project 1 are entirely of a public good nature and will not generate financial reflows. These Outputs are naturally suited to a grant. Outputs 2 and 3 promote the adoption of sustainable deforestation-free agriculture (such as intercropping or sequential cropping of upland rice and maize with other crops), agroforestry and sustainable forest management (utilisation of non-timber forest products and timber harvesting under approved guidelines) that will result in positive reflows for the beneficiaries compared with current baseline (unsustainable) practices. The target beneficiaries are, however, subsistence farmers facing substantial knowledge, capacity and value chain barriers that make the realisation of such positive reflows altogether impossible without the project and GCF grant. Significant co-finance, both in grants and loans, is mobilised. For these reasons, a GCF grant is deemed to be the most appropriate level of concessionality.
179. In addition, the government's ability to assume additional debt obligations is severely constrained by the Lao fiscal and debt situation. Laos has recorded budget deficits in the range of approximately 3-5% of GDP each year since 2013. The IMF projects a budget deficit of 4.1% in 2019. Despite positive GDP growth, the debt/GDP ratio has increased from 56% in 2013 to a projected 66% in 2019. The IMF recommends, as a priority, the reduction of the debt/GDP ratio to 50% through a reduction of the budget deficit and other measures.<sup>136</sup>

#### D.6.4 Application of best practices

180. Land use practices commonly applied in the project area are characterised by low productivity and cannot typically be considered 'good agricultural practice'.<sup>137</sup> Increased competition for commercial agricultural lands is shifting subsistence agriculture (upland rice, vegetables, etc.) and certain cash crops (e.g. maize, Job's tears and cassava) to less suitable forested upland areas. Tree-cutting and increasing land degradation are leading to lower productivity and producers seeking out more productive land, which is leading to further deforestation and forest degradation. Poor access to irrigation exacerbates the low productivity of agricultural production, as does the limited availability of government agricultural extension services. There is limited use of sustainable land management practices (e.g. soil conservation measures, climate-resilient practices) due to limited awareness of villagers and a lack of exposure to alternative business and income-generating models.
181. The UNFCCC Technology Needs Assessment (TNA) explicitly identifies agriculture (alongside forestry) as one of two key sectors for climate change mitigation<sup>138</sup> and as one of two key sectors (alongside water) for climate change adaptation in Laos.<sup>139</sup> The TNA outlines a range of recommended interventions, such as watershed reforestation, irrigation, climate-smart agriculture and crop diversification, that are addressed by Project 1, which also supports best-practice techniques such as participatory land use planning (PLUP) and the application of modern technology (such as GPS, remote sensing and GIS).

<sup>136</sup> IMF (2018), *Article IV Consultation: Lao PDR*, <https://www.imf.org/~media/Files/Publications/CR/2018/cr1884.ashx>

<sup>137</sup> FAO defines Good Agricultural Practices (GAPs) as a "collection of principles to apply for on-farm production and post-production processes, resulting in safe and healthy food and non-food agriculture products, while taking into account economic, social and environmental sustainability." FAO (2016), *A Scheme and Training Manual on Good Agricultural Practices for Fruits and Vegetables*. Available at: <http://www.fao.org/3/a-i6677e.pdf>

<sup>138</sup> Lao PDR and UNEP (2013), *Technology Needs Assessment Report: Climate Change Mitigation*, [http://unfccc.int/ttclear/misc/StaticFiles/gnwoerk\\_static/TNR\\_CRE/e9067c6e3b97459989b2196f12155ad5/04f154865ede42d7861a184bd7c3c243.pdf](http://unfccc.int/ttclear/misc/StaticFiles/gnwoerk_static/TNR_CRE/e9067c6e3b97459989b2196f12155ad5/04f154865ede42d7861a184bd7c3c243.pdf)

<sup>139</sup> Lao PDR and UNEP (2013), *Technology Needs Assessment Report: Climate Change Adaptation*, [http://unfccc.int/ttclear/misc/StaticFiles/gnwoerk\\_static/TNR\\_CRE/e9067c6e3b97459989b2196f12155ad5/14008ecce30a4ad0b980ab9f6a9c9c6b.pdf](http://unfccc.int/ttclear/misc/StaticFiles/gnwoerk_static/TNR_CRE/e9067c6e3b97459989b2196f12155ad5/14008ecce30a4ad0b980ab9f6a9c9c6b.pdf)

## LOGICAL FRAMEWORK

### E.1. Paradigm shift objectives

- Shift to low-emission sustainable development pathways  
 Increased climate resilient sustainable development

### E.2. Core indicator targets

E.2.1. Expected tonnes of carbon dioxide equivalent (t CO <sub>2</sub> eq) to be reduced or avoided (mitigation only)	Annual	1.4 million t CO <sub>2</sub> eq
	Lifetime	5.6 million t CO <sub>2</sub> eq <sup>140</sup>
E.2.2. Estimated cost per t CO <sub>2</sub> eq, defined as total investment cost / expected lifetime emission reductions (mitigation only)	(a) Total project financing	65.2 million Euros
	(b) Requested GCF amount	15.2 million Euros
	(c) Expected lifetime emission reductions <sup>141</sup>	5.6 million t CO <sub>2</sub> eq
	<b>(d) Estimated cost per t CO<sub>2</sub> eq (d = a / c)</b>	<b>11.6 Euros / t CO<sub>2</sub> eq</b>
	<b>(e) Estimated GCF cost per t CO<sub>2</sub> eq removed (e = b / c)</b>	<b>2.7 Euros / t CO<sub>2</sub> eq</b>
E.2.3. Expected volume of finance to be leveraged by the proposed project as a result of the Fund's financing, disaggregated by public and private sources (mitigation only)	(f) Total finance leveraged	227 million Euros
	(g) Public source co-financed	150 million Euros
	(h) Private source finance leveraged	77 million Euros
	<b>(i) Total Leverage ratio (i = f / b)</b>	<b>14.6</b>
	(j) Public source co-financing ratio (j = g / b)	9.6
	(k) Private source leverage ratio (k = h / b)	4.9
E.2.4. Expected total number of direct and indirect beneficiaries, (disaggregated by sex)	Direct	120,000 rural beneficiaries 50% female
	Indirect	235,800 rural beneficiaries 50% female
E.2.5. Number of beneficiaries relative to total population (disaggregated by sex)	Direct	2% of national population 2% of national population (2% of women)
	Indirect	3% of national population % of national population (3% of women)

### E.3. Fund-level Impacts

Expected Results	Indicator	Means of Verification (MoV)	Baseline	Target		Assumptions
				Mid-term	Final	
M4.0 Reduced emissions from land use, reforestation, reduced deforestation, and through sustainable forest management and conservation and enhancement of	M4.1 Tonnes of carbon dioxide equivalent (t CO <sub>2</sub> eq) reduced or avoided (including increased removals) - forest and land use	Government sources: – Approved Reference Level (RL) of the FCPF ER-PD – Biennial Update Report (BUR) to the UNFCCC	Net annual forest-sector GHG emissions of 9.7 million tCO <sub>2</sub> eq	1.9 million tCO <sub>2</sub> eq of avoided emissions	5.6 million tCO <sub>2</sub> eq of avoided emissions	GHG estimates are based on the 4-year Project 1 lifetime

<sup>140</sup> Over the 4-year implementation period of the project. The concept of a lifetime (influence period) does not apply well to a project that is expected to be followed by a second phase (Project 3).

<sup>141</sup> Project 1 implementation period (4 years).

<p>forest carbon stocks</p>		<p>– Official REDD+ Office Reports</p> <p><i>Project sources:</i></p> <p>– Project M&amp;E in cooperation with JICA</p> <p>– Mid-term evaluation report to have dedicated section on CO<sub>2</sub> emission reductions / sequestration</p>				
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E.4. Fund-level Outcomes						
Expected Outcomes	Indicator	Means of Verification (MoV)	Baseline	Target		Assumptions
				Mid-term	Final	
<p><i>M5.0 Strengthened institutional and regulatory systems</i></p>	<p><i>M5.1 Institutional and regulatory systems that improve incentives for low-emission planning and development and their effective implementation</i></p>	<p><i>Government sources:</i></p> <ul style="list-style-type: none"> <li>– Published province and district Socio-Economic Development Plans (SEDPs) (2021-2025)</li> <li>– Government-approved revisions to Forest Law and associated Decrees</li> <li>– National, provincial and district-level laws, decrees and by-laws</li> <li>– DAFO annual reports</li> <li>– EPF annual report</li> <li>– EPF grant disbursement reports</li> <li>– FFRDF grant disbursement reports</li> </ul> <p><i>Project sources:</i></p>	<p>No REDD+ Funding Window exists</p> <p>No green credit line exists to support deforestation-free agriculture</p> <p>The Emission Reductions Programme (ER-P) provides a route to unlocking REDD+ results-based payments.</p>	<p>Extent of incentives and implementation for REDD+ investment (forestry, sustainable agriculture and land-use planning): Extent = 3<sup>142</sup></p>	<p>Extent of incentives and implementation for REDD+ investment (forestry, sustainable agriculture and land-use planning): Extent = 5</p>	<p>The project commences promptly in mid-2020, so that it synchronises with the Lao PDR national development planning process.</p> <p>The government's current strong commitment to the NDC and REDD+ implementation remains intact.</p> <p>REDD+, once integrated into the provincial and district SEDPs, will become eligible for national and sub-national public financing, and will be fully integrated into the country's budgeting process. EPF is able to build on its robust fiduciary and internal control standards (as validated by recent</p>

<sup>142</sup> The scale for rating the extent of incentives and implementation reflects the scale and scope of incentives put in place. Scale 1-5 reflects: 1 = REDD+ Funding Window established and operational; 2 = REDD+ Funding Window disburses at least Euro 8 million for REDD+ activities; 3 = REDD+ Funding Window disbursements of at least Euro 8 million are augmented by a green credit line established and capitalised with at least Euro 3 million; 4 = REDD+ Funding Window disbursements of at least Euro 8 million are augmented by a Euro 6 million green credit line and additional REDD+ financing of at least Euro 15 million catalysed/unlocked (e.g. REDD+ results-based payments, increased agricultural production, sustainable timber harvesting, enhanced FFRDF fee revenues, etc.); 5 = REDD+ Funding Window disbursements of at least Euro 8 million are augmented by a Euro 6 million green credit line and additional REDD+ financing of at least Euro 20 million catalysed/unlocked (e.g. REDD+ results-based payments, increased agricultural production, sustainable timber harvesting, enhanced FFRDF fee revenues, etc.).

		<p>– NPMU and PPMU annual reports</p> <p><i>Third-Party sources:</i></p> <p>External audit reports of EPF and FFRDF</p>				<p>World Bank and UNDP assessments) in order to establish a well-designed REDD+ Funding Window.</p> <p>EPF (under MoNRE) and FFRDF (under MAF) fully collaborate to operationalise the REDD+ Funding Window.</p>
<p><i>M9.0 Improved management of land or forest areas contributing to emissions reductions</i></p>	<p><i>M9.1 Hectares of land or forests under improved and effective management that contributes to CO2 emission reductions</i></p>	<p><i>Government sources:</i></p> <ul style="list-style-type: none"> <li>– DoF annual reports on SFM implementation in production forests, protection forests and national protected areas</li> <li>– Approved Forest Management Plans</li> <li>– Approved village forest management plans (VFMPs), village-level management agreements and private sector-village partnership agreements (PSVPAs)</li> <li>– EPF grant disbursement reports</li> </ul> <p><i>Project sources:</i></p> <ul style="list-style-type: none"> <li>– Remote sensing/GIS (GoL, FCPF maps), field visits/spot checks, household interviews</li> <li>– Project monitoring reports</li> </ul>	<p>Negligible non-forest land has been reforested or restored in the target areas<sup>143</sup></p> <p>0 ha of avoided deforestation</p> <p>0 ha of reduced forest degradation</p>	<p>833 ha of reforested land</p> <p>1,420 ha of restored forest</p> <p>4,460 ha of avoided deforestation</p> <p>4,050 ha of reduced forest degradation</p>	<p>1,850ha of reforested land</p> <p>3,160 ha of restored forest</p> <p>9,900 ha of avoided deforestation</p> <p>9,000 ha of reduced forest degradation</p>	<p>Local population chooses to participate in the project (FPIC).</p> <p>Government staff from the REDD+ Taskforce, REDD+ Office and line ministries (at national, provincial and district levels) will provide work time to support project interventions.</p> <p>Forest enforcement processes and reporting chains are successfully strengthened by the project.</p>

<sup>143</sup> There are currently some management plans, developed by the SUFORD Project, for national production forest, however, these management plans are not currently implemented nor monitored. Therefore, minimal protection activities are occurring.

**E.5. Project 1 performance indicators**

Expected Results	Indicator	Means of Verification (MoV)	Baseline	Target		Assumptions
				Mid-term	Final	
1. Enabling environment for REDD+ implementation	1.1 Level and extent of access to financing for forest sector transformation	<p><i>Government sources:</i></p> <ul style="list-style-type: none"> <li>– EPF annual report</li> <li>– EPF grant disbursement reports</li> <li>– FFRDF grant disbursement reports</li> </ul> <p><i>Project sources:</i></p> <ul style="list-style-type: none"> <li>– Monitoring, reporting and evaluation reports by NPMU</li> </ul> <p><i>Third-Party sources:</i></p> <ul style="list-style-type: none"> <li>External audit reports of EPF and FFRDF</li> </ul>	<p>No National REDD+ Funding Window</p> <p>FFRDF is unable to accept international finance due to capacity and fiduciary limitations</p>	<p>REDD+ Funding Window channels finance to target beneficiaries: Extent = 2<sup>144</sup></p> <p>FFRDF channels finance to target beneficiaries: Level = 2<sup>145</sup></p>	<p>REDD+ Funding Window channels finance to target beneficiaries : Extent = 5</p> <p>FFRDF channels finance to target beneficiaries : Level = 3</p>	<p>EPF is able to build on its robust fiduciary and internal control standards (as validated by recent World Bank and UNDP assessments) in order to establish a well-designed REDD+ Funding Window.</p> <p>EPF (under MoNRE) and FFRDF (under MAF) fully collaborate to operationalise the REDD+ Funding Window.</p> <p>GIZ will provide institutional and capacity building support to FFRDF in addition to the support provided by the GCF project.</p>
	1.2 Level of regulatory reform of the forestry sector for REDD	<p><i>Government sources:</i></p> <ul style="list-style-type: none"> <li>– NDC</li> <li>– Published national, province and district Socio-Economic Development Plans (SEDPs) (2021-2025)</li> </ul>	<p>The REDD+ National Strategy is not mentioned in the current NDC; REDD+ is not mentioned in provincial or</p>	<p>Level = 2<sup>146</sup></p>	<p>Level = 4</p>	<p>The project commences promptly in mid-2020, so that it synchronises with the Lao PDR national development planning process.</p> <p>The government's current strong</p>

<sup>144</sup> The target reflects the extent of effectiveness for the REDD+ Funding Window. Scale: 1 = REDD+ Funding Window channels at least 50% of anticipated grant volume (GCF proceeds will be channelled successfully through the newly established REDD+ Funding window under the EPF) under Outputs 2 and 3; 2 = REDD+ Funding Window channels at least 80% of anticipated grant volume under Outputs 2 and 3; 3 = REDD+ Funding Window channels at least 90% of anticipated grant volume under Outputs 2 and 3; 4 = REDD+ Funding Window channels at least 90% of anticipated grant volume under Outputs 2 and 3 and additional finance raised domestically (e.g. PA fees, FFRDF fees) and/or internationally (e.g. from donors); 5 = REDD+ Funding Window channels at least 90% of anticipated grant volume under Outputs 2 and 3, additional finance raised domestically and/or internationally, and becomes the primary conduit for FCPF REDD+ results-based payments.

<sup>145</sup> The target reflects the level of institutional strengthening of FFRDF. Scale: 1 = FFRDF resources are unchanged and fiduciary standards are not met; 2 = FFRDF meets basic fiduciary standards and accepts up to Euro 300,000 of international financing (GCF through EPF, BMZ through GIZ/KfW, or others); 3 = FFRDF meets international fiduciary standards and other requirements and accepts international financing greater than Euro 700,000; 4 = FFRDF meets international fiduciary standards and is sufficiently capacitated that the Government transfers control of the REDD+ Funding Window to the FFRDF; 5 = GCF support to the FFRDF and EPF leads to such systemic improvement and collaborative engagement that the Government merges the two institutions.

<sup>146</sup> The target reflects the level of policy and regulatory reform. Scale: 1 = REDD+ is explicitly incorporated into Lao PDR's revised NDC; 2 = REDD+ is explicitly incorporated into Lao PDR's revised NDC and into the SEDPs for the 3 provinces covered by Project 1; 3 = REDD+ is explicitly incorporated into Lao PDR's revised NDC, into the SEDPs for the 3 provinces covered by Project 1 and into at least 8 Project 1 district SEDPs; 4 = REDD+ is explicitly incorporated into Lao PDR's revised NDC, into the SEDPs for the 3 provinces covered by Project 1 and into at least 12 Project 1 district SEDPs; 5 = REDD+ is explicitly incorporated into Lao PDR's revised NDC, into the SEDPs for the 3 provinces covered by Project 1 and into all 16 Project 1 district SEDPs.

		<ul style="list-style-type: none"> <li>– Government-approved revisions to Forest Law and associated Decrees</li> <li>– National, provincial and district-level laws, decrees and by-laws</li> <li>– Government budget expenditure reports</li> <li>– DAFO annual reports</li> <li>– EPF annual financial reports</li> </ul> <p><i>Project sources:</i></p> <ul style="list-style-type: none"> <li>– NPMU and PPMU annual reports</li> <li>– Workshop and village consultation meeting reports</li> </ul>	<p>district SEDPs</p> <p>Forestry Law does not permit SFM for commercial purposes in village forests</p> <p>Laws, regulations and guidelines do not consider gender as an explicit factor in forest protection, user-rights and benefit-sharing</p>			<p>commitment to NDC and REDD+ implementation remains intact.</p>
	<p>1.3 Rate of enforcement of new regulatory framework</p>	<p><i>Government sources:</i></p> <ul style="list-style-type: none"> <li>– Government-approved standard operating procedures (SOPs) for Forest Law enforcement</li> <li>– DOFI reports on patrols and inspections</li> </ul>	<p>No consistent guidelines / standard operating procedures for enforcement of the Forest Law available, and limited patrolling / enforcement action on the ground</p> <p>No analysis of the potential for women-led patrolling groups<sup>147</sup> in the target areas</p>	<p>Rate = 3<sup>148</sup></p>	<p>Rate = 4</p>	<p>Continuous engagement by relevant stakeholders within the government to revise and clarify forest enforcement processes and reporting chains.</p> <p>Anti-corruption safeguards are strengthened through sub-project activities.</p> <p>A transparent reporting system is clarified/established that is effective, accessible and culturally appropriate to permit reporting at village, <i>kumban</i>, district, province and national levels.</p>

<sup>147</sup> Women's safety is paramount to the project's success, and the project aims to promote safe and empowering activities. The idea of women-led patrol groups came from the women consulted during project preparation. There is, however, an emphasis on "women-led" patrols, not necessarily "women-only" patrols (although the latter is also possibly desired). This means patrol groups can be mixed, which may make the women feel safer. Regular consultation with women and monitoring will make sure that the forest patrol group structure is suitable to the village, taking into account key gender issues.

<sup>148</sup> The target rate of enforcement is reflected in the following Scale: 1 = SOPs established for 2 forest categories (out of protection, production, conservation and village forests), including roles and responsibilities of relevant institutions (POFRI, PONRE, military, police, customs) and communities; 2 = SOPs established for 4 forest categories (out of protection, production, conservation and village forests), including roles and responsibilities of relevant institutions (POFRI, PONRE, military, police, customs) and communities; 3 = SOPs (at least 2) are augmented by boundary demarcation of the forest-types covered by the SOPs; 4 = SOPs (at least 2) are augmented by boundary demarcation and regular inspections by law enforcement agencies of the forest-types covered by the SOPs and at least 2 women-led patrolling groups are trained, equipped and operational; 5 = SOPs (at least 2) are augmented by boundary demarcation and regular inspections of the forest-types covered by the SOPs by law enforcement agencies and newly-established village forest monitoring units.

						Women and men receive culturally appropriate information about the regulations and their benefits, and actively participate in village-based measures.
2. Market solutions for agricultural drivers of deforestation	<p>2.1 Amount (EUR) disbursed to VDFs to support good agricultural practices and village agroforestry that include a gender perspective</p> <p>Amount (EUR) of result-based financing to private sector enterprises</p>	<p><i>Government sources:</i></p> <ul style="list-style-type: none"> <li>– EPF annual report</li> <li>– EPF grant disbursement reports</li> <li>– FFRDF grant disbursement reports</li> </ul> <p><i>Project sources:</i></p> <ul style="list-style-type: none"> <li>– Annual monitoring reports prepared by PPMUs</li> <li>– Registry of PSVPAs signed by villages and private sector enterprises</li> </ul> <p><i>Third-Party sources:</i></p> <ul style="list-style-type: none"> <li>– VDF financial statements</li> <li>– Private sector company reports</li> </ul>	<p>Village Development Funds (VDFs) receive no resources from external sources for good agricultural practices</p> <p>Private-sector village partnership agreements (PSVPAs) cover approximately 2,000 ha of reforested land</p> <p>No results-based financing investment for agroforestry establishment / implementation</p>	<p>Euro 1.0 million disbursed to VDFs to support good agricultural practices</p> <p>Euro 0 of results-based financing to private sector enterprises to implement sustainable agroforestry in conjunction with village communities</p>	<p>Euro 1.5 million disbursed to VDFs to support good agricultural practices</p> <p>Euro 800,000 of results-based financing to private sector enterprises to implement sustainable agroforestry in conjunction with village communities</p>	<p>Capacity building support provided by the project under Activity 2.1 is synchronised with, and sufficiently effective, to enable the investments in good agricultural practices and agroforestry under Activity 2.1.</p> <p>Village communities are sufficiently incentivised to voluntarily apply for funds for good agricultural practices.</p> <p>Village communities and eligible private sector enterprises successfully sign and co-implement PSVPAs for agroforestry activities.</p>
	<p>2.2 Area (ha) under dry-season irrigated agriculture</p> <p>Number of women using appropriate technologies to produce high-value crops and livestock</p>	<p><i>Project sources:</i></p> <ul style="list-style-type: none"> <li>– Monitoring and evaluation reports by PPMUs</li> </ul> <p><i>Third-Party sources:</i></p> <ul style="list-style-type: none"> <li>– ADB project reports (expert assessment reports, annual reports, mid-term review, final evaluation)</li> <li>– Irrigation works reports</li> </ul>	<p>2,242 ha under dry-season irrigated agriculture</p> <p>~ 180 women using appropriate technologies to produce high-value crops and livestock</p>	<p>3,000 ha under dry-season irrigated agriculture</p> <p>400 women using appropriate technologies to produce high-value crops and livestock</p>	<p>4,200 ha under dry-season irrigated agriculture</p> <p>1,000 women using appropriate technologies to produce high-value crops and livestock</p>	<p>The ADB SRIWSM project is implemented according to plan and schedule.</p>
3. Climate change mitigation action through forestry	<p>3.1 Area (ha) under sustainable forest practices across forest categories</p> <p>Proportion of women's</p>	<p><i>Government sources:</i></p> <ul style="list-style-type: none"> <li>– DoF, PAFO annual reports on SFM implementation in production forests, protection forests</li> </ul>	<p>0 ha of production forest</p> <p>0 ha of national protected area forest</p>	<p>5,000 ha of production forest</p> <p>0 ha of national protected area forest</p>	<p>15,000 ha of production forest</p> <p>670,000 ha of national protected area forest</p>	<p>Prime Minister Order 15 (2016), which bans timber harvesting from national production forest areas, is revised (with project support under Output 1) to allow</p>

	<p>representation in village forest management committees</p>	<p>and national protected areas. – National Forest Inventory – Approved village forest management plans (VFMPs) and signed village-level management agreements – EPF grant disbursement monitoring and evaluation reports</p> <p><i>Project sources:</i></p> <p>– Annual monitoring reports prepared by PPMU – Remote sensing/GIS</p> <p><i>Third-Party sources (private sector companies):</i></p> <p>– Private sector company reports</p>	<p>67,000 ha of village forest managed under approved VFMPs</p> <p>No gender requirements associated with the establishment or operation of village forest management committees</p>	<p>100,000 ha of village forest managed under approved VFMPs</p> <p>25% of targeted village forest management committees consist of at least 30% women</p>	<p>180,000 ha of village forest managed under approved VFMPs</p> <p>65% of targeted village forest management committees consist of at least 30% women</p>	<p>sustainable harvesting principles.</p> <p>Heterogeneous landscape planning ensures that plantations occur on non-forested land, ensuring that no primary forest or permanent agricultural land is utilised for plantation activities. On land used for forest plantations, 70% will be industrial trees, 20% will form a buffer zone and 10% of planted trees will be native tree species.</p> <p>Illegal logging and other illegal activities (hunting, wildlife trafficking) are avoided through monitoring and enforcement of land use plans, improved awareness of local communities on regulations, and provision of alternative livelihood options and financing.</p> <p>Community implementation of VFMPs is ensured through a participatory approach (which reflects the priorities of the communities and ensures the equal participation of women and men in related management decisions) as well as fines and sanctions agreed in the management plans.</p>
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E.6. Activities for Project 1			
Activity	Description	Sub-activities	Deliverables
1.1 REDD+ Funding Window and sustainable finance	Establishment and operationalisation of a REDD+ Funding Window for Lao PDR. Technical support to EPF to initially run the REDD+ Funding Window and, in the process, provide EPF with practical exposure to assist EPF's GCF AE accreditation. Enabling the EPF and Forest and Forest Resource Development Fund (FFRDF) to channel finance for REDD+, including mobilisation of additional funding streams for REDD+. Technical assistance support to a new green credit line for deforestation-free agriculture value chains.	<ul style="list-style-type: none"> <li>- Creation of a REDD+ Funding Window in conjunction with the EPF</li> <li>- Support to FFRDF to revise its governance structure and to develop SOPs, manuals and internal guidance documents that meet international fiduciary and safeguards standards</li> <li>- Integration of FFRDF staff in the EPF's day-to-day operations running the REDD+ Funding Window</li> <li>- Training for FFRDF staff</li> <li>- Support to FFRDF to implement village-based grants for forestry activities in the framework of Activities 2.1, 3.1, 3.2 and 3.3</li> <li>- Strategic roadmap developed and agreed with the Government to structure and mobilise new funding sources (PES from the hydropower industry, road fees, taxes, etc.)</li> <li>- Strengthening Village Development Funds</li> <li>- Institutional coordination and fundraising support to a green credit line that will supply credit (outside the framework of the project, using non-GCF funds) to firms with zero-deforestation business models developed with support from Activity 2.2</li> </ul>	<ul style="list-style-type: none"> <li>- REDD+ Funding Window is established and operational</li> <li>- FFRDF SOPs, manuals and internal guidance documents are updated to meet international fiduciary and safeguards standards</li> <li>- Green credit line is established and operational, capitalised with (non-GCF) international and national finance amounting to at least Euro 6 million</li> </ul>
1.2 Mainstreaming REDD+ into the NDC and socio-economic development plans (SEDPs)	Provision of technical and logistical support to the NDC and SEDP planning process to integrate the National REDD+ Strategy, so as to ensure REDD+ interventions are fully considered and budgeted in the updated NDC and in the provincial and district SEDPs	<ul style="list-style-type: none"> <li>- Participation in planning meetings and provision of technical inputs</li> <li>- Consultation workshops to support REDD+ mainstreaming into the updated NDC and into provincial / district SEDPs</li> </ul>	<ul style="list-style-type: none"> <li>- 1 national-level consultation workshop</li> <li>- 3 province-level consultation workshops</li> <li>- 16 district-level workshops</li> <li>- REDD+ activities are integrated into the updated NDC</li> <li>- REDD+ activities are integrated into 3 provincial SEDPs (2021-2025)</li> <li>- REDD+ activities are integrated into 16 district SEDPs (2021-2025)</li> </ul>
1.3 Strengthening the regulatory framework	Revision, modification and drafting of relevant laws, decrees and regulations to enable and strengthen the adoption of SFM, FLR and participatory village forestry.	<ul style="list-style-type: none"> <li>- International and national expert inputs for assessments, revisions and recommendations related to PMO 9, the Forestry Law, Land Law,</li> </ul>	<ul style="list-style-type: none"> <li>- PMO 9 revised and endorsed by Government</li> <li>- Forest and Land Law, as well as supporting decrees, amended to include SFM in production forests</li> </ul>

	Provision of gender- and ethnicity-sensitive awareness-raising and capacity development on the revised regulatory framework to Government authorities (at national, provincial, district and <i>kumban</i> level), CSOs and villagers	<p>SFM, FLR and village forestry</p> <ul style="list-style-type: none"> <li>- Meetings with national, provincial and district Government officials to facilitate cross-sectoral coordination</li> <li>- Preparation of training and workshop materials</li> <li>- Training, workshops and technical assistance</li> </ul>	<ul style="list-style-type: none"> <li>- Forest Law amended to include provisions for sustainable timber harvesting in village forestry</li> <li>- Laws, regulations and guidelines developed and approved by the Government to facilitate the implementation of ISP, SFM, FLR and village forestry</li> </ul>
1.4 Law enforcement and monitoring	Revision of standard operating procedures (SOPs) for Forestry Law enforcement that are aligned with the revised regulatory framework (Activity 1.3). Improvement of coordination among key actors (POFRI, PONRE, forest inspectorate, police, customs) to improve Forest Law enforcement. Introduction of remote sensing data as a basis for controlling deforestation and forest degradation. Training to facilitate enforcement measures	<ul style="list-style-type: none"> <li>- Expert input to review SOPs</li> <li>- Training for POFI and DOFI staff (conducting inspections, technology application, monitoring, gender- and ethnicity-sensitive community awareness-raising and community engagement, GIS/remote sensing)</li> <li>- Technical assistance to clarify coordination, exchange and reporting channels (village → district → province → national Government)</li> <li>- Dissemination of regulations and guidelines on permitted and prohibited clearing and utilisation of forest (timber and non-timber) products</li> </ul>	<ul style="list-style-type: none"> <li>- 4 sets of SOPs established and approved for each forest category (protection, production, conservation, village forests), including roles and responsibilities</li> <li>- Annual summary reporting protocols from the village level are available at the DPMU</li> <li>- POFI and DOFI are able to monitor forest cover change with new Remote Sensing technologies according to SOPs</li> </ul>
1.5 Land use planning and improved tenure security	Mainstreaming FLR guiding principles into land use planning manuals and guidelines. Participatory village land use planning (PLUP) in target project districts (linked with Activity 1.4 and Outputs 2 and 3). Monitoring and enforcement for existing land use plans (forest-related enforcement linked with Activity 1.4)	<ul style="list-style-type: none"> <li>- Experts to mainstream FLR guiding principles into land use planning manuals and guidelines</li> <li>- Stakeholder consultations, training materials and workshops on revised guidelines</li> <li>- Consultations for target villages based on the principles of FPIC to engage them in voluntary land use planning processes</li> <li>- International and/or national experts to support land use zoning, mapping (GIS/remote sensing), boundary demarcation and agriculture management planning</li> <li>- Gender-sensitive trainings for village land use and forest management committees</li> <li>- Finance to support systematic land registration</li> </ul>	<ul style="list-style-type: none"> <li>- FLR principles integrated into land use planning manual and guidelines, endorsed by the government</li> <li>- 130 village land use plans established and implemented</li> <li>- Developed and implemented village land use plans have at least 70% compliance</li> <li>- At least 70% of all adult villagers in target villages state that they feel actively included in the PLUP process</li> </ul>
1.6 Implementation of the measurement, reporting and verification (MRV) system	Support to the National Forest Inventory (NFI) process and assessment of carbon emissions/removals from the	<ul style="list-style-type: none"> <li>- Execution of the Fourth (2020/21) National Forest Inventory</li> </ul>	<ul style="list-style-type: none"> <li>- Fourth National Forest Inventory finalised</li> </ul>

	<p>forest sector. Support to the MRV needs of the GCF project, as well as the FCPF Emission Reductions Programme, the UNFCCC National Communication and the UNFCCC BUR</p>	<ul style="list-style-type: none"> <li>- Assessment and development of the National Forest-Type Map for 2020/21</li> <li>- Calculation of emission factors and removal factors for forest and non-forest land-use classes</li> <li>- Assessment of leakage effects from the project area to the reference area (the entirety of Lao PDR)</li> <li>- Support to national reporting processes relating to forest carbon (e.g. for the FCPF, the National Communication and BURs)</li> <li>- Development and implementation of the National Forest Monitoring System</li> <li>- Development of digital solutions for community-based monitoring</li> </ul>	<ul style="list-style-type: none"> <li>- National Forest-Type Map for 2020/21 produced</li> <li>- Updated emission / removal factors</li> <li>- Carbon emission reductions and removals relative to the FCPF Reference Level are reported</li> <li>- NFMS established and operational</li> </ul>
<p>1.7 Knowledge management, FPIC, safeguards and gender</p>	<p>Knowledge management and communication. Implementation of the Environmental and Social Management Plan (ESMP) and Gender Action Plan (GAP), and ensuring compliance with FPIC procedures and safeguards</p>	<ul style="list-style-type: none"> <li>- Knowledge management and communication, including data provision for the FCPF Emission Reductions Programme, the UNFCCC National Communication and the BUR</li> <li>- Lessons-learned and information-sharing at the policy-making level to inform national stakeholders of sub-project progress and implementation lessons for REDD+</li> <li>- Awareness-raising campaigns for targeted stakeholder groups</li> <li>- Development and management of a project website</li> <li>- Implementation of the ESMP and GAP</li> <li>- Development and monitoring of FPIC and safeguards-related mechanisms to collect lessons learned and complaints from target communities</li> <li>- Communication materials and tools are gender mainstreamed, culturally appropriate, and published in different ethnic languages whenever feasible</li> </ul>	<ul style="list-style-type: none"> <li>- Project communication plan implemented</li> <li>- 4 awareness campaigns designed and implemented (one on the legal and regulatory framework, one on REDD+ awareness at the local level and one on SLM/REDD+ targeted at schools)</li> <li>- 1 project website developed and implemented</li> <li>- Safeguards-related activities (complaints received and actions taken) systematically recorded</li> </ul>
<p>2.1 Local incentives for good agricultural practices and agroforestry</p>	<p>Strengthening of extension services (DAFO and Technical Service Centre,</p>	<ul style="list-style-type: none"> <li>- Agriculture specialists of the PPMUs and NPMU to deliver capacity building,</li> </ul>	<ul style="list-style-type: none"> <li>- 48 DAFO and TSC staff trained on good agricultural practices</li> </ul>

	<p>TSC) for good agricultural practices. Development of District Activity Plans (DAPs). Financial support for 'white list' good agricultural practices and for village-based agroforestry.</p>	<ul style="list-style-type: none"> <li>- training and coaching to DAFO and TSC staff and village committee members using a trainer-of-trainers approach</li> <li>- Development of District Activity Plans, outlining activities, participants, inputs and annual budget plans, based on land use plans from Activity 1.5 and gender-sensitive village consultations</li> <li>- Combination of upfront and performance-based payments for 'white list' good agricultural practices (GAP) such as intercropping, mulching, no-tillage, etc.</li> <li>- Matching grants for eligible private sector enterprises to support village agroforestry activities (as agreed between the village and the enterprise in the form of a private sector-village partnership agreement – PSVPA – developed with Activity 2.2 support)</li> </ul>	<ul style="list-style-type: none"> <li>- Good agricultural practices adopted, leading to increased yields of at least 50% (compared to baseline), disaggregated by crops</li> <li>- For good agricultural practices: Each eligible village (VDF) receives Euro 7,500 upfront incentive payment and later Euro 4,000 performance-based payment</li> <li>- For agroforestry: activities will be funded by 50% GCF grant finance (up to Euro 200/ha) and by 50% matching funding from the private sector</li> <li>- Participation rates of women in community meetings are at least 40%</li> </ul>
<p>2.2 Catalysing private sector investment in value chains</p>	<p>In-depth value chain assessment of key agricultural commodities at the provincial level, including analysis of the specific roles of women. Establishment of, and support to, multi-stakeholder platforms (MSPs) to contribute to improved networking and coordination across the value chain. Business development support to agribusiness SMEs. Intermediation and support to public-private sector dialogue and to formalisation of private sector-village partnership agreements (PSVPAs).</p>	<ul style="list-style-type: none"> <li>- Gender-sensitive value chain studies for key existing and alternative agricultural commodities (crops and livestock)</li> <li>- Workshop to share and agree on study results with NPMU, PPMUs, PAFO, DAFO and TSC staff, and selected male and female farmers. (Results of the value chain analysis will be linked with capacity building support under Activity 2.1)</li> <li>- Value chain action and implementation plan developed for each agricultural commodity</li> <li>- Identification and mobilisation of private sector companies (traders, input suppliers, processors, financial institutions, etc.) and other value chain actors (e.g. farmers' organisations including representatives of male and female farmers, government representatives) to participate in district-level MSPs and to receive targeted training</li> </ul>	<ul style="list-style-type: none"> <li>- 1 in-depth value chain study per province (i.e. 3 in total) addressing approximately 9 key current and new commodities, including reviews of the gendered impact of the desired change (access, needs, barriers, potentials, workload, benefits)</li> <li>- 3 value chain action and implementation plans developed</li> <li>- 4,800 farmer households (in 16 districts) benefit from improved communication and relationships with value chain actors</li> </ul>

		<ul style="list-style-type: none"> <li>- Regular province-level exchange meetings for PAFO, DAFO and TSC staff, and private sector participants (male and female farmer representatives, input and service providers, traders and processors)</li> </ul>	
2.3 Sustainable rural infrastructure watershed management	<p>The GCF project complements ADB investment in 11 small-scale agricultural irrigation schemes through support to ensuring that the forested landscapes in the catchment areas of the irrigation projects remain intact through improved land management (including good agricultural practices) and through reduced pressure from drivers of deforestation and degradation (e.g. lack of alternative livelihood opportunities, poverty, malnutrition, low agricultural productivity, lack of value-adding activities and weak negotiation/marketing skills)</p>	<ul style="list-style-type: none"> <li>- Gender-sensitive technical assistance provided to farmers to plan and produce dry-season crops on the upgraded irrigation schemes</li> <li>- Systematic information provision to farmers on market demand, quality requirements and prices</li> <li>- Modernisation of small-scale irrigation schemes, including additional water control measures (such as secondary distribution pipes and offtake points for hoses, sprinklers and drip applications)</li> <li>- District Nutrition Teams (DNTs) established in each of the target districts</li> </ul>	<ul style="list-style-type: none"> <li>- 11 small-scale irrigation schemes modernised, covering a command area of at least 2,900 ha</li> <li>- 11 market assessments for dry-season and upland crops produced</li> <li>- 3 District Nutrition Teams established and operational</li> </ul>
3.1 Village forest management	<p>Development, implementation and monitoring of village forest management plans (VFMPs)</p>	<ul style="list-style-type: none"> <li>- Development of 5-year VFMPs, including demarcation of forest areas and preparation of detailed village forest maps, participatory forest resources assessments (PFRAs) and forest inventories, preparation of annual forestry operation plans and signing of village forest management agreements</li> <li>- Gender-equitable and responsive VFMP planning processes (including participation of women on Village Forest Management Committees), management, implementation, and monitoring</li> <li>- Implementation of VFMPs by village groups, following the annual plan of operation (approved by DoF and PPMU)</li> <li>- Quarterly monitoring of implementation progress, including payments made to VDFs, reports of illegal activity and conflict reports</li> </ul>	<ul style="list-style-type: none"> <li>- 200 VFMPs approved in target villages</li> <li>- 180,000 ha of village forest managed under approved VFMPs</li> <li>- Participation rates of women in community meetings are at least 40%</li> </ul>

<p>3.2 Sustainable management of production forests</p>	<p>Forest inventory and forest management planning in production forests. Implementation of Forest Management Plans (FMPs) with associated monitoring</p>	<ul style="list-style-type: none"> <li>- Designation of villages and preparation and implementation of forest management plans (FMPs, participatory land use zoning, boundary marking, inventory of trees and NTFPs) [Linked to the public-private dialogue process under Activity 2.1]</li> <li>- Definition, dissemination and enforcement of forest access rules (developed in conjunction with all villagers)</li> <li>- Capacity building for villages and provincial- and district-level officials on FMPs, monitoring (e.g. forest inventory revision, remote-sensing and ground-truthing) and enforcement (patrolling techniques)</li> <li>- Development of annual work and budget plans to implement forest restoration activities, including ANR and community-based plantation/agroforestry development</li> <li>- REDD+ Funding Window disbursement of village forestry grants to VDFs</li> <li>- Promotion and monitoring of gender-equitable management and benefit-sharing of VDFs</li> </ul>	<ul style="list-style-type: none"> <li>- 15,000 ha of production forest category area under participatory forest management</li> </ul>
<p>3.3 National Protected Area management</p>	<p>Development or revision of National Protected Area (NPA) management plans. Improved law enforcement in NPA conservation landscape. Implementation of sustainable land and forest management by communities living within and adjacent to NPAs</p>	<ul style="list-style-type: none"> <li>- Development or revision of NPA management plans (including assessment of previous plans, zonation and participatory land use planning, identification of alternative livelihood options considering gender and ethnicity dimensions, establishment of voluntary and inclusive co-management agreements with villages, development of law enforcement action plans for NPAs)</li> <li>- Implementation of law enforcement action plans (including checkpoint establishment and operation, targeting of high-risk areas by PAFO staff, capacity building and provision of equipment, gender-</li> </ul>	<ul style="list-style-type: none"> <li>- Development of 3 new NPA management plans</li> <li>- 670,000 ha of NPA forest is managed under approved management plans</li> </ul>

		<p>sensitive and -responsive community engagement)</p> <ul style="list-style-type: none"> <li>- Technical and financial assistance to villagers to implement sustainable forest management and land use activities based on co-management agreements</li> <li>- Technical assistance for monitoring, evaluation and reporting of implemented activities</li> </ul>	
4.1 Project management, coordination, monitoring and reporting by the NPMU and PPMU	<p>Project management and coordination, including day-to-day project execution, stakeholder liaison, procurement of goods and services, recruitment of consultants, and monitoring and evaluation. Oversight of the REDD+ Funding Window.</p>	<ul style="list-style-type: none"> <li>- NPMU and PPMU support to project operations and coordination</li> <li>- Procurement of goods and services and recruitment of consultants following GIZ procedures</li> <li>- Support to executing partners in financial management, procurement, and internal and external audit management</li> <li>- Oversight of, and coordination with, the REDD+ Funding Window and provision of targeted training</li> <li>- Development of a dedicated M&amp;E system for tracking sub-project inputs, activities, outputs and impacts in line with the project log-frame</li> <li>- Independent mid-term monitoring and evaluation will be carried out after 3 years of project implementation</li> </ul>	<ul style="list-style-type: none"> <li>- Project implemented and funds disbursed according to plan</li> <li>- M&amp;E system established and operational, and performs according to GCF needs</li> </ul>

**E.7. Monitoring, reporting and evaluation arrangements**

182. Monitoring, reporting and evaluation arrangements (in addition to the ESMP and GAP) will comply with the relevant GCF policies, as stipulated in the AMA, FAA and project-related Financing Agreements and Implementation Agreements with Executing Entities and Implementation Partners, which EEs will extend to sub-grantees.
183. The project will apply a customised results-based Monitoring and Evaluation (M&E) system. The system will be based on:
- GIZ Standard Operating Procedures (“GIZ’s evaluation policy - principles, guidelines and requirements”)
  - The Project 1 logical framework
  - The Project 1 implementation schedule
  - Requirements of the GCF’s Annual Performance Report
  - Development partners’ standard operating procedures
  - Procedures and requirements of project partners and stakeholders in Laos
184. The M&E system will track project Inputs, Actions, Activities, Outputs and Impacts as well as associated financial flows across all Outputs in all project districts and provinces.
185. The overall responsibility and oversight for M&E and reporting lies with the GCF AE unit of GIZ head office. The National Project Management Unit (NPMU) in Laos will implement the M&E system and work closely with Provincial

Project Management Units (PPMUs), District Project Management Units (DPMUs), GIZ Executing Entity in Vientiane, government partners and development partners.

#### Recruitment of M&E staff

186. Immediately when Project 1 commences, GIZ's GCF AE unit at head office in Germany will make available one expert to oversee, coordinate and manage the project M&E and reporting routines. He/she will cooperate closely with NPMU and GIZ Executing Entity staff to coordinate the implementation of the project's M&E system. As soon as GCF project proceeds become available in Laos, the NPMU and the three PPMUs will recruit one M&E specialist each. The NPMU will hire an international consultant to support the management of the M&E system and provide on-the-job training for PPMUs and other stakeholders of the system where requested. The three PPMUs will hire national M&E experts to support the implementation of the M&E system in their respective province and districts. In the first year of Project 1, the NPMU will tender the services of a specialised technical consulting firm, which will support the project in designing the details of the M&E system and support the early implementation phase. The firm will also provide training and capacity building to the project implementation partners as requested.

#### Independent monitoring and evaluation studies

187. GIZ's AE unit will initiate a mid-term review (MTR) in year three of Project 1 (or at any time that GIZ, the NDA and/or the National Steering Committee consider necessary). GIZ will competitively select and assign an independent consultant for this task. The MTR will duly involve project stakeholders, including target groups and beneficiaries, project partners and contributing development partners. The MTR will include:

- A review of the institutional, administrative, organisational, environmental, social, economic, technical and financial aspects of the project based on the assumptions and risks included in the design (among others, as specified in the Funding Proposal and Feasibility Study) and M&E system.
- A review of covenants to assess whether they are still relevant or need to be changed or waived due to altered conditions.
- A review of the viability of remaining planned impacts.
- An assessment of the need to restructure or reformulate the programme (including subsequent constituent projects) and the effects of such restructuring on the programme's objective and long-term goals. The timing of the MTR is designed such that lessons-learned arising from implementation of Project 1 (mid-2020 to mid-2024) can be absorbed and applied to the design of Project 3 (mid-2024 to end-2029).

188. GIZ's AE unit will make available an MTR report to the GCF Secretariat and project stakeholders.

189. In due time before the completion of the project, GIZ's AE unit will initiate a project completion mission, in which the implementation of the project – based on the financing and implementation agreements, the delivery of outputs and the achievement of project targets – will be evaluated. The mission will duly involve project stakeholders including target groups and beneficiaries, project partners and contributing development partners. At the time of the project's physical completion and commissioning, GIZ's AE unit will make available a final report to the GCF Secretariat and project stakeholders.

#### Data collection and frequency

190. The NPMU will coordinate data collection for implemented activities through responsible executing departments / divisions at the district and provincial level. The PPMU will supervise and guide the monitoring and evaluation. Each PPMU will aggregate monitoring reports based on DPMU inputs at least every six months. The NPMU will aggregate all the PPMU reports and make a summary report available to GIZ's AE unit at head office, again at least every six months.

#### Measurement, Reporting and Verification (MRV) of reduced GHG emissions

191. The MRV of reduced emissions is an essential activity for monitoring the project's efficiency and effectiveness as well as for continued learning across the programme. In cooperation with JICA, Project 1 includes a dedicated technical assistance package (Activity 1.6, 'Implementation of the Measurement, Reporting and Verification System') that will be specifically devoted to the measurement and reporting of achieved emission reductions. The MRV will be subject to verification by the FCPF Carbon Fund (as a basis for results-based REDD+ payments). Methodologically, the same approach will be used as for the Reference Level development (see Section D.1.1).

## RISK ASSESSMENT AND MANAGEMENT

### F.1. Risk factors and mitigations measures

192. A detailed analysis of Project 1 risks is provided in Chapter 11 of the Feasibility Study (Annex 2a). Environmental and social risks are considered in the Environmental and Social Impact Assessment (Annex 6a) and the site-specific Environmental and Social Management Plan (Annex 6b). Gender-specific risks are considered in the Gender Assessment (Annex 8a) and the Gender Action Plan (Annex 8b). From a safeguards perspective, the ESIA rates the project risk as **medium (Category B)**.

#### Selected Risk Factor 1

Category	Probability	Impact
Technical and operational	Low	Medium

#### Description

Sub-optimal cross-sectoral coordination and potential conflicting interests may limit the adoption and effectiveness of REDD+ and related measures.

#### Mitigation Measure(s)

- The GCF project builds on strengthened relationships and cross-sectoral planning established through the REDD+ Task Force, and promotes continuous dialogue and ongoing capacity building and coordination. It will continue to strengthen multi-stakeholder ownership of REDD+ created by other donor projects/programmes, as well as the development of the ER-PD and PRAPs, during recent years.
- Improved integration of REDD+ in SEDPs at the national, provincial and district levels will secure government budget allocations for REDD+ activities, and ensure ownership of, and commitments to, REDD+ across sectors at all levels (national, provincial, district).
- Improved cross-sectoral planning and dialogue between key actors (including MPI, MAF, MoNRE, PONRE, PAFO, POFI, etc.) as a cross-cutting measure throughout project activities.
- REDD+ results-based payments will provide an additional incentive for the government to maintain strong ownership of the GCF project and commitments to achieving the project's results.
- Improved land use planning (including demarcation of land, issuance of GIS maps, participatory land use planning with local villages, among other Actions described in Activity 1.5) will improve monitoring and enforcement of land use based on plans.
- Improved planning and monitoring of forest areas, including areas with approved timber harvesting permits, will increase accountability and enforcement, ultimately limiting over-harvesting and unsustainable forest use.

#### Selected Risk Factor 2

Category	Probability	Impact
Technical and operational	Medium	Low

#### Description

High staff turnover and limited numbers of government extension staff impedes retention of skills and knowledge in the relevant sectors/institutions

#### Mitigation Measure(s)

- The project places a strong emphasis on documentation and information dissemination – as detailed in the Activity Descriptions in Chapter 3 of the Feasibility Study (Annex 2a) and in the project's knowledge management framework (Annex 22u) – to facilitate knowledge retention, capacity building and knowledge exchange.
- Continuous engagement with relevant authorities at the national, province and district levels will help to strengthen knowledge exchange and maintain organisational knowledge. National and provincial PMUs will support this exchange.
- Training of multiple staff members in each department/province/district, etc. will mitigate the risk of any one of them leaving.

#### Selected Risk Factor 3

Category	Probability	Impact
Technical and operational	Low	Medium

Description		
Private sector actors do not want to participate in the project and prefer to continue using BAU practices		
Mitigation Measure(s)		
<ul style="list-style-type: none"> <li>• Extensive consultations with leading private sector actors have been undertaken during the GCF project development stage to gauge their interest and specific needs. For instance, leading forestry companies with an interest in sustainability, including Burapha Agroforestry Ltd., have expressed their interest in scaling-up community-based agroforestry in degraded production forests. In the agricultural sector, products such as cardamom and galangal, which are compatible with agroforestry systems and sustainable agriculture, are gaining in market relevance as foreign demand for the products grows and are attracting growing private sector interest.</li> <li>• Agricultural value chain actors such as rice millers and traders have indicated their interest in training and capacity building on best practices (e.g. good milling practices) and financial literacy (business analysis and planning, accounting and bookkeeping), as well as 'matchmaking' with other value chain actors (farmers, local and international buyers, etc.). The district-level Multi-Stakeholder Platforms that will be set up by the GCF project will, therefore, be of key interest to private sector stakeholders.</li> <li>• The project will target leading companies with established reputations for implementing sustainable forestry and agricultural projects in Lao PDR to serve as early movers/leaders, while also working with companies interested in adopting sustainable practices.</li> <li>• Public-private sector dialogue will improve coordination and communication between government officials and private sector actors, raising awareness of key gaps and barriers and improving actions to address and overcome these challenges.</li> <li>• Engagement of the private sector and deployment of GCF-supported agribusiness specialist staff time to engage with the private sector will improve granular understanding of needs and the means to address them.</li> <li>• The REDD+ Funding Window matching grant mechanism under Activity 2.1 will greatly reduce financial institutions' risk.</li> <li>• Financial institutions will be approached and screened for cooperation on sustainable finance in order to identify the most appropriate partner(s) for, amongst others, operating the green credit line (Activity 1.1).</li> </ul>		
Selected Risk Factor 4		
Category	Probability	Impact
Technical and operational	Medium	Low
Description		
FFRDF capacity building progress is too slow, and the FFRDF is not capable of managing REDD+ finance within the project timeframe		
Mitigation Measure(s)		
<ul style="list-style-type: none"> <li>• The project will provide dedicated support to the FFRDF (Activity 1.1), including support to redesign of the FFRDF's governance structure, its standard operating procedures, and its manuals and guidance documents so that they meet international fiduciary and safeguard standards. FFRDF staff will be provided with ongoing training and capacity development (including on-the-job exposure to the REDD+ Funding Window) to build needed skills and address capacity gaps.</li> <li>• Utilisation of the Environmental Protection Fund (EPF) as a back-up strategy: the project has been designed to initially use the EPF to channel financial resources for REDD+, as the EPF's capacities and accountability systems are already in place and meet international standards (see the EPF capacity assessment, Annex 22d). It is intended that the FFRDF will eventually assume responsibility for the REDD+ Funding Window from the EPF once its capacities and systems are in place. However, if this is not possible the EPF will continue to manage the interim REDD+ Funding Window and the project will continue to channel resources through the EPF.</li> </ul>		
Selected Risk Factor 5		
Category	Probability	Impact
Governance	Medium	Medium
Description		
Participating households do not comply with land use plans that are developed. Ethnic groups and poor households could be especially affected, as they are the most likely to experience economic dislocation due to their reliance on the land		

Mitigation Measure(s)		
<ul style="list-style-type: none"> <li>• Participation in the project's activities will be voluntary and based on the principle of FPIC.</li> <li>• The project's grievance mechanism will be clearly communicated in culturally appropriate ways, and villagers will be able to access the mechanism to file any grievance.</li> <li>• Land use plans will be developed using participatory stakeholder processes and will be based on the priorities and interests of each village. Trainers will be specifically trained on social inclusion and how to target the inclusion of marginalised and vulnerable households. Awareness will be raised among households on current agricultural practices and their negative impacts, as well as on alternative agricultural models and sustainable forestry.</li> <li>• Incentives will be provided to help overcome opportunity costs and support the transition to sustainable land use (e.g. inputs to support the implementation of land use activities, identification and strengthening of additional financial sources for future investments in sustainable land use).</li> <li>• Capacity building and supported investments in monitoring, knowledge dissemination, training/capacity building and awareness-raising will help improve compliance and adoption.</li> <li>• Extension and training materials will include visuals such as videos, pictures and other tools to communicate content, including translations into key languages (as necessary). Stakeholder consultations on proposed regulatory changes, including consultations targeting vulnerable groups and expert consultations, will help to sustain community interest and commitment to the project through active participation and compliance, and mitigate the potential risk of economic displacement and non-compliance (e.g. Activity 1.3).</li> <li>• Strengthened capacities and technical support for ongoing monitoring will assess potential trade-offs or unforeseen impacts and will identify the need for potential adjustments.</li> </ul>		
Selected Risk Factor 6		
Category	Probability	Impact
Technical and operational	Low	Low
Description		
Parts of the project area are contaminated with Unexploded Ordnance (UXO), which poses a potential risk for agriculture- and forestry-related interventions (Outputs 2 and 3)		
Mitigation Measure(s)		
<p>Within the project area, Unexploded Ordnance (UXO) from the Second Indochina War (1964-1975) still contaminate some areas in Houaphan and Luang Prabang provinces. The same applies for the provinces of Sayabouri, though they are much less affected. Overall, UXO pose a potential risk for the project's agriculture- and forestry-related interventions (Outputs 2 and 3), but the risk is classified as low. Across Laos there are fewer than 50 casualties per year, down from 310 in 2008, mostly in the south of Laos where the majority of UXOs are located. Development partners have recorded no critical incidents in the context of their projects in recent years, including in agriculture, forestry and infrastructure projects. Moreover, the project's activities focus on land that is already under use, which reduces the exposure to UXO risks. However, certain agriculture- and forest-related activities require disturbing the ground (for example, harvesting bamboo and other NTFPs, timber harvesting operations or ploughing) and UXO accidents cannot be entirely ruled out. The following measures have proven to work for development agencies in Laos and the GCF project will ensure they are observed in all project sites before commencing project activities:</p> <ul style="list-style-type: none"> <li>• Confirm clearance of UXOs with provincial authorities before commencing project activities.</li> <li>• Impact assessments based on historical bombing data as well as on the Information Management System for Mine Action (IMSMA) (accessible online: <a href="http://www.nra.gov.la/imsmadatabase.html">http://www.nra.gov.la/imsmadatabase.html</a>).</li> <li>• Applying NRA UXO guidelines and other standardised resources available online at <a href="http://www.nra.gov.la/resources.html">http://www.nra.gov.la/resources.html</a>.</li> <li>• Working with the local population and guides, who know the area.</li> <li>• If needed, clearance of UXOs can be initiated through the Government's National Unexploded Ordnance Programme (UXO Lao) or alternative land plots or other forms of cultivation will be identified.</li> <li>• Community-based Mine Risk Education activities to offer people knowledge and alternatives for living and working safely in mine/UXO contaminated areas (available online at <a href="http://www.nra.gov.la/resources.html">http://www.nra.gov.la/resources.html</a>).</li> </ul>		

## GCF POLICIES AND STANDARDS

### G.1. Environmental and social risk assessment

#### G.1.1 Environmental and Social Impact Assessment (ESIA)

193. The Environmental and Social Impact Assessment (ESIA) of the project is provided in Annex 15a.

194. The ESIA rates the risk category of the project as **B** (medium).

195. The activities under Project 1 are oriented around FPIC, positively helping small-scale farmers and with a focus on ethnic groups in remote locations. A detailed description of the project's FPIC process is provided in the Ethnic Groups Development Planning Framework in the ESIA (Annex 6a). The FCPF will shortly be developing a Community Engagement Framework (CEF), which the GCF project will adopt. The ESIA notes that the 3 Project 1 provinces already have Provincial REDD+ Task Forces (PRTFs) and Provincial REDD+ Offices (PROs), which will facilitate stakeholder consultations.

196. Particular challenges identified by the ESIA include:

- Self-assessments conducted by MAF and MoNRE vis-à-vis REDD+ readiness indicate that *sub-national technical skills of government employees need improvement*. Districts, particularly in remoter areas, are often understaffed, under-budgeted and under-equipped. District Agriculture and Forest Offices (DAFOs) do not necessarily have anyone available who has had more than minimal exposure to REDD+ and climate change concepts.
- Although the government is working seriously to improve the *business climate in the country*, the Ease of Doing Business Report ranks Laos 154 out of 190 (in previous years it was ranked 141 and 139).<sup>149</sup> The barriers and challenges for domestic businesses are still high, and the reform process is proceeding more slowly in Laos compared to other countries. The regulatory framework on doing business in the agricultural and forestry sectors, whether through foreign direct investment or domestic investment, will require project-supported improvement over the coming years.
- The government has recognised that *corruption* is a matter of serious concern in the country. The Party Congress in 2016 expressed high-level commitment to tackling corruption. Various crackdowns have occurred, but it will be a long process to ensure that all regulatory and inspection frameworks are in place and functioning. The Transparency International Corruption Perception Index for 2017 ranks Lao PDR 135 out of 180, with a score of 29 (out of 100). The project's financial monitoring, reporting and auditing systems will be required to mitigate potential risks.
- The varied levels of skills, staffing and resourcing available at district level means that *land titling* is still confined largely to urban and peri-urban areas in Lao PDR. In rural areas, there are over two million land parcels, most of which have no titles.<sup>150</sup> Communal land titles are possible in law (old Land Law of 2003) but are seldom issued in practice. While there is some recognition in law for communal (cooperative) tenure, the issuance of communal land titles in the northern provinces has yet to take place. Project support and capacity development in this regard will be vital.
- The *project area represents a diverse set of socio-economic, cultural and environmental conditions*. Thus, neither a 'one size fits all' set of activities nor an overly generalised safeguards approach is appropriate for such a complex project area. The complex and interacting dynamics of landscapes, ethnic groups and policy implementation (among others) have created a diverse set of responses at village and household level that comprise people's livelihoods. The socio-economic risks that may arise during the implementation of the project will be higher in some areas than others and are also likely to fluctuate over time. This underscores the importance of the site-specific Environmental and Social Management Plan (ESMP) that has been developed for the project (see Annex 6b) and the Environmental and Social Management System (ESMS) that will be set up during project implementation. The high percentage of non-Lao-Tai ethnic groups in the project area requires a higher degree of risk management as per the GCF Indigenous People Policy.

<sup>149</sup> World Bank (2018), *Doing Business 2019*: [http://www.doingbusiness.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2019-report\\_web-version.pdf](http://www.doingbusiness.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2019-report_web-version.pdf)

<sup>150</sup> Department of Agricultural Land Management (DALAM) presentation, 'Strategy of Agricultural Land Management and Development Up To 2025'.

- *Data gaps.* Considerable forest-related data are available for the project area, but socio-economic data are available mostly only at provincial level and are based on sources such as the Population and Housing Census, the Labour Survey and Statistical Yearbooks. Thus, there are some important information/data gaps that will require addressing so that the project may work with a reasonable socio-economic baseline. Such a baseline will be required for various monitoring purposes, including risk and safeguard monitoring.

### **G.1.2 Environmental and Social Management Plan (ESMP)**

197. The ESMP is provided in Annex 6b. Designed in response to the risks identified in the ESIA, the purpose of the ESMP is to provide a practical plan to manage the environmental and social risks and impacts associated with the project's activities, as well as to allow for meaningful and inclusive multi-stakeholder consultations and engagement throughout the lifecycle of the project. The ESMP takes into particular account the circumstances of vulnerable, marginalised individuals and members of ethnic groups that are affected or potentially affected by the project's activities. The ESMP also aims to assist Lao government counterparts, in cooperation with the Project Management Units and GIZ team, to maintain and/or improve the project's environmental and social management system during project implementation. The ESMP will help to ensure that all of the activities proposed under Project 1 are properly screened, assigned appropriate environmental and social risk categories and that the environmental and social risks and impacts are properly and sufficiently assessed. Where impacts and potential impacts are identified and if these are unavoidable, proper mitigation measures will be properly planned to adequately compensate for residual impacts and to provide for restoration.
198. The ESMP has been drafted using the guidance provided by the GCF environmental and social safeguards policy, approved in March 2018, and the Indigenous Peoples Policy, and it has therefore extensively incorporated the International Financial Cooperation (IFC)'s Performance Standards on Environment and Social Sustainability, the World Bank's Safeguards Policy and the Lao national safeguards policy.

### **G.1.3 Project Risk Mitigation Approach**

199. Of the eight GCF interim Environmental and Social Safeguards, the project triggers six of them, and its management system will require the development of mitigation hierarchies to manage and mitigate risks (as per Performance Standard 1 and the Indigenous Peoples Policy):

*Performance Standard 1: Assessment and management of environmental and social risks and impacts*

**ESIA observation:** The project will require a suitable ESMP that is in place for its duration. It will need to establish a mitigation hierarchy and will have to ensure that increased dialogues take place at local levels. Further, it will have to establish acceptable and appropriate communications and redress mechanisms.

**Project mitigation approach:** A detailed ESMP has been developed (Annex 6b), accompanied by a stakeholder engagement plan (Annex 7o), a gender action plan (Annex 8b), a project redress mechanism (Annex 7o) and a knowledge management plan (Annex 22u). In order to inform project mitigation activities, the following surveys will be conducted during project implementation:

- Baseline socio-economic data collection in all target site village clusters.
- NTFP inventory, including specific surveys for site-specific areas that highlight what is available locally.
- Land tenure and titling survey to uncover the extent to which land titling has happened in site-specific areas.
- Economic investment survey in site-specific areas, to uncover the extent to which large-scale economic investment is planned in the SEDPs and to assess the impact on land and local environments.
- District- and provincial-level resettlement and relocation surveys to uncover the extent to which villagers may be moved for administrative or investment purposes (including villages that may lose access to land but will not have to move household buildings).
- District staffing levels surveys, including assessing skill levels of district staff and volunteers, and ethnic language capabilities.
- Credit availability for farming households and the extent to which those who have access to these facilities actually use them.
- A district project directory, which lists the agriculture and forestry projects in a given area and provides details about beneficiaries and government staff working on each project to aid coordination and avoid duplication.
- Updated provincial land use maps, some of which have not been updated since 1995.

The principle of Free, Prior and Informed Consent (FPIC) is incorporated within the project design. For all activities implemented with villagers at the local level (e.g. land use planning and activities within Outputs 2 and 3), participation is voluntary and based on FPIC. FPIC agreements will be made with all participating villages prior to the implementation of interventions.

*Performance Standard 4: Community health, safety and security*

ESIA observation: This performance standard may be relevant to the project in the context of the potential use of pesticides/herbicides in project-promoted annual cropping and plantations.

Project mitigation approach: The project will:

- Ensure that pesticides/herbicides (if used) are legal (not on any national or international banned lists) – with particular attention paid to paraquat, which was included on the list of banned pesticides in 2011 but is still widely used in upland crop production in northern Laos.
- Ensure that local authorities are able to monitor and enforce the use of legal pesticides/herbicides – notably, ensuring that DAFOs receive appropriate training on the laws and regulations governing pesticide/herbicide use and are enabled to safely confiscate illegal pesticides/herbicides.
- Ensure that proper safety measures are taken when pesticides/herbicides are used: provision of awareness-raising and training for farmers.
- Promote 'environmentally-friendly' value chains as part of the project's work on deforestation-free agricultural value chains, raising the awareness of farmers, traders and investors on: (i) the risks and safe use of pesticides/herbicides and (ii) the potential financial and marketing advantages of reducing or stopping the use of pesticides/herbicides (e.g. through the use of alternative agricultural practices, marketing of organic products, etc.).

*Performance Standard 5: Land acquisition and involuntary resettlement*

ESIA observation: To be seen together with the Indigenous Peoples Policy in that "involuntary resettlement" also includes denial of access to land.

Project mitigation approach: The project will:

- Ensure careful records are kept of all village interactions, and all district and provincial meetings, including breakdown by ethnicity and gender – this is especially critical for FPIC work.
- Ensure meaningful consultation at village level to enable participants to opt-out of project activities.
  - Small group meetings will be held at village level, with appropriate translators or ethnic language speakers, with village groups split by gender, to discuss potential impacts of project activities, both positive and negative, before the commencement of said activities. Clear records will be kept demonstrating this consultation has taken place.
- Ensure that land access considerations – including gender-, ethnic- and income-differentiated risks – are fully incorporated into, and addressed by, the Participatory Land Use Plans (PLUPs) developed by the project. Such considerations will include (non-exhaustive):
  - Consideration of whether forest protection activities will have any negative impacts on ethnic people's ability to gather NTFPs for domestic or commercial use, and ensuring continued access to land, forest and natural resources to avoid income loss and to ensure food and nutrition security.
  - Respect for ancestral and spiritual land and forest use, and sensitivity to customary use of land by the community, especially ethnic groups, and ensuring rights remain to conduct ritual ceremonies (which often take place in forest).
  - Preserving and respecting indigenous knowledge, including traditional knowledge and use of medicinal plants.
  - Ensuring that irrigation infrastructure is accompanied by rigorous, inclusive LUPs to make sure that poorer households do not lose access to land while not gaining access to irrigation facilities.
- Provide access to information in appropriate ethnic languages, at the very least providing a translator for meetings.

- Ensure that information dissemination campaigns make use of images, cartoons and drawings, as well as clear and simple language, to support the comprehension of those who are less literate.<sup>151</sup>

*Performance Standard 6: Biodiversity conservation and sustainable management of living natural resources*

ESIA observation: There is potential that some of the agricultural activities, especially promotion of agroforestry, will turn the Revegetated (RV) category of land to plantations, thus reducing biodiversity. Pesticide use would have negative impact on biodiversity. The integration of conservation needs and development priorities should be further documented for the project area.

Project mitigation approach: Regarding the use of pesticides/herbicides, see above, Performance Standard 4. Regarding the risk of biodiversity reduction, for example through the use of monoculture forest plantations, the project mitigates this risk by:

- Identifying land that is suitable for new forest:
  - Stipulation that a combination of spatial planning and participatory land use planning with villagers is a precondition of GCF project support. This planning: (i) will be grounded in FPIC, (ii) will incorporate detailed GIS and ground-truthed data collection and analysis, including factors that determine suitability for forest (e.g. elevation and slope, soil conditions, hydrology, existing land uses, spiritual/cultural meaning of sites, etc.), (iii) will ensure that no primary natural forest or permanent agricultural land is used for forest plantation with GCF project support, (iv) will strongly guide new forest to be sited on degraded land, thereby ensuring incremental biodiversity benefits and avoidance of biodiversity harm, and (v) will not support agroforestry activities within protection or conservation areas.
- Stipulating the types of new forest planted:
  - Support for assisted natural regeneration in degraded forest.
  - On land used for village agroforestry and forestry, 70% of the land will be allocated to industrial trees, 20% will be buffer zone and at least 10% of planted tree species will be native to Laos.

*Performance Standard 7: Indigenous peoples*

ESIA observation: The project area contains more people of the non-Lao-Tai ethnic groups than of the Lao-Tai ethnic group in most of the selected districts.

Project mitigation approach: See above, Performance Standards 1 and 5. The project will minimise, mitigate and compensate appropriately when project activities impact on indigenous people's rights, regardless of whether there is a legal recognition of land titles, resources and territories. If the project supports activities that could potentially restrict indigenous people's use of bush fallow for future upland cultivation, there will be consultation to ensure that FPIC has been obtained. An 'Ethnic Group Development Planning Framework' has been developed for the project to promote social inclusion, provide a targeted approach for ethnic groups to benefit from the project activities, and ensure the project does no harm. Additional measures to manage risks to ethnic groups include, among others:

- Developing Ethnic Group Development Plans based on the Ethnic Group Development Planning Framework to minimise, mitigate and compensate appropriately if there are negative impacts to ethnic groups.
- Application of FPIC prior to the implementation of project activities, maintained throughout the project's lifetime
- Aim to direct project activities and financing measures that enable the most vulnerable ethnic groups to have better access to land, and technical support for the implementation of good agricultural practices, SFM and FLR.
- National laws will be respected by the project, and all project activities have been screened against the national legal framework.
- Project staff and trainers to include male and female representatives from diverse ethnic groups and positively target particularly vulnerable groups. Project staff will further receive training on gender equality and social inclusion within the context of the project.

<sup>151</sup> The project will develop visuals and media materials that focus on the real-life situation in the targeted villages. Such media will make use of photos and/or drawings of the forest, landscape and people living in the targeted villages. When training is conducted, the project will focus on in-depth understanding of policy objectives, and will 'adjust' explanations of forest policy statements in the local languages of the ethnic groups as needed. This will ensure mutual understanding and practical implementation, as well as an awareness of project information, valuable trees and plant species and endangered and/or near extinct species to promote informed choices in sustainable forest management.

- Outreach, extension and technical support at the community-level, workshops and capacity building activities shall be socially inclusive, culturally appropriate, and take into account local and traditional knowledge.
- All information on project activities will be made easily accessible, and in appropriate ethnic languages. Land use planning activities will also be conducted in appropriate ethnic languages, where translators can be made available if necessary.
- Opportunities for collaboration with other stakeholders (e.g. CSOs, Lao Women’s Union, etc.) to be sought out to strengthen stakeholder outreach and the engagement of various ethnic groups and vulnerable households.

*Performance Standard 8: Cultural heritage*

ESIA observation: During project preparation and consultation, no cultural heritage places, building or monuments, or instances where access to such heritage artefacts could be problematic, were identified in the project area. Nonetheless, residual uncertainty remains. It is thus recommended that further investigation of cultural practices and places of cultural and historical significance is conducted prior to the implementation of project activities in the field. Such a process will be participatory, closely coordinated with communities and local leaders to identify village areas of traditional or cultural significance.

Project mitigation approach: The risk associated with Performance Standard 8 is assessed as medium. The following measures will support the project to manage this risk:

- All information on project activities will be made easily accessible, and in appropriate ethnic languages. Land use planning activities will also be conducted in appropriate ethnic languages, where translators can be made available if necessary.
- Consultations with stakeholders will continue throughout the project’s lifetime, as local stakeholder and community members will have a key role in the implementation and monitoring of the project. This will ensure that stakeholders are aware of the project and its progress, as well as any changes. This will also be used as an important mechanism for collecting ongoing feedback throughout project implementation.
- For activities that will be undertaken in areas near to those identified as having historical value, training will be conducted on cultural heritage awareness.
- Information dissemination and awareness-raising campaigns will pay particular potential to women, ethnic groups, illiterate people, people with disabilities, and people with limited or no access to internet, among others. Where possible, information dissemination and awareness-raising will engage project counterparts and local actors, including village and *kumban* leaders, producer associations, CSOs, the Lao Women’s Union and others.

If objects of cultural heritage are uncovered by the project, the procedures described in the World Bank ESMF Annex, ‘Chance Finds Procedure’, will be followed. This includes stopping activities in the area, delineating and securing the area, and notifying the respective members of the PPMU and responsible government authorities (including the Provincial Department of Culture) within 24 hours.

**G.2. Gender assessment and action plan**

200. The Gender Assessment (GA) is provided in Annex 8a and the Gender Action Plan (GAP) is provided in Annex 8b.
201. Women still face discrimination in many aspects of their lives despite government policy to promote gender equality and protect women’s and children’s rights.<sup>152</sup> This discrimination, in turn, results in ongoing barriers for them to participate in public life and to access many of the services to which they have a right.
202. The project design addresses the identified gender gaps (see Annex 8a for an extended list):
- *The current draft of the new Forestry Law and the PRAPs do not reflect the gender aspects of forestry.* Future regulations, guidelines and by-laws based on the Law will, with project support, integrate gender as a crucial factor in forest protection, monitoring, equal user rights and benefit-sharing, as well as resource management.

<sup>152</sup> Lao PDR ranks 106<sup>th</sup> (out of 189) on the Gender Inequality Index: <http://hdr.undp.org/en/composite/GII>. Major negative contributors to this ranking are the maternal mortality ratio, the adolescent birth rate and the low proportion of females with at least some secondary education. Positive contributors include the high share of female parliamentarians and the high female labour force participation rate.

- *The current capacities of government staff at all levels to actively integrate gender and ethnic considerations into their management and implementation approaches are very limited, and the majority of staff are male. Ethnic languages are often a barrier to communication, which is not actively addressed. This strongly affects inclusiveness at the ground level, where women are often left out of planning and decision-making activities if not actively encouraged to participate.* The project will provide training to all relevant government staff, including EPF and FFRDF personnel working on the REDD+ Funding Window and Lao Women's Union (LWU) staff, on the gender dimensions of forestry, agriculture and REDD+. Communication materials on forest protection, REDD+ and other awareness-related activities will be gender-sensitive, user-friendly and made available in different ethnic languages whenever possible.
- *Village-level consultations undertaken during project preparation revealed that women are considered the main users of forest resources and possess vast knowledge of their surrounding natural habitats and their status of degradation, but rarely participate in forest management and monitoring due to lack of education and traditional norms.* Guidelines for village management committees supported by the project will state that village meetings should, where feasible, separate women and men (thereby providing 'space' for women's participation) and should set a quota for women to be included in each committee (at least 30% women per committee). The guidelines will also provide alternative pathways for individuals to fulfill the necessary requirements to become committee members (e.g. minimum education standard OR passing of a standard oral test), which will address women's generally lower educational qualifications.
- *The consultations at village level revealed that environmental awareness is still very limited. The greatest motivation for villagers to engage in forest protection measures is when they see immediate effects on their livelihoods (more income, more food, more produce). Exchange with other villages is commonly seen as a very effective tool to build awareness and initiate change, but women are often prevented from travelling due to traditional norms and lack of transport.* In coordination with the Lao Women's Union, the project will enable women to participate in exchanges and meetings outside their villages, providing allowances and means of travel where necessary.
- *Current Protected Area Law Enforcement Action Plans (LEAPs) do not consider gender aspects and are therefore not considerate of the potentials of women's roles in forest use and protection.* The project will support the inclusion of women's roles in law enforcement measures (e.g. patrolling) in the next Action Plans (after 2020) and will revise the associated Standard Operating Procedures accordingly.
- *Legally, women and men have the same rights to land. In reality, however, women are often not actively included in the decision-making steps of land use planning (LUP). The subsequent village forest management plan is generally seen by local men and women as a specialised step in which women participate even less. Reasons include lack of education to assume responsibility for perceived 'technical' tasks, lack of women's confidence to participate in management decisions, and traditional norms of many ethnic groups.* LUP processes supported by the project will be vigilant in actively including women and men in the target villages (separate meetings; women's meetings led by female staff). Quotas will be set to encourage women's inclusion in village management committees. The Lao Women's Union will function as a facilitator and skills developer for village women, with project budget allocated accordingly.
- *Microfinance is often perceived as too risky (when it is available – most microfinance institutions focus on urban and peri-urban areas). Women are often more hesitant to take on debts and only use microcredit for health emergencies.* The project will improve villages' access to micro-grants (as opposed to loans) channelled through the REDD+ Funding Window.

### G.3. Financial management and procurement

203. The Government of Lao PDR (represented by MAF and MonRE), as a Project 1 Executing Entity, will sign a subsidiary agreement with GIZ, based on GIZ standard operating procedures for financing contracts. This financing contract will establish the legal basis by which GIZ makes GCF funding available to the EPF – a government institution under MoNRE – to enable the EPF to manage and operate grant disbursements through the REDD+ Funding Window. The EPF is responsible for implementing and administering its activities in accordance with GIZ and its own standard operating procedures.

### G.3.1 Financial Management

204. The financial management of the project will follow GIZ's internal rules and regulations. GIZ has bank accounts with Deutsche Bundesbank and Commerzbank. GIZ will not open a specific bank account for the GCF project but will ensure that all funds provided are clearly identifiable and distinguishable from GIZ's other funds by setting up separate cost units exclusively for the funds disbursed by the GCF for each funded activity (ledger accounts). Funds received and expenditures incurred will be booked to the respective cost unit according to generally accepted accounting principles and procedures accepted by the German Government. As a general principle, GIZ disburses funds to recipients in accordance with the progress of the project. The Executing Entities (GIZ Laos, the Government of Lao PDR and JICA) have to report on the proper use of funds and defined progress as a prerequisite for any further disbursement (noting, however, that JICA will not receive any GCF funds).

### G.3.2 Procurement

205. In the case of procurement by GIZ, GIZ will follow its own procurement guidelines. GIZ is required to comply with the relevant contracting rules as established in the German Act against Restraints of Competition (GWB), the German Regulation on the Award of Public Contracts (VgV) and, if applicable, the Contracting Rules for the Award of Public Service Contracts (VOB and VOL) when procuring services, construction work and supplies. When awarding contracts for supplies and services (including consultancy services) to be financed in full or in part from the financing contract, the external Executing Entities will observe the national legal standards for procurement and will, in any case, comply with the GIZ minimum standards. An overview of these minimum standards is available at [https://www.giz.de/de/downloads/giz2017-en-Annex\\_4a-Award-Procedure.pdf](https://www.giz.de/de/downloads/giz2017-en-Annex_4a-Award-Procedure.pdf). GIZ assesses adherence of submitted procurement documents with GIZ procurement regulations at defined stages in the process.

### G.3.3 Independent External Auditing

206. Independent external auditors will perform annual financial audits of the project in line with International Auditing Standards. GIZ will be responsible for selecting and engaging the external auditors.

## G.4. Disclosure of funding proposal

No confidential information: The accredited entity confirms that the funding proposal, including its annexes, may be disclosed in full by the GCF, as no information is being provided in confidence.

With confidential information: The accredited entity declares that the funding proposal, including its annexes, may not be disclosed in full by the GCF, as certain information is being provided in confidence. Accordingly, the accredited entity is providing to the Secretariat the following two copies of the funding proposal, including all annexes:

- full copy for internal use of the GCF in which the confidential portions are marked accordingly, together with an explanatory note regarding the said portions and the corresponding reason for confidentiality under the accredited entity's disclosure policy, and
- redacted copy for disclosure on the GCF website.

The funding proposal can only be processed upon receipt of the two copies above, if containing confidential information.

## H. ANNEXES

### H.1. Mandatory annexes

- Annex 1 NDA No-objection letter(s) **(template provided)**
- Annex 2 Feasibility study - and a market study, if applicable
- Annex 3 Economic and/or financial analyses in spreadsheet format
- Annex 4 Detailed budget plan **(template provided)**
- Annex 5 Implementation timetable including key project/programme milestones **(template provided)**
- Annex 6 E&S document corresponding to the E&S category (A, B or C; or I1, I2 or I3):  
**(ESS disclosure template provided)**
  - Environmental and Social Impact Assessment (ESIA) or
  - Environmental and Social Management Plan (ESMP) or
  - Environmental and Social Management System (ESMS)
  - Others – Indigenous People’s Plan is contained in the feasibility study
- Annex 7 Summary of consultations and stakeholder engagement plan
- Annex 8 Gender assessment and project/programme-level action plan **(template provided)**
- Annex 9 Legal due diligence (regulation, taxation and insurance)
- Annex 10 Procurement plan **(template provided)**
- Annex 11 Monitoring and evaluation plans **(template provided)**
- Annex 12 AE fee request **(template provided)**
- Annex 13 Co-financing commitment letter, if applicable **(template provided)**
- Annex 14 Term sheet including a detailed disbursement schedule and, if applicable, repayment schedule

### H.2. Other annexes as applicable

- Annex 15 Evidence of internal approval **(template provided)**
- Annex 16 Map(s) indicating the location of proposed interventions
- Annex 17 Multi-country project/programme information **(template provided)**
- Annex 18 Appraisal, due diligence or evaluation report for proposals based on up-scaling or replicating a pilot project
- Annex 19 Procedures for controlling procurement by third parties or executing entities undertaking projects financed by the entity
- Annex 20 First level AML/CFT (KYC) assessment
- Annex 21 Operations manual (Operations and maintenance)
- Annex 22 Other references

\* Please note that a funding proposal will be considered complete only upon receipt of all the applicable supporting documents.

<b>Annex Number</b>	<b>Annex Document</b>
<b>1. NDA Approval</b>	
1a	NDA Letter of No Objection
1b	Request for NDA Letter of No Objection – Ministry of Agriculture and Forestry
<b>2. Feasibility Study</b>	
2a	Feasibility study
<b>3. Economic and Financial Analysis</b>	
3a	Economic and financial valuation model
3b	Economic and financial valuation summary
3c	Estimated leverage impact
<b>4. Project Budget</b>	
4a	Project 1 budget
4b	Post-Project funding requirements
<b>5. Implementation Timetable</b>	
5a	Project 1 implementation timetable
<b>6. Environmental and Social Documents</b>	
6a	Environmental and Social Impact Assessment (ESIA)
6b	Environmental and Social Management Plan (ESMP)
<b>7. Stakeholder Consultations and Engagement Plan</b>	
7a	Summary of stakeholder consultations
7b	Project scoping mission – April 2017
7c	Kick-off meeting – April 2017
7d	National introduction workshop – October 2018
7e	National stakeholder discussions – October 2018
7f	Sub-national (province-, district and village-level) stakeholder discussions – October 2018
7g	National stakeholder debriefing workshop – October 2018
7h	GCF Secretariat meeting with national stakeholders – November 2018
7i	GCF Secretariat meeting with sub-national stakeholders – November 2018
7j	Capacity needs assessment (MAF, MoNRE, FFRDF) stakeholder meeting – November 2018
7k	REDD+ Funding Window stakeholder consultation meeting – November 2018
7l	Gender assessment stakeholder consultation meeting – January 2019
7m	ESMP stakeholder consultations – February 2019
7n	Project validation workshop – February 2019
7o	Stakeholder engagement plan for project implementation
<b>8. Gender Assessment and Action Plan</b>	
8a	Gender assessment
8b	Gender action plan
<b>9. Legal Due Diligence</b>	
<b>10. Procurement Plan</b>	
10a	Procurement plan
<b>11. Monitoring and Evaluation Plan</b>	
11a	Monitoring and evaluation plan
<b>12. AE Fee Request</b>	
12a	AE fee request
<b>13. Co-finance Letters</b>	
13a	Co-finance letter – Government of Lao PDR
13b	Co-finance letter – Beneficiaries
13c	Co-finance letter – BMZ
13d	Co-finance letter – JICA
13e	Co-finance letter – ADB (including EU)
13f	Co-finance letter – IFAD
13g	Co-finance letter – Department of Forestry
13h	Co-finance letter – KfW
<b>14. Term Sheet</b>	

14a	Term sheet
<b>15. Internal Approval</b>	
15a	GIZ Letter of Internal Approval of the GCF project
15b	GIZ Letter of Internal Legal Approval
<b>16. Maps</b>	
16a	Map of project provinces
16b	Selected districts and ADB project sites
16c	Deforestation hotspot analysis - methodology
16d - 1	Map of deforestation hotspots – Houaphan Province (Projects 1 and 2)
16d - 2	Map of deforestation hotspots – Sayabouri Province (Projects 1 and 2)
16d - 3	Map of deforestation hotspots – Luang Prabang Province (Projects 1 and 2)
16d - 4	Map of deforestation hotspots – Luang Namtha Province (Project 3)
16d - 5	Map of deforestation hotspots – Bokeo Province (Project 3)
16d - 6	Map of deforestation hotspots – Oudomxai Province (Project 3)
	<i>Houaphan Province (Projects 1 and 2)</i>
16e - 1	Deforestation risk map - Xone District, Houaphan Province
16e - 2	Deforestation risk map - Hiem District, Houaphan Province
16e - 3	Deforestation risk map – Xam Nuea District, Houaphan Province
16e - 4	Deforestation risk map - Houameung District, Houaphan Province
16e - 5	Deforestation risk map - Viengxai District, Houaphan Province
16e - 6	Deforestation risk map - Xamtay District, Houaphan Province
	<i>Sayabouri Province (Projects 1 and 2)</i>
16f - 1	Deforestation risk map – Sayabouri District, Sayabouri Province
16f - 2	Deforestation risk map – Hongsa District, Sayabouri Province
16f - 3	Deforestation risk map – Phieng District, Sayabouri Province
16f - 4	Deforestation risk map – Phaklai District, Sayabouri Province
16f - 5	Deforestation risk map – Thongmixai District, Sayabouri Province
	<i>Luang Prabang Province (Projects 1 and 2)</i>
16g - 1	Deforestation risk map - XiengNgeun District, Luang Prabang Province
16g - 2	Deforestation risk map - Viengkham District, Luang Prabang Province
16g - 3	Deforestation risk map – Phonexay District, Luang Prabang Province
16g - 4	Deforestation risk map - Nan District, Luang Prabang Province
16g - 5	Deforestation risk map - Phonthong District, Luang Prabang Province
	<i>Luang Namtha Province (Project 3)</i>
16h - 1	Deforestation risk map - Namtha District, Luang Namtha Province
16h - 2	Deforestation risk map - Long District, Luang Namtha Province
16h - 3	Deforestation risk map - Viengphoukha District, Luang Namtha Province
16h - 4	Deforestation risk map - Nalee District, Luang Namtha Province
	<i>Bokeo Province (Project 3)</i>
16i - 1	Deforestation risk map - PhaOudom District, Bokeo Province
16i - 2	Deforestation risk map - Paktha District, Bokeo Province
16i - 3	Deforestation risk map - Mueng District, Bokeo Province
16i - 4	Deforestation risk map - Houayxai District, Bokeo Province
	<i>Oudomxay Province (Project 3)</i>
16j - 1	Deforestation risk map - NaMo District, Oudomxay Province
16j - 2	Deforestation risk map - Xai District, Oudomxay Province
16j - 3	Deforestation risk map - Nga District, Oudomxay Province
16j - 4	Deforestation risk map - Beng District, Oudomxay Province
<b>18. Evaluation Report of the Baseline Project</b>	
18a	Mid-Term Review - GIZ Climate Protection through Avoided Deforestation (CliPAD) project - February 2016
<b>20. KYC Assessment</b>	
20a	Enhanced Due diligence Report of EPF
<b>22. Other References</b>	
22a	Letter of intent – EPF
22b	Aide memoir between ADB and Government of Lao PDR (SRIWISM project)
22c	Capacity needs and gap assessment of MAF, MoNRE and FFRDF
22d	Organisational and gap assessment of EPF

22e	REDD+ Funding Window: design and implementation arrangements
22f	UNFCCC Forest Reference Emissions Level (FREL)
22g	FCPF Emissions Reduction Programme Document (ER-PD)
22h	National REDD+ Strategy
22i	Provincial REDD+ Action Plan (PRAP) – Bokeo
22j	Provincial REDD+ Action Plan (PRAP) – Houaphan
22k	Provincial REDD+ Action Plan (PRAP) – Luang Namtha
22l	Provincial REDD+ Action Plan (PRAP) – Luang Prabang
22m	Provincial REDD+ Action Plan (PRAP) – Oudomxay
22n	Provincial REDD+ Action Plan (PRAP) – Sayaboury
22o	Mapping Priority Jurisdictions for REDD+ in Lao PDR
22p	District selection calculations
22q	Activity data report for the ER-PD
22r	Emissions and removal factor report for the ER-PD
22s	GHG methodology and results
22t -1	GHG calculations - Ex-ante ER estimates of GCF Project 1
22t -2	GHG calculations - Ex ante ER estimates the Programme in which Project 1 is embedded
22u	Knowledge Management Plan
22v	Forestry Law legal compendium – DoFI and DoF (2015)
22w	World Bank SUFORD project – Lessons learned for forest landscape management
22x	Forest governance, REDD+ and village forestry in Laos - GIZ
22y	World Bank LENS2 – Project Implementation Manual (PIMS2)
22z	Rural finance in Northern Laos - opportunities and limitations for green finance - GIZ
22za	Funding of PFA Management – Projections on Revenue and Costs – MAF
22zb	Incentive Payments Mechanism



**Lao People's Democratic Republic**  
**Peace Independence Democracy Unity Prosperity**

Ministry of Natural Resources and Environment  
Department of Climate Change

Vientiane, 25 February 2019

To: The Green Climate Fund (GCF)

**Subject: No-Objection Letter - Funding proposal for the GCF by GIZ regarding  
“Implementation of the Lao PDR Emission Reductions Programme through  
improved governance and sustainable forest landscape management”**

Dear Madam, Sir,

We refer to the project “Implementation of the Lao PDR Emission Reductions Programme through improved governance and sustainable forest landscape management” as included in the funding proposal submitted by GIZ to us on 12<sup>th</sup> February 2019.

The undersigned is the duly authorized of the National Designated Authority of Lao PDR.

Pursuant to GCF decision B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the project “Implementation of the Lao PDR Emission Reductions Programme through improved governance and sustainable forest landscape management” as included in the funding proposal.

By communicating our no-objection, it is implied that:

- (a) The government of Lao PDR has no-objection to the project as included in the funding proposal;
- (b) The project, as included in the funding proposal, is in conformity with Lao PDR’s national priorities, strategies and plans;
- (c) In accordance with the GCF’s environmental and social safeguards, the project as included in the funding proposal is in conformity with relevant national laws and regulations.

We also confirm that our national process for ascertaining no-objection to the project “Implementation of the Lao PDR Emission Reductions Programme through improved governance and sustainable forest landscape management” as included in the funding proposal has been duly followed.

We also confirm that our no-objection applies to all projects or activities to be implemented within the scope of the programme.

We acknowledge that this letter will be made publicly available on the GCF website.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Syamphone Sengchandala'.

Syamphone Sengchandala  
National Designated Authority of Lao PDR



Lao People's Democratic Republic

Peace Independence Democracy Unity Prosperity

Ministry of Agriculture and Forestry  
Department of Forestry

No. /DOF  
Vientiane Capital 0768 ---  
12 FEB 2019

Dear Mr. Syamphone Sengchandala, Deputy Director General Department of Climate Change, National Designated Authority (NDA) to the Green Climate Fund (GCF),

Ref: Request for no-objection for the Funding Proposal to be submitted to the GCF by GIZ regarding the project *'Implementation of the Lao PDR Emission Reductions Programme through improved governance and sustainable forest landscape management'*

As having central roles for the implementation of the Lao PDR's Emission Reduction Programme Document (ERPD), Department of Forestry, Ministry of Agriculture and Forestry herewith request a kind cooperation from your Department as the NDA of Lao PDR to issue a No-Objection for the Funding Proposal *'Implementation of the Lao PDR Emission Reductions Programme through improved governance and sustainable forest landscape management'* to be submitted to the GCF by GIZ as Accredited Entity by 28<sup>th</sup> of February 2019.

The funding proposal was jointly developed by Department of Forestry (DoF) and GIZ in close collaboration with partners from different line ministries and agencies in a consultative manner and in close cooperation with various co-financing partners, including ADB, JICA, BMZ and IFAD. More importantly, the funding proposal has a commitment to cover the watershed management component of the ADB project *'Sustainable Rural Infrastructure and Watershed Management Sector Project (SRIWMSP)'*.

It is important to highlight at this point is that the project has already been included into the GCF country pipeline in 2017. Besides, the project has high priority for the Ministry of Agriculture and Forestry (MAF) to leverage future results-based payment of approximately USD 42 million under REDD+ from the FCPF Carbon Fund into which the GoL got accepted in June 2018.

With the Emission Reductions Payment Agreement to be signed in January 2020, the country has the opportunity to reduce emissions from deforestation and forest degradation over a period of 5 years and at this time period the proposed GCF project is the main funding source to implement the National REDD+ Strategy, the Emission Reductions Program and the Provincial REDD+ Action Plans in six northern provinces.

Furthermore, the funding proposal is in conformity with Lao PDR's national priorities, strategies and plans. It significantly contributes to the mitigation target of the Nationally

Determined Contributions (NDC), the NSEDP targets in terms of reducing deforestation and increasing the national forest cover. Therefore, it is of utmost importance for MAF to prioritize this proposal and bring it to the 23<sup>rd</sup> GCF Board Meeting in July 2019.

For this reason, we would like to request your kind consideration to notify a no-objection for this funding proposal to GCF Secretariat in due time.



Sousath Sayakoummane

Director General, Department of Forestry

## Environmental and social safeguards report form pursuant to para. 17 of the IDP

<b>Basic project or programme information</b>	
<b>Project or programme title</b>	Implementation of the Lao PDR Emission Reductions Programme through improved governance and sustainable forest landscape management <sup>1</sup>
<b>Existence of subproject(s) to be identified after GCF Board approval</b>	No
<b>Sector (public or private)</b>	Public
<b>Accredited entity</b>	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
<b>Environmental and social safeguards (ESS) category</b>	Category B
<b>Location – specific location(s) of project or target country or location(s) of programme</b>	Lao People’s Democratic Republic
<b>Environmental and Social Impact Assessment (ESIA) (if applicable)</b>	
Date of disclosure on accredited entity’s website	Wednesday, October 2, 2019
Language(s) of disclosure	English and Lao
Explanation on language	Lao is the official language of Lao PDR.
Link to disclosure	English: <a href="https://www.giz.de/en/downloads/Environmental%20and%20Social%20Impact%20Assessment%20(ESIA)_Eng%203.pdf">https://www.giz.de/en/downloads/Environmental%20and%20Social%20Impact%20Assessment%20(ESIA)_Eng%203.pdf</a>  Lao: <a href="https://www.giz.de/en/downloads/Environmental%20and%20Social%20Impact%20Assessment%20(ESIA)_Lao%203.pdf">https://www.giz.de/en/downloads/Environmental%20and%20Social%20Impact%20Assessment%20(ESIA)_Lao%203.pdf</a>
Other link(s)	<a href="https://www.giz.de/en/worldwide/17463.html">https://www.giz.de/en/worldwide/17463.html</a>
Remarks	An ESIA consistent with the requirements for a category B project is contained in the ‘Environmental and Social Impact Assessment (ESIA) and recommendations for the Environmental and Social Management Plan (ESMP)’.
<b>Environmental and Social Management Plan (ESMP) (if applicable)</b>	
Date of disclosure on accredited entity’s website	Wednesday, October 2, 2019
Language(s) of disclosure	English and Lao
Explanation on language	Lao is the official language of Lao PDR.
Link to disclosure	English: <a href="https://www.giz.de/en/downloads/Environmental-and-Social-Management-Plan-ESMP_Eng.pdf">https://www.giz.de/en/downloads/Environmental-and-Social-Management-Plan-ESMP_Eng.pdf</a>  Lao: <a href="https://www.giz.de/en/downloads/Environmental-and-Social-Management-Plan-ESMP-Lao.pdf">https://www.giz.de/en/downloads/Environmental-and-Social-Management-Plan-ESMP-Lao.pdf</a>
Other link(s)	<a href="https://www.giz.de/en/worldwide/17463.html">https://www.giz.de/en/worldwide/17463.html</a>

<sup>1</sup> All reports referred to in this document have been produced with support from GIZ’s project “Climate Protection through Avoided Deforestation (CLIPAD)” in Lao PDR and are therefore published on the CLIPAD project website.

Remarks	An ESMP consistent with the requirements for a category B project is contained in the 'Environmental and Social Management Plan (ESMP)'.
<b>Environmental and Social Management (ESMS) (if applicable)</b>	
Date of disclosure on accredited entity's website	N/A
Language(s) of disclosure	N/A
Explanation on language	N/A
Link to disclosure	N/A
Other link(s)	N/A
Remarks	N/A
<b>Any other relevant ESS reports, e.g. Resettlement Action Plan (RAP), Resettlement Policy Framework (RPF), Indigenous Peoples Plan (IPP), IPP Framework (if applicable)</b>	
Description of report/disclosure on accredited entity's website	IPP, RPF, and RAP/ Wednesday, October 2, 2019
Language(s) of disclosure	English and Lao
Explanation on language	Lao is the official language of Lao PDR.
Link to disclosure	English: <a href="https://www.giz.de/en/downloads/Environmental%20and%20Social%20Impact%20Assessment%20(ESIA)_Lao%203.pdf">https://www.giz.de/en/downloads/Environmental%20and%20Social%20Impact%20Assessment%20(ESIA)_Lao%203.pdf</a> Lao: <a href="https://www.giz.de/en/downloads/Environmental%20and%20Social%20Impact%20Assessment%20(ESIA)_Lao%203.pdf">https://www.giz.de/en/downloads/Environmental%20and%20Social%20Impact%20Assessment%20(ESIA)_Lao%203.pdf</a>
Other link(s)	<a href="https://www.giz.de/en/worldwide/17463.html">https://www.giz.de/en/worldwide/17463.html</a>
Remarks	IPP, RPF and RAP are included in the ESIA.
<b>Disclosure in locations convenient to affected peoples (stakeholders)</b>	
Date	Friday, October 4, 2019
Place	The ESIA, ESMP, Gender Assessment (GA) and Gender Action Plan (GAP) were made available at  Offices of the Lao Women's Union in all project provinces (as hard copies):  <ul style="list-style-type: none"> <li>• Houaphan: Lao Women's Union Sam Neua Village, Phathi Road, Sam Neua District Houaphan Province Tel: +856 64 312080</li> <li>• Luang Prabang: Lao Women's Union That Bosod Village, Luang Prabang Capital Luang Prabang Province. Tel: +856 71 212171</li> </ul>

	<ul style="list-style-type: none"> <li>Sayabouri: Provincial Lao Women's Union Simeung Village, Sayabouri District Sayabouri Province Tel: +856 74 211225</li> </ul> <p>GIZ Office in Vientiane (as hard copy):</p> <ul style="list-style-type: none"> <li>247/19 Watnak Nyai Road Thaphalanxay Village Sisattanak District Vientiane Capital P.O. Box 9233 +856-21 353605 +856-21 312408 <a href="mailto:giz-laos@giz.de">giz-laos@giz.de</a></li> </ul> <p>Lao PDR Ministry of Environment and Natural Resources (MoNRE) Environmental Protection Fund (EPF) website: <a href="https://laoepf.org.la/gcf/">https://laoepf.org.la/gcf/</a></p> <p>Lao PDR Department of Forestry (DoF) website: <a href="http://dof.maf.gov.la/en/environmental-and-social-safeguards-documents-of-gcf-funded-project/">http://dof.maf.gov.la/en/environmental-and-social-safeguards-documents-of-gcf-funded-project/</a></p>
<b>Date of Board meeting in which the FP is intended to be considered</b>	
Date of accredited entity's Board meeting	TBD after GCF Board approval
Date of GCF's Board meeting	Tuesday, November 12, 2019

**Note: This form was prepared by the accredited entity stated above.**

## Secretariat's assessment of FP117

Proposal name:	Implementation of the Lao PDR Emission Reductions Programme through improved governance and sustainable forest landscape management
Accredited entity:	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
Country/(ies):	Lao People's Democratic Republic
Project/programme size:	Medium

### I. Overall assessment of the Secretariat

- The funding proposal is presented to the Board for consideration with the following remarks:

Strengths	Points of caution
The project mobilizes substantial additional funding from the Forest Carbon Partnership Facility (FCPF) Carbon Fund (at least EUR 23 million) and leverages approximately EUR 200 million from a deforestation-free agriculture green credit line and forest taxes and revenues.	The project has co-financing from multiple parties including grants, loans and equity. The timely availability of such co-financing is necessary for the successful implementation of project activities.
Its programmatic context allows for a strong linkage with the programmatic approach of the FCPF Emissions Reduction Programme in the Lao People's Democratic Republic implemented by World Bank, which the proposal complements and supports.	The incentives sharing/payments mechanism should ensure the adequate provision of incentives to all types of beneficiaries (government agencies, village development funds, civil society organizations and small and medium-sized enterprises).
The project mobilizes EUR 50.0 million in co-financing from other contributors: the German Federal Ministry for Economic Cooperation and Development, the Kreditanstalt für Wiederaufbau Development Bank, Japan International Cooperation Agency, Asian Development Bank and the International Fund for Agricultural Development, as well as from the private sector and the Government of the Lao People's Democratic Republic (with a co-financing ratio of 3.2)	
The project proposes the establishment of a REDD-plus funding window through a governmental environmental fund for ensuring the financial sustainability of the project	

<p>The project will result in 5.6 million tonnes of carbon dioxide equivalent (tCO<sub>2</sub>eq) of emission reductions over the four-year project implementation period. This equates to a mitigation cost to the GCF of EUR 2.70 per tCO<sub>2</sub>eq.</p>	
<p>Beneficiaries include many ethnic groups in the most vulnerable and poorest regions of the Lao People’s Democratic Republic.</p>	

2. The Board may wish to consider approving this funding proposal with the terms and conditions listed in the respective term sheet and addendum XVII, titled “List of proposed conditions and recommendations”.

## II. Summary of the Secretariat’s assessment

### 2.1 Project background

3. This proposal consists of a stand-alone project (Project 1) embedded in a programmatic context. Two additional projects sharing a similar theory of change will be developed under the same programmatic context and will be submitted for Board approval at a future date. Board approval for the project presented in this funding proposal is wholly separate from, and does not pre-judge, Board approval for future related projects.

4. This project is expected to run from mid-2020 to mid-2024 and be implemented in the three provinces of Houaphan, Sayabouri and Luang Prabang, which have the highest rates of deforestation and forest degradation within the programme area.

5. The Lao People’s Democratic Republic is a landlocked least developed country (LLDC) in South-East Asia whose economy is dependent on natural resources, especially forestry, agriculture, electricity generation (especially hydropower) and mining. Agriculture, forestry and fisheries account for 16 per cent of the gross domestic product and employ 64 per cent of the Lao workforce.

6. Forest cover accounts for 58 per cent of the country’s surface area, significantly lower than the 70 per cent forest cover of the mid-1960s. In the past 15 years, net forest loss has amounted to approximately 680,000 hectares (ha). Moreover, the situation regarding forest degradation – which encompasses reductions in forest carbon stocks, changes in biodiversity and livelihoods – is as concerning as deforestation.

7. The net annual average greenhouse gas (GHG) emissions from land-use change and forestry in the period 2005–2015 accounted for 26.6 million tonnes of carbon dioxide equivalent (tCO<sub>2</sub>eq). Overall, the forestry and land-use change sector is responsible for 67 per cent of emissions in the Lao People’s Democratic Republic, and agriculture contributes a further 28 per cent. Nevertheless, the Government of the Lao People’s Democratic Republic has recently introduced bold policies and reforms, including ambitious nationally determined contribution targets (70 per cent forest cover), a national REDD-plus strategy, a timber export ban and a new forest law.

8. The project provides a strategic opportunity to achieve a paradigm shift in the forest and land-use sector of the Lao People’s Democratic Republic while mitigating GHG emissions from the forest sector. The Lao People’s Democratic Republic has embraced REDD-plus as a way to address its principal source of GHG emissions.

9. For the last 10 years, the Lao People's Democratic Republic has progressed substantially towards REDD-plus readiness, notably through the acceptance of the forest reference (emission) level, the finalized REDD+ Strategy, the strategic and social environmental assessment (SESA) and the environmental and social management framework (ESMF), as well as the final acceptance of the Emission Reductions Programme Document with the Forest Carbon Partnership Facility (FCPF) Carbon Fund. Therefore, the Lao People's Democratic Republic is now strategically well-placed for Phase 2 of REDD-plus (implementation) in order to reduce forest-sector emissions and achieve true paradigm shift, which means considering forest landscapes fundamental to the low-emission and climate-resilient development pathways of the country.

10. Although the project is a mitigation initiative, the Lao People's Democratic Republic considers itself a least developed country (LDC) with limited adaptive capacities that is highly vulnerable to climate change impacts. Indeed, forestry and agriculture are two of four key sectors highlighted in the Lao People's Democratic Republic's national adaptation programme of action, as well as two of five key sectors identified in the nationally determined contribution as being highly vulnerable to climate change. Although the country is considered to have a high risk of river flooding, landslides, cyclones and wildfires, a medium risk for extreme heat, and a low risk for water scarcity, there are specific climate change impacts identified for the regions to be targeted with this project.

11. After decades of losing tropical forest, the Lao People's Democratic Republic is actively seeking to implement an ambitious REDD-plus emission reductions programme. However, after committing substantial domestic resources and having worked closely with bilateral and multilateral donors, capacity and funding gaps remain. Therefore, building on and coordinating with complementary initiatives, the Lao People's Democratic Republic will deploy GCF support to remove investment barriers to unlock future results-based payments, domestic taxes and fees and create a sustainable environment for scaling-up REDD-plus.

12. The project is expected to engender the expected paradigm shift in the forest and land-use sector of the Lao People's Democratic Republic while mitigating GHGs from the forest sector by:

- (a) Strengthening the enabling environment for a REDD-plus implementation (REDD-plus funding window and sustainable finance and implementation of a monitoring, reporting and verification (MRV) system for REDD-plus);
- (b) Promoting market solutions for agricultural drivers of deforestation (deforestation-free agricultural value chains, private and public incentives, agroforestry); and
- (c) Supporting climate change mitigation action through forestry (sustainable forestry landscapes).

13. The project is fully aligned with the Lao People's Democratic Republic GCF Country Programme (updated in February 2019), which identifies REDD-plus as one of four mitigation priorities, and the increase and maintenance of forest cover as one of five short-term priorities.

14. The project directly contributes to the two pillars of the GCF forest and land-use results area: (i) Scaling-up REDD-plus; and (ii) Strengthening Sustainable Forest Landscapes.

15. The executing entities (EE) for the project are the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the Government of the Lao People's Democratic Republic (represented by the Ministry of Agriculture and Forestry (MAF) and the Ministry of Natural Resources and Environment), and Japan International Cooperation Agency (JICA).

#### 2.1.1.1. Climate objective

##### Mitigation

16. The project will result in 5.6 million tCO<sub>2</sub>eq of emission reductions over the four-year project implementation period in three regions of the Lao People's Democratic Republic: Houaphan, Sayabouri and Luang Prabang. The emission reductions will occur by:
- Reducing emissions from deforestation (a reduction in deforestation of 6 per cent, equivalent to 9,900 ha);
  - Reducing emissions from forest degradation (a reduction of forest degradation of 10 per cent, equivalent to 9,030 ha); and
  - Enhancing forest carbon stocks (an increase of restoration and reforestation of 8 per cent and 1 per cent, respectively, equivalent to 3,160 ha of forest restoration and 1,850 ha of reforestation).
17. This volume of emissions reductions is equivalent to a reduction of 6 per cent compared to the FCPF Reference Level emissions and an increase in removals equivalent to 857,000 tCO<sub>2</sub>eq, which is an increase of 4 per cent compared to the removals in the Reference Level.

### Adaptation

18. Although the project is mitigation only (REDD-plus), it will serve to address climate vulnerabilities in the Lao People's Democratic Republic, thus generating adaptation co-benefits. However, the accredited entity (AE) has elected not to claim adaptation co-benefits for this project.
19. The Lao People's Democratic Republic identifies itself as an LDC with limited adaptive capacities, and it has been ranked as one of the most climate-vulnerable countries in the region. At a national scale, about three quarters of national disasters were climate-related during the period 1966–2009, including floods (50 per cent), storms (14 per cent) and drought (14 per cent). In northern areas of the Lao People's Democratic Republic specifically (the project implementation region), a temperature increase of 0.8–0.9 °C relative to the historical average is expected to occur by 2030, while precipitation may increase slightly (11–15 mm annual average) but with greater temporal variability.
20. The project responds to observed and expected climate change impacts through different strategies, mainly by introducing drought-resilient crops and varieties and supporting dry-season irrigation schemes; providing training on sustainable water harvesting techniques; programming activities while taking into account seasonal conditions; monitoring; and other aspects described in detail in the funding proposal.

#### 2.1.2. Financing information

21. The AE has requested that the project be financed by a EUR 15.2 million grant from GCF, with total co-financing of EUR 50.0 million. The AE requests GCF cover 23.3 per cent of the total project cost. Co-financing will be provided by the Government of the Lao People's Democratic Republic (EUR 11.8 million), the German Federal Ministry for Economic Cooperation and Development (BMZ) (EUR 10 million), JICA (EUR 1.6 million), the Asian Development Bank (ADB) (EUR 12.4 million), the International Fund for Agricultural Development (IFAD) (EUR 7.7 million) and some other stakeholders including the private sector (EUR 6.6 million).
22. The AE has estimated a co-financing ratio of 3.2 for the four-year project.
23. The project is expected to be implemented as part of a larger, 9.5-year programme, which will serve as the cornerstone instrument for the successful implementation of the Emissions Reduction (ER) Programme. The larger programme covers the same six provinces in the northern area of the Lao People's Democratic Republic that comprise the ER Programme area: Houaphan, Luang Prabang, Sayabouri, Luang Namtha, Bokeo and Oudomxay. This four-year project addresses the three provinces of Houaphan, Sayabouri and Luang Prabang.

### 2.1.3. Environmental and social safeguards

24. The AE has classified the entire programme, and thus the project, as category B, following the definition of environmental and social risk category of the AE and GCF. This indicates that the likely risks and impacts from the activities are limited, largely irreversible and readily mitigated. The assessment by the GCF confirms the category B classification of the project.

25. The project will be implemented in a manner that meets the requirements of various policies and standards of AEs, the country, GCF, the World Bank, and other co-financing partners. The ESMF provides a detailed gaps assessment of these policies and standards. Nonetheless, the project will apply the most stringent policy, law or requirements in instances where there are variances between these requirements, including those of the AE, the country and GCF.

26. The environmental and social impact assessment (ESIA) presented an exclusion list. The list identifies activities that may raise the overall environmental and social risk profile of the project activities. The list includes activities that could generate significant adverse environmental and social risks and impacts such as those related to land tenure rights, conversion of primary forests, absence of consent from indigenous peoples, and physical displacement, among other things. The list of excluded activities is considered comprehensive and will limit the environmental and social risk category of the project activities to “moderate”.

27. The ESIA identified several salient positive as well as negative environmental and social impacts, which are described in section III of this document.

## 2.2 Component-by-component analysis

28. The project aims to catalyse a shift in land use, land-use change and forestry and establish viable models for the management of forestry and landscapes. The project will have four outputs: (1) creation of enabling an environment for REDD-plus implementation; (2) market solutions for agricultural drivers of deforestation; (3) climate change mitigation through forestry; and (4) project management, coordination, monitoring and reporting. These outputs are composed of closely interrelated activities, including those aimed at the development of capacities of stakeholders; support for integrated multi-level planning; strengthening of enforcement and monitoring; knowledge management; investments in good agricultural practices and agroforestry; a private sector value chain; investments in rural infrastructure and watershed management; village forest management; and sustainable forest management, including production forests.

*Component 1: Enabling environment for REDD-plus implementation (total cost: EUR 9.8 million, GCF cost: EUR 3.65 million)*

29. This component will enhance the availability of financing for a major transformation in the way the Lao People’s Democratic Republic manages its forest landscapes, including by supporting a REDD-plus funding window; revising and strengthening the legal and regulatory framework for forestry; and improving the enforcement of the new regulatory framework.

30. The primary focus is to unlock GHG emission reductions stemming from the project that will be traded by the REDD-plus funding window to the FCPF through the Ministry of Finance and MAF of the Lao People’s Democratic Republic in exchange for results-based payments amounting to approximately EUR 23 million that are flowing into the Environmental Protection Fund (EPF) (in the first four-year period).

31. The establishment of the REDD-plus funding window would offer significant benefits for blending international, national, public and private sources of finance; ensuring funds are

earmarked for specific REDD-plus and land-use actions; channelling funds to intended beneficiaries (including communities and civil society and private sector actors); ensuring the management of REDD-plus finance meets defined fiduciary and safeguards criteria; and providing a platform for multi-stakeholder coordination.

32. This component also seeks to mainstream REDD-plus into the nationally determined contribution and socioeconomic development plans, which provide the basis for government budgeting at all levels.

33. Support will be provided to address the gaps and inconsistencies in the regulatory framework to create an enabling environment that incentivizes investments that (i) conform with land-use plans (including deforestation-free commitments); (ii) act responsibly in the context of local regulatory frameworks; and (iii) will sustain positive relations with local communities. It is expected that the strengthened regulatory framework will also facilitate and encourage stakeholders to adopt sustainable forest management, forest landscape restoration and village forestry. This activity will be co-financed by Kreditanstalt für Wiederaufbau (KfW) Development Bank.

34. Strengthened law enforcement will be a key measure pursued under this component to support the commitment of the Lao People's Democratic Republic to REDD-plus, as well as other high-level initiatives – including Forest Law Enforcement, Governance and Trade – as illegal logging and unauthorized clearing of forest land still occurs and is a challenge for provincial and district authorities to address due to limited budgets, limited technical capacities, understaffing, and unclear legal frameworks. Therefore, close cooperation with the Forest Law Enforcement, Governance and Trade process is needed for the project to benefit from the development of timber legality definitions and a timber legality assurance system for timber from different sources (for example, from village and production forests and plantations). This activity will be co-financed by JICA.

35. Support will be provided to enhance land-use planning and improve tenure security. As such, villages without integrated participatory land-use planning in deforestation hotspot areas and/or within national protected areas will be encouraged to adopt suitable sustainable land-use activities while also improving the monitoring and enforcement of land-use activities. This activity will be co-financed by JICA.

36. The implementation of the MRV system has been supported by JICA since 2014 through the Sustainable Forest Management and REDD-plus Support (F-REDD) project. This support also included the development of the United Nations Framework Convention on Climate Change forest reference emissions level. Ensuring a harmonized approach for MRV will be key at different land-use planning and governmental levels. JICA has committed co-financing to implement MRV-related activities.

37. Finally, activities under Component 1 are expected to facilitate comprehensive communication and the exchange of information about topics of relevance for land users, policymakers and the broader public to understand the purpose and benefits of REDD-plus and the need for behavioural change in business-as-usual land use.

*Component 2: Market solutions for agricultural drivers of deforestation (total cost: EUR 38.9 million; GCF cost: EUR 6.5 million)*

38. This component will support deforestation-free agriculture and agroforestry by enhancing productivity, increasing farmers' integration into agricultural value chains, and improving access to finance and private sector participation in economic activities that reduce pressure on forests. The component consists of three activities relating to the promotion of good agricultural practices and agroforestry in identified deforestation hotspots to reduce expansion pressure into forested landscape.

39. Activities under this component build on, among other things, analytical work being undertaken by the Food and Agriculture Organization of the United Nations through the GCF readiness project for REDD-plus. This work has demonstrated that the Lao People's Democratic Republic has the potential to strengthen deforestation-free agricultural value chains<sup>1</sup> to add value and provide additional incentives to reduce pressure on existing forested areas (directly through sustainable practices, and through the creation of additional income-generating activities and employment).

40. This component will support activities specifically designed to curb expansion into forested landscapes and, as a positive by-product, increase household incomes and resilience to climate risks. Activities are also expected to mobilize private sector investment in agroforestry, and detailed planning will ensure that agroforestry activities are implemented in suitable areas and in such a manner that they promote the protection of natural forest resources.

41. Component 2 will support value chain analysis to identify linkages, or the absence thereof, between value chain actors, quantify value-added along the value chain, and identify gaps, potential efficiency and profitability gains, and thereby contribute to inclusive value chain competitiveness. Specifically, value chain analysis at the provincial level will analyse existing as well as potential new value chains. Existing value chains will be updated and improved while new deforestation-free value chains will be promoted.

42. Moreover, sustainable rural infrastructure watershed management is expected under the planned ADB project Sustainable Rural Infrastructure and Watershed Management Sector, which has been designed in conjunction with the project and whose principal objective is to secure farmer access to water during the dry season. Activities under this component will be aligned with the ADB project and will ensure that the forested landscapes in the catchment areas remain intact through improved land management and reduced pressure from drivers of deforestation and degradation by addressing the following key underlying causes: lack of alternative livelihood opportunities, poverty, low agricultural productivity, lack of value-additional activities and weak negotiation/marketing skills.

*Component 3: Climate change mitigation action through forestry (total cost: EUR 12.3 million, GCF cost: EUR 3.9 million)*

43. Component 3 will build upon output 1 (enabling environment) and will reduce emissions through sustainable forest landscape management and the promotion of forest landscape restoration, especially on degraded lands.

44. Village forest management will be implemented in all three forest categories (production forest without any commercial harvesting potential in the short term, protection forest and conservation forest) as well as in unclassified forest, following a landscape approach. In total, there is high-carbon-stock forest area of 2.3 million ha in the three provinces where village forest management can be implemented. In the selected districts where the interventions focus their on-the-ground activities, village forest management can be supported in a total of 1.5 million ha in the three provinces.

45. This component will promote the sustainable management of production forests. There are 51 production forest areas in the Lao People's Democratic Republic, and the scale of degradation in these production forest areas is immense: only 15 per cent of the total area in production forests (465,000 ha) is of a – more or less – satisfactory quality. In the project provinces, this forest category covers a total area of 700,000 ha, while regenerative vegetation accounts for 0.3 million ha and agricultural land for 32,000 ha, which could be used for restoration and reforestation. Moreover, since there is a logging ban in place in natural forests

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<sup>1</sup> Deforestation-free value chains are those that can demonstrate that deforestation has not occurred throughout the value chain – from primary production through to sale to the consumer.

due to low standing volumes, the focus of this activity will be on forest restoration in production forests, in close collaboration with villages and the private sector (see outcome 2).

46. Finally, the project area contains three National Protected Areas (Nam Sam and Nam Et Phou Louey in Houaphan province and Nam Pouy in Sayaboury province). Activities will address the principal barriers preventing the sustainable forest management of National Protected Areas: lack of funding and weak capacities. These activities will reduce the deforestation pressure and reliance on unsustainable forest use and will improve household incomes.

*Project management, coordination, monitoring and reporting (total cost: EUR 3.7 million, GCF cost: EUR 0.7 million)*

47. Activities related to project management, coordination, monitoring and reporting include GCF project management and coordination by the National Programme Management Unit (NPMU) and Provincial Programme Management Unit (PPMUs); and monitoring and reporting.

### **III. Assessment of performance against investment criteria**

#### **3.1 Impact potential**

*Scale: High*

48. The project has a clear climate rationale. The project is expected to reduce emissions by 5.6 million tCO<sub>2</sub>eq (an average of 1.4 million tCO<sub>2</sub>eq/year), consisting of 4.8 million tCO<sub>2</sub>eq in emission reductions due to reduced deforestation and forest degradation, which is equivalent to a reduction of 6 per cent compared to the FCPF Reference Level emissions; and increase removals equivalent to 857,000 tCO<sub>2</sub>eq, which is an increase of 4 per cent compared to the removals in the Reference Level. The funding proposal has high impact potential.

49. As a result of the direct and the enabling implementation activities, over its four-year implementation period, the project is estimated to achieve (relative to the baseline): (i) a reduction of deforestation of 6 per cent, equivalent to 9,900 ha; (ii) a reduction of forest degradation of 10 per cent, equivalent to 9,030 ha; and (iii) an increase of restoration and reforestation of 8 per cent and 1 per cent, respectively – equivalent to 3,160 ha of forest restoration and 1,850 ha of reforestation.

#### **3.2 Paradigm shift potential**

*Scale: High*

50. The project, during its four-year implementation period, is expected to unlock REDD-plus results-based payments of EUR 23 million from the FCPF Carbon Fund. The project provides a strategic and unique opportunity to achieve a paradigm shift in the forest and land-use sector of the Lao People's Democratic Republic while mitigating GHGs from the forest sector. The Lao People's Democratic Republic has embraced REDD-plus as a way to address its principal source of GHG emissions and proposes innovative institutional and financial arrangements (e.g. REDD-plus funding window, deforestation-free agricultural supply chains) to ensure the long-term sustainability of the investments.

51. The identified elements driving a paradigm shift – scale-up and replication, knowledge and learning, creation of an enabling environment and contribution to the regulatory framework and policies – will apply at both the project and programme levels. At the programme level, considerable scope exists to scale up/replicate in the remaining 11 provinces of the Lao People's Democratic Republic as well as in neighbouring countries with similar landscape/forestry contexts.

52. The project will enable a paradigm shift across different sectors and business activities: agriculture, forestry and financial sectors in particular will be targeted as key sectors for transformation. Within these sectors, the project will work throughout the agricultural and forestry supply chains, including input suppliers, producers, traders and processors. The project will target sectors and commodities where there is strong and consistent demand in order to ensure the profitability of the supported sectors.

53. New finance streams for forests will be mobilized, which will serve as a model for the rest of the country. The project will generate opportunities for leveraging additional private sector funds and de-risking investments, creating the needed platform for channelling investments into rural northern areas of the Lao People's Democratic Republic and scaling up to the entire country and region. Also, while capacities will be built in the main environmental funds (the EPF and the Forest and Forest Resource Development Fund (FFRDF)), the project is expected to facilitate replication and upscaling as well as the broader distribution of REDD-plus finance as the funds' capacities are built and they become fully operational and capable of managing funds for REDD-plus.

54. Also, the implementation approach of the project under a programmatic context provides the opportunity to gather data and learn iteratively for more effective and adaptive design. It also offers the potential for crowding in substantial sustainable financing from diversified sources (more emission reductions, additional domestic revenues, larger endowment for the REDD-plus funding window), thereby ensuring long-term financial sustainability.

### 3.3 Sustainable development potential

*Scale: High*

55. The project targets 120,000 direct beneficiaries and 235,800 indirect beneficiaries. Through its promotion of shifts in cultivation to more forest-friendly approaches, the project provides a just transition by creating better incomes, jobs and skills. Among other benefits, these will help to prevent brain drain and work emigration to neighbouring countries. The economic net present value provided to the local beneficiary is estimated as EUR 312 million for the whole programme.

56. The project offers significant potential for contributing positively to gender equality and will work closely with the Lao Women's Union to ensure the effective engagement of women. Moreover, specific needs of ethnic and indigenous groups will be addressed by the project in several ways as described in the gender action plan.

57. With regard to the economic pillar, the project is expected to improve the livelihoods and income for rural poor population groups; support small and medium-sized enterprises; and strengthen domestic resource mobilization. As for the social pillar, the project will contribute to reducing hunger and improving nutrition and health through improved agricultural productivity; improving employment opportunities, including for women and ethnic groups; and improving gender equality through economic, training and entrepreneurial activities. Finally, with regard to the environmental pillar, the project will reduce GHG emissions from the forestry sector and increase carbon sequestration from the atmosphere and contribute to the sustainable management and efficient use of natural resources (notably, forests and land).

### 3.4 Needs of the recipient

*Scale: High*

58. the Lao People's Democratic Republic is an LLDC that is ranked 139 out of 189 on the Human Development Index. The northern area of the Lao People's Democratic Republic has historically been the poorest and most rural region of the country. The average annual income

in the project area is approximately USD 1,200 per capita compared with a national average of USD 2,330.

59. Although the project is a mitigation (REDD-plus) initiative, it will serve to address climate vulnerabilities in the Lao People's Democratic Republic. The Lao People's Democratic Republic considers itself an LDC with limited adaptive capacities that is highly vulnerable to climate change impacts, and the project responds to climate change impacts in a number of ways.

60. The project seeks to remove barriers that currently prevent Lao stakeholders from accessing climate and REDD-plus finance to help address their financial, economic, social and institutional needs.

### 3.5 Country ownership

*Scale: High*

61. The proposed project is aligned with and directly delivers on the priorities outlined by the country's policies on national development, climate change, forest and agriculture.

62. The programme has formed part of the GCF project pipeline for the Lao People's Democratic Republic since 2017 and has been formally prioritized by both MAF and the national designated authority, as reflected in the Lao People's Democratic Republic Country Programme.

63. The experience and track-record of the AE (GIZ) and the three EEs demonstrate a capacity to deliver.

64. EPF is currently undergoing accreditation. As such, the experience they will get from the project is unique, and they can later channel future funds through the REDD-plus funding window and further contribute to scaling up.

### 3.6 Efficiency and effectiveness

*Scale: Medium-High*

65. The project will result in 5.6 million tCO<sub>2</sub>eq of emission reductions over the four-year project implementation period. This equates to a mitigation cost to the GCF of EUR 2.70 per tCO<sub>2</sub>eq.

66. The co-financing ratio is 3.2 (GCF budget: EUR 15,160,596, and co-financing: EUR 50,030,500). The finance leveraged by the project is estimated to be EUR 227 million.

67. The rationale for GCF financing is explained well, as is the rationale for grant financing on specific activities. It is understood that each financier is financing the activities that best fit its expertise and interest.

## IV. Assessment of consistency with GCF safeguards and policies

### 4.1 Environmental and social safeguards

68. **Environmental and social risk category.** The AE has classified the entire programme as category B following the definition of environmental and social risk category of the AE and GCF, indicating that the likely risks and impacts from the activities are limited, largely irreversible and readily mitigated. The assessment by GCF confirms the category B classification of the programme.

69. This project aims to catalyse a shift in land use, land-use change and forestry and establish viable models for the management of forestry and landscapes. The project will have three outputs: (1) creation of enabling an environment for REDD-plus implementation; (2)

market solutions for agricultural drivers of deforestation; and (3) climate change mitigation through forestry. The project also includes activities related to management, coordination, monitoring and reporting. These outputs are composed of closely interrelated activities, including the development of the capacities of stakeholders; support for integrated multi-level planning; strengthening of enforcement and monitoring; knowledge management; investments in good agricultural practices and agroforestry; private sector value chains; investments in rural infrastructure and watershed management; village forest management; and sustainable forest management including production forests.

70. **Safeguard instrument and information disclosure.** The AE developed an ESIA and environmental and social management plan (ESMP) covering the entire programme, including project 1 activities, where GCF support is sought. The ESIA incorporates an Ethnic Groups Planning Framework and a detailed stakeholder engagement plan. Overall, the environmental and social due diligence by the AE is considered comprehensive. The various environmental and social risks and impacts were identified. The AE presented a plan to manage the identified risks and impacts following the mitigation hierarchy. Supporting the ESIA and ESMP are the SESA, ESMF, and a resettlement policy framework (RPF) developed for the Lao People's Democratic Republic's Emissions Reduction Programme. While the SESA was developed for a larger scale set of interventions and different time frame, the programme-level ESIA and ESMP followed a similar process and integrated recommendations from the SESA.

71. **Key environmental and social risks and impacts and mitigation measures.** The ESIA presented a programme exclusion list. The list identifies activities that may raise the overall environmental and social risk profile of the programme activities. The list includes activities that could generate significant adverse environmental and social risks and impacts, such as those related to land tenure rights, conversion of primary forests, absence of consent from indigenous peoples and physical displacement, among others. The list of excluded activities is considered comprehensive and will limit the environmental and social risk category of the programme activities to "moderate".

72. The ESIA identified several salient positive as well as negative environmental and social impacts, which are described in the following paragraphs:

- (a) **Labour and working conditions.** The ESIA identified potential risks related to occupational health and safety of personnel and other stakeholders directly involved in the programme. Workers involved in forest management and operations can be exposed to potential occupational health and safety risks, such as those from maintenance cutting and other forest management activities. Workers and programme staff will be trained in occupational health and safety practices and will be issued appropriate personal protection equipment. The programme will also not allow the use of child labour in programme activities. Local labour, including women and members of ethnic groups, will be hired and trained to enable their involvement in the activities;
- (b) **Community health, safety and security.** The activities and the infrastructure to be built will not pose potential health and safety risks to the communities. In supporting the agricultural value chain, there is potential for the limited use of agrochemicals, such as fertilizers, pesticides and herbicides, among others. If not managed well, the use of agrochemicals can generate adverse health impacts on the workers and the communities. The programme will not support the procurement of agrochemicals nor actively promote their use. The programme's list of excluded activities includes a list of banned agrochemicals in the country, which are mostly used in plantations. A pesticide management plan was developed and is included in the ESIA, providing mitigation and management measures for risks resulting from the use of agrochemicals. Such measures include prohibition or exclusion from programme support, training, guidance on the management of chemicals, and the promotion of non-agricultural options. The additional risk from unexploded ordnance is also identified in the ESIA. Measures to

manage unexploded ordnance risks are presented in the ESIA following established national regulations and practices;

- (c) **Land acquisition and involuntary resettlement.** The programme does not anticipate any acquisition of lands and involuntary resettlement of households. However, activities related to forest management planning may restrict the access of local communities to lands and resources. Restriction of access can potentially lead to loss of livelihood and further impoverishment. The ESMP provides measures to manage such risks, including ensuring participatory approaches in land-use planning, meaningful consultations and effective grievance redress. An RPF was developed for the Emissions Reduction Programme that provides the process for assessing and managing potential involuntary resettlement and economic displacement. The brief summary of the RPF describing the policy basis, eligibility criteria, and compensation and entitlement is included in an annex to the ESMP, with a link to the full version. A resettlement action plan (or abbreviated resettlement action plan) will be developed in cases where the activities may result in restriction of access leading to loss of livelihood.
- (d) **Biodiversity and natural resources.** The programme activities will be undertaken in marginal lands, degraded production forests and agricultural lands. The programme will not support activities that will lead to the further conversion of habitats and loss of biodiversity. This includes the expansion of agricultural land and the establishment of a timber plantation that could lead to reduced habitats and biodiversity values. Use of agrochemicals can also have adverse effects on biodiversity. Measures to avoid, reduce and mitigate impacts on biodiversity include awareness-raising and capacity-building; monitoring of land-use changes; and application of guidelines and standards for ensuring the protection and conservation of biodiversity. In addition, a pesticide management plan is provided as part of the ESIA that establishes the processes and measures for preventing and mitigating the impacts of the use of agrochemicals;
- (e) **Indigenous peoples.** The Government of the Lao People's Democratic Republic recognizes 49 broad ethnic groups in the country, which are characterized by a diversity of languages. Within the programme area are inhabitants belonging to diverse ethnolinguistic groups. Three major groups residing in the area include the Lao-Tai, Mon-Khmer and Hmong-Hmien communities. Socioeconomic risks and impacts may arise from the programme activities, particularly on vulnerable populations, including ethnic groups in the area. The programme does not foresee risks related to (i) physical displacement and tenure on traditional lands and lands under customary use; and (ii) exclusion of indigenous peoples from the programme benefits and planning process. Further, the programme will not interfere with the ethnic groups' use of traditional knowledge. Although not significant, the adverse risks and impacts can include restriction of access to lands and resources and on the ways ethnic groups use their lands and forest resources. As part of the ESIA, an ethnic groups development planning framework has been developed to provide the context, considerations and guidelines for integrating the rights, mitigation measures and contributions of ethnic groups into the overall programme design and due diligence. The framework describes the identified impacts of the programme activities on the ethnic groups; the results of the consultations; measures to manage adverse impacts and enhance benefits to the ethnic communities; the process for free, prior and informed consent; and the overall approach to enhance the involvement of the ethnic groups in the programme design and decision-making. The Lao Front for National Development, through its Ethnic Affairs Department, will play a key role in ensuring the engagement of the ethnic groups in the programme. The Lao Front for National Development maintains representation in key programme decision-making and implementation structures. While the programme will promote the voluntary adoption of good agricultural practices and improved upland cultivation among the communities, the programme will maintain support to communities who will

still opt for traditional shifting/rotational cultivation practices. Such traditional cultivation practices will be integrated into participatory land-use plans and other resource management plans. The framework also provides guidance and scope for stakeholder engagement, conflict resolution, and the development of specific community development plans;

- (f) **Cultural heritage.** The programme does not anticipate any of the activities to be undertaken in areas with identified cultural heritage sites or areas where access by the local communities to such areas will be restricted. However, to ensure that the programme activities will not have adverse impacts on cultural heritage and tangible and intangible cultural resources, further site assessments and consultations will be undertaken prior to commencing any work to identify any local cultural places, including religious and/or sacred sites and places where rituals and ceremonies are conducted. The ESIA and ESMP provide considerations for further due diligence and measures to manage risks, including chance find procedures; and
- (g) **Other external risks.** Apart from the unintended risks from the programmes, the ESIA also identified potential external risks that may be caused by extraneous factors that could be beyond the control of the programme. The ESMP identifies these extraneous risks and includes those resulting from other development projects in the area, for example infrastructure and energy and extractive industries.

73. **Stakeholder engagement.** A comprehensive stakeholder engagement strategy for programme development and implementation is presented in the ESIA. It provides the overall approach of the programme in ensuring that all the stakeholders are informed and are provided with opportunities to participate in programme activities. The strategy also provides the protocol and principles for community engagement. A more detailed stakeholder engagement plan for Project 1 activities is presented in the ESIA and includes the tasks, timelines and budget. The report of stakeholder consultations held at the three provinces is included as an annex to the ESMP.

74. The due diligence regarding the EPF was undertaken to determine any of its capacity gaps in various organizational and governance aspects. In terms of environmental, social and governance and duty of care aspects, the due diligence performed regarding the EPF found that EPF has previously implemented projects supported by donor organizations that meet the environmental and social safeguards requirements.

75. **Grievance redress mechanism.** A programme-level grievance redress mechanism (GRM) will be established based on the existing grievance redress system developed for REDD-plus in the country; it will be supported by a reporting mechanism to the various programme management units. The programme GRM will have cascaded responsibilities starting from the district programme management unit (DPMU), as it is the level closest to the communities affected or potentially affected by the programme activities. The structure includes channels and processes from the district to the national level, where the grievances are expected to be resolved and communicated back to the affected party. The ESIA describes the programme-level GRM process, related responsibilities and expected actions at each level. The GRM integrates the customary dispute resolution practices of ethnic and religious groups, ensuring that the responsible officer will consider opinions and recommendations related to customary practices. Information on programme GRM will be included in the programme consultations and information dissemination campaigns.

76. **Institutional arrangements.** A NPMU within the Department of Forestry in the Ministry of Agriculture will have the implementation and reporting responsibility for the programme. The NPMU is supported by inter-agency working groups and the National REDD+ Task Force. As additional support, a team of experts will support the development, implementation and monitoring and reporting of actions in the ESMP. This programme

management structure also includes provincial and district levels, with each level having its own programme management units. The district-level and provincial-level programme management unit will have the direct role of supporting the ESMP. The AE will exercise its oversight functions on the programme, including ensuring that resources are made available for implementation of the ESMP, implemented and updated. Civil society organizations (CSOs) are also encouraged to participate in the programme activities, for example, by participating in the consultations and by contributing and providing services for monitoring and reporting at the community level. The participation of CSOs will be supported through the stakeholder engagement plan implemented at the district level. The budget for the entire ESMP is presented and includes costs for staff and experts, activities and materials. The ESMP integrates training activities to support the capacity of programme management staff. Monitoring and evaluation for each of the eight action areas are included in the ESMP.

## 4.2 Gender policy

77. The AE has submitted a gender assessment and therefore complies with the operational guidelines of the GCF Gender Policy and Action Plan. The gender assessment was undertaken with a desk review of relevant national policies, legal and regulatory frameworks, and pre-existing assessments in the forestry sector, and consultations with relevant national authorities and villagers in three villages in Houaphan and Luang Namtha, two of the provinces being targeted by the project. It provides contextual information on the gender situation in the country and in the sector of intervention. The gender assessment discusses the social stereotypes and norms that determine access to resources by women, political participation, decision-making and leadership, education and economic participation. Women have significant roles in agriculture and forestry, however, they have less access to and control of farming and forestry-based inputs and outputs due to limited decision-making power. Other factors contributing to this include poverty and physical safety concerns and access to information and finance. When they do have rights to forest products, they tend to be restricted to products that are not profitable or have fewer commercial benefits. The assessment provides a number of implications and recommendations to consider in the implementation of the programme to address the needs and priorities of women and men that were identified in the analysis, and describes how issues discussed in stakeholder consultations have been addressed in the gender action plan of the programme.

78. The AE has provided a project-level gender action plan. The plan has translated the recommendations of the gender assessment, including stakeholder inputs, into actions that can be implemented together with the project in an effort to ensure access to benefits and participation by both women and men. The action plan also has indicators to verify performance, baseline data where it is available, sex-disaggregated targets for some indicators, timelines, responsibilities and a budget for implementation. Some activities and indicators do not have sex-disaggregated targets, and a baseline survey will be undertaken in the first year of implementation in order to collect baseline data. It is recommended that the AE ensure that baseline data is collected before the programme commences implementation in its first year and use the baseline data to rationalize targets that have been set in the gender action plan and the logic framework. The logic framework includes the expected number of direct and indirect beneficiaries of the programme and the number of beneficiaries relative to the total population disaggregated by sex.

79. The project intends to contribute to ensuring the following: (i) access to information through training to build practical business skills for women; (ii) capacity-building for government implementing agencies of the programme on facilitating the gender-sensitive implementation of programme activities in village communities; (iii) empowerment of women to participate in decision-making by becoming members of village forest management committees and in consultations related to investments in community-based agroforestry. The

project will endeavour to address the issue of physical safety for women by reviewing the potential for community-based, women-led patrolling groups and support their creation with the capacity development of such groups and awareness-raising efforts. It is recommended that the AE extend this awareness-raising to communities and not only focus on the women-led patrol groups. Access to finance will be supported by the provision of grants from the REDD-plus funding window for the implementation of forest management plans, including livelihood activities at the village level. The AE is advised to include, in the gender action plan, access to micro-grants for women and men to address the limited access to finance noted in the gender assessment.

80. The AE is advised to go beyond collecting information on the number of participants in the different actions listed in the gender action plan. The AE should, for example, evaluate the use of business skills acquired from training that will be provided as part of the project. In addition, the AE should use the findings from the integration of gender in the value chain assessments to guide the development of women's business skills to help address the barriers that prevent women from accessing forest products that have more commercial value. The findings should also feed back into the capacity-building of the implementing government agencies in order to sustain the investments made by the project.

81. Implementation arrangements include the recruitment, for the NPMU, of a safeguard, gender and monitoring and evaluation specialist as well as a national expert who will support the specialist in overseeing the mainstreaming of gender and implementation of the gender action plan. This team will be complemented by implementing government agencies who will receive technical gender training to effectively integrate gender into the project.

## 4.3 Risks

### 4.3.1. Overall project assessment (medium risk):

82. The GCF is requested to provide a grant of EUR 15.2 million to strengthen the enabling environment for REDD-plus. This financing will help the country to earn REDD-plus results-based payments from FCPF of approximately EUR 23 million. While the benefit-sharing plan is being negotiated by the Government of the Lao People's Democratic Republic and FCPF, as per the indicative breakdown, the country will use most of the payment received from FCPF for local REDD-plus activities to implement similar activities.

83. The project has co-financing by way of a grant from BMZ, the Lao People's Democratic Republic Government (in kind), JICA, a loan from ADB and IFAD, and equity from the private sector. However, as per the term sheet, the co-financing received from those other than MAF and BMZ will not be administered by GIZ, rather, it will be managed by the respective institutions themselves. The AE will not report on the status of other co-financing to GCF. Timely availability of total co-financing is necessary for the successful implementation of the project.

### 4.3.2. AE/EE capability to execute the current project (medium risk):

84. The GIZ head office in Germany will be the AE and the GIZ office in the Lao People's Democratic Republic will serve as one of the EEs together with the Government of the Lao People's Democratic Republic (represented by MAF and the Ministry of Natural Resources and Environment) and JICA. GIZ has been operating in the Lao People's Democratic Republic since 1993 and has a team of approximately 250 staff in the country.

85. In the proposed project, EPF (under the Ministry of Natural Resources and Environment) will set up a REDD-plus funding window to channel EUR 10.2 million from a GCF grant to sub-beneficiaries. The Government of the Lao People's Democratic Republic will sign an

agreement with the AE regarding the role that EPF will play. The GCF grant will flow to EPF through the AE. The AE has stated that EPF has a track record in disbursing funds according to international standards, and it is also involved in World Bank-funded project in the Lao People's Democratic Republic. Further, EPF is receiving technical support from GIZ to address the gaps identified in the its capacity assessment. JICA will provide technical assistance (EUR 1.6 million) to departments within the participating ministries and to subnational agencies for some activities (activities 1.4, 1.5, 1.6, 2.1 and 3.1).

86. While GIZ with two other entities will act as EEs, the project implementation involves various other entities such as the FFRDF (for intermediating the grants to communities), small and medium enterprises (SMEs), Civil Society Organizations (CSOs) and the Village Development Funds (VDFs). Hence, close coordination in the activities of these various entities is expected and necessary for the project.

#### 4.3.3. **Project-specific execution risks (medium risk):**

87. Regarding the end use of FCPF payments, GCF financing will enable the country to earn FCPF results-based payments. As provided in the funding proposal, the country is expected to receive from FCPF EUR 23 million under the proposed project. The benefit-sharing plan is being negotiated by the Government of the Lao People's Democratic Republic and FCPF. The AE has provided that as per the indicative breakdown, the country will use most of the payment received from FCPF for local REDD-plus activities to implement similar activities. Adherence to such an indicative plan is necessary to ensure the sustainability of the proposed activities.

88. EPF will channel the small grants through FFRDF to community-managed financial institutions – the VDFs. VDFs will be eligible to receive grants for the local incentives for good agricultural practices and agroforestry, sustainable rural infrastructure and watershed management and village forest management. Thus, the role of VDFs in representing the community interest and in distribution of the funds to the community members is critical. The project needs to identify/develop proper VDFs for the implementation. The experience of the AE in establishing and supporting the VDFs will be beneficial to the project.

89. Regarding co-financing, the project has co-financing from multiple parties, including loans from ADB and IFAD, and equity contributions from the private sector. The timely availability of such co-financing is necessary for the successful implementation of the project activities. These contributions will not be administered by the AE but will be managed directly by the contributors. The AE will enter into legal arrangements with these parties to align their contributions to the programme. However, GCF may not receive the status of commitment and disbursement of the co-financing while disbursing funds to the project.

#### 4.3.4. **GCF portfolio concentration risk (low risk):**

90. In the case of approval, the impact of this proposal on the GCF portfolio concentration in terms of results area and single proposal is not material.

#### 4.3.5. **Compliance risk (medium risk):**

91. The GIZ office in the Lao People's Democratic Republic, the Government of the Lao People's Democratic Republic and JICA are the EEs responsible for the majority of procurement, disbursement of funds to final beneficiaries, and monitoring. GIZ will establish internal control routines and assess the integrity and capacity of the EEs. Not all activities involve GCF financing. Many activities are built on other projects earlier delivered in the Lao People's Democratic Republic by ADB, GIZ other donor agencies.

92. Activities include:

- (a) Under action 1.1.1, grant finance to be disbursed to subproject beneficiaries, including national and subnational Government entities, VDFs via the FFRDF, CSOs and SMEs;
- (b) Under action 1.1.4, a fundraising campaign is planned to capitalize the green credit line. Potential partners are yet to be identified, it is mentioned that it will be international public and private finance, and a couple of banks were tentatively selected as candidates; however, GCF funds will not be utilized for finance lending under this credit line; and
- (c) Under action 2.1.2, based on private sector village partnership agreements, private sector entities are also eligible for grants covering 50 per cent of establishment costs for village-based agroforestry.

93. Under its Accreditation Master Agreement (AMA) clause 9.03, GIZ shall apply its own fiduciary principles with regard to money laundering and countering the financing of terrorism, sanctions, know-your-customer checks, fraud and corruption. In this project, GIZ is to establish internal control routines, and assess integrity and capacity of the EEs. GIZ has the capabilities to carry out these responsibilities in a competent manner and, therefore, based on the information provided, the efforts of GIZ are deemed to be sufficiently mitigating to consider the overall compliance risk rating of “medium”.

**4.3.6. Recommendation:**

94. It is recommended that the Board consider the above factors in its decision.

Summary risk assessment		Rationale
Overall project	Medium	GCF financing will help the country to receive results-based payments from the Forest Carbon Partnership Facility Carbon Fund. It is necessary that the country allocate these resources, as per the indicative plan, for local REDD-plus activities to implement similar activities  Timely availability of all other co-financing is critical for successful implementation of the project
Accredited entity/executing entity capability to implement this project	Medium	
Project-specific execution	Medium	
GCF portfolio concentration	Low	
Compliance	Medium	

## 4.4 Fiduciary

95. The GIZ head office (in Germany) will serve as the AE while the GIZ office in the Lao People’s Democratic Republic will fulfil the role of an EE together with EPF. The two GIZ roles will be separated and accountable to different management structures within GIZ.

96. GIZ assumes overall management responsibility and accountability for project implementation. At the same time, as AE, GIZ will provide a three-tier oversight and quality assurance role involving GIZ staff in country offices and at regional and headquarters levels. In addition, independent of the project management function, GIZ will undertake the project assurance role that is covered by the AE fee to deliver GCF-specific oversight and quality assurance services including: (i) day-to-day oversight supervision; (ii) oversight of project completion; and (iii) oversight of project reporting.

97. The National Programme Steering Committee (NPSC) will provide administrative oversight of the programme, ensuring coordination across ministries. The NPSC will provide

strategic programme implementation guidance to the NPMU and Provincial Programme Steering Committees (PPSCs, the Provincial REDD+ Task Forces) while ensuring compliance with the nationally determined contribution, the National REDD+ Strategy and national socioeconomic development objectives. The structure of the NPSC builds upon the existing institutional structure for REDD-plus in the Lao People's Democratic Republic. Thus, the REDD+ Task Force, as the responsible Government entity for REDD-plus, will serve as the NPSC.

98. GIZ will be responsible for the establishment and operation of the NPMU, which will be established within the Department of Forestry (in MAF); associated provincial (PPMU) and district (DPMU) units will be similarly managed – PPMUs will be situated in Provincial Agriculture and Forestry Offices (PAFOs) and DPMUs in District Agriculture and Forestry Offices (DAFOs). The physical location of the NPMU in the Department of Forestry is expected to foster local ownership of the entire programme, to build institutional capacity and to ensure continuous linkage with Government policymaking and implementation of other initiatives.

99. GIZ will assess the engagement of project partners, including Government agencies and other co-financiers. GIZ shall enter into a legal arrangement (commission) with BMZ (BMZ financing), and into a legal arrangement for the in-kind contribution with the Government of the Lao People's Democratic Republic, represented by MAF (partner co-financing). Moreover, ADB, KfW, JICA and IFAD will contribute to the implementation of the programme by providing financial and in-kind support. These contributions will not be administered by GIZ but managed by the respective institutions themselves. However, GIZ will enter into legal arrangements with these parties in order to align the respective contributions to the programme.

100. The financial management of the programme will follow GIZ internal rules and regulations. In the case of procurement by GIZ, GIZ will follow its own procurement guidelines while the external EEs will observe the national legal standards for procurement and also comply with the GIZ minimum standards.

101. GIZ will perform monitoring and reporting throughout the reporting period, including semi-annual reporting, in accordance with the accreditation master agreement and the funded activity agreement.

102. Independent external auditors will perform annual financial audits of the programme in line with International Auditing Standards. GIZ will be responsible for selecting and engaging the external auditors.

## 4.5 Results monitoring and reporting

103. As a mitigation project, the forestry and land use interventions of the investment expects to benefit 120,000 direct and 235,800 indirect beneficiaries. Through coverage of approximately 23,910 ha under improved management, the mitigation interventions estimated a GCF cost per tCO<sub>2</sub>eq removed of 2.7 EUR per tCO<sub>2</sub>eq.

104. The funding proposal and logic framework appropriately applies GCF fund level (impact and outcome) results management framework/performance measurement framework indicators, and the project has built in baselines and data collection (inclusive of REDD-plus forest reference emission levels) that can inform progress reporting on expected results in addition to integrating qualitative measures looking at behavioural changes and policy/enabling environment transformations.

105. Regarding section E.1, overall the logic framework complies with GCF standards and has been cleared through Secretariat review.

106. The funding proposal theory of change could benefit from further details reflecting on the causal pathways at the project level in relation to the climate rationale and demonstrate

reasons that the interventions selected are the best and most effective option(s) to resolve the barriers or problems and deliver paradigm shift.

107. In annex 11(a) “Monitoring and Evaluation Plan”, the Secretariat notes the intention of GIZ to conduct formative/process evaluations for the interim and summative evaluation for the final evaluation requirements to assess the extent of achievement towards the paradigm shift objectives. The Secretariat recommends that a hybrid summative/outcome evaluation is conducted for the final evaluation to assess the project beyond the achievement of targets and particularly reflect on project effectiveness in producing changes/results that can be utilized as learning in any scaling up efforts. Additionally, the AE may wish to consider increasing the budgetary allocation for monitoring and evaluation data collection to ensure sufficient quality of resources and evidence generation through project activities for adaptive management objectives.

## 4.6 Legal assessment

108. The Accreditation Master Agreement (AMA) was signed with the Accredited Entity on 15 November 2017, and it became effective on 18 January 2019.

109. The Accredited Entity has provided a legal opinion/certificate confirming that it has obtained all internal approvals and it has the capacity and authority to implement the project.

110. The proposed project will be implemented in Lao People’s Democratic Republic (Lao PDR), a country in which the GCF is not provided with privileges and immunities. This means that, amongst other things, GCF is not protected against litigation or expropriation in this country, which risks need to be further assessed. The GCF Secretariat provided the NDA of Lao PDR with a draft privileges and immunities agreement on 21 February 2019. No response on the draft agreement has yet been received.

111. The Heads of the Independent Redress Mechanism (IRM) and Independent Integrity Unit (IIU) have both expressed that it would not be legally feasible to undertake their redress activities and/or investigations, where appropriate, in countries where GCF is not provided with relevant privileges and immunities. Therefore, it is recommended that disbursements by the GCF are made only after the GCF has obtained satisfactory protection against litigation and expropriation in the country, or has been provided with appropriate privileges and immunities.

## 4.7 List of proposed conditions (including legal)

112. In order to mitigate risk, it is recommended that any approval by the Board be made subject to the following conditions:

- (a) Signature of the funded activity agreement in a form and substance satisfactory to the Secretariat within 180 days from the date of Board approval; and
- (b) Completion of legal due diligence to the satisfaction of the Secretariat.

## Independent Technical Advisory Panel's assessment of FP117

Proposal name:	Implementation of the Lao PDR Emission Reductions Programme through improved governance and sustainable forest landscape management
Accredited entity:	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ)
Project/programme size:	Medium

### I. Assessment of the independent Technical Advisory Panel

#### 1.1 Impact potential

*Scale: High*

1. The Lao People's Democratic Republic is a landlocked least developed country (LDC) in South-East Asia, where the economy is dependent on natural resources, especially forestry, agriculture, sources of electricity generation (especially hydropower) and mining. Agriculture, forestry and fisheries account for 16 per cent of the country's gross domestic product and employ 64 per cent of its workforce.
2. In the last 15 years, the Lao People's Democratic Republic has lost approximately 680,000 ha of forests. Forest cover accounts for 58 per cent of the country's surface area, with a significant reduction in forest stocking owing to the valuable wood having been taken out, diminishing biodiversity and livelihoods. The country's government is actively seeking to implement an ambitious REDD-plus emission reductions programme, for which substantial domestic resources have been committed, as well as bilateral and multilateral donors' resources, to various projects. However, there are still immense challenges, including capacity and funding gaps. Therefore, building on, and coordinating with, complementary initiatives, the Lao People's Democratic Republic will deploy GCF support to remove investment barriers and thus unlock future RBP, domestic taxes and fees, and to create a sustainable environment for scaling-up REDD-plus.
3. This proposal consists of a stand-alone project (project 1) embedded in a programmatic context that shares a theory of change which includes two additional projects (projects 2 and 3) that will be submitted in the future for Board approval. Project 1 will be implemented in the provinces of Houaphan, Sayabouri and Luang Prabang, which have the highest rates of deforestation and forest degradation within the programme area.
4. The project has three outputs:
  - (a) The first one is to enable REDD-plus implementation through three principal means:
    - (i) Enhancing the financing environment for forest sector transformation;
    - (ii) Revising and strengthening the legal and regulatory framework for forestry; and
    - (iii) Improving the enforcement of the new regulatory framework;
  - (b) The second output will:
    - (i) Target the agricultural sector (including agroforestry) as a key driver of deforestation;

- (ii) Lower targeted barriers;
- (iii) Enhance productivity;
- (iv) Increase farmers' integration into agricultural value chains; and
- (v) Improve access to finance and private sector participation in deforestation-free agriculture;

The activities in this output will include local incentives for good agricultural practices and agroforestry, catalysing private sector investment in value chains and sustainable rural infrastructure and watershed management; and

- (c) The third output will target climate change mitigation through forestry focusing on village forests and production and conservation forests to allow landscape management and restoration.

5. Net annual average greenhouse gas (GHG) emissions from land-use change and forestry in the period 2005–2015 accounted for 26.6 million tonnes of carbon dioxide equivalent (MtCO<sub>2</sub>eq). Overall, the forestry and land-use change sector is responsible for 67 per cent of the Lao People's Democratic Republic's emissions, and agriculture contributes a further 28 per cent.

6. For the last 10 years, the Lao People's Democratic Republic has progressed substantially towards REDD-plus readiness, notably through the acceptance of the forest reference level/forest reference emissions level (FRL/FREL), the finalized REDD-plus strategy, the strategic and social environmental assessment and the environmental and social management framework, as well as the final acceptance of the emission reductions programme document with the Carbon Fund. The country has an ambitious naturally determined contribution (NDC) target to recover 70 per cent of the forest cover.

7. Project 1 mitigates 5.6 million tCO<sub>2</sub>eq during its four-year implementation period, at a cost to GCF of EUR 2.7/tCO<sub>2</sub>eq. It represents the first project of a programme that will ultimately mitigate 144.7 million tCO<sub>2</sub>eq over its 20-year lifetime (influence period, 2020–2039), at a cost to GCF of EUR 0.4/tCO<sub>2</sub>eq.

8. The independent Technical Advisory Panel (iTAP) believes that the programmatic approach needs further development, as it will need substantial resources to account for the expected mitigation impacts over the project's 20-year lifespan. The methodological approach is based on the methodology used for the preparation of the reference level, which was submitted and approved (in June 2018) by the Forest Carbon Partnership Facility (FCPF) Carbon Fund and is compliant with the Carbon Fund Methodological Framework.<sup>1</sup> The approach equates to a highly detailed tier 3 approach in the terminology of the International Panel on Climate Change. Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) will replicate the same methodology for the ex post assessment of the achieved GHG emission reductions and removals within project 1, activity 1.6. The FCPF Carbon Fund will also use it for the determination of results-based payments (RBP) for the period 2019–2024, for which the reference level is valid.

9. Even though the project is presented as a mitigation project, it does have adaptation merits. The Lao People's Democratic Republic identifies itself as an LDC with limited adaptive capacities that is highly vulnerable to climate change impacts. Indeed, forestry and agriculture are two of four key sectors highlighted by the country's national adaptation programme of action, as well as two of five key sectors identified in the NDC as being highly vulnerable to climate change. The country is considered to have a high risk of river flooding, landslides, cyclones and wildfires, a medium risk for extreme heat, and a low risk for water scarcity; there are specific climate change impacts identified for the regions to be targeted by this project.

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<sup>1</sup> FCPF (2016), available at < <https://www.forestcarbonpartnership.org/carbon-fund-methodological-framework> >

10. To deliver the outputs, project 1 will create a REDD-plus funding window divided into four subwindows, one for each of the four different beneficiary groups: (i) government agencies at national, provincial and district levels; (ii) villages (village development funds); (iii) civil society organizations (CSOs); and (iv) private sector enterprises. The project will reach 120,000 direct local beneficiaries and 235,800 indirect beneficiaries in the villages in the northern Lao People's Democratic Republic. Under activity 2.1, 160 small and medium-sized enterprises (SMEs) will receive training in good agricultural practices and business management, which in turn, will support and provide markets to approximately 16,000 producers and provide employment to approximately 1,600 people.

11. Overall, the project presents high mitigation and adaptation impacts consistent with GCF objectives.

## 1.2 Paradigm shift potential

*Scale: High*

### 1.2.1. Innovation

12. The project has several elements of innovation. The jurisdictional approach bridging agriculture, forestry and financial sectors, and business activities is critical to enable real land-use changes and an increase in the number of sustainable forest and food systems. The project will also enable a sustainable agricultural economy ensuring markets and value chains, and diversifying the commodity options to those that have potential demand.

13. The REDD-plus funding window brings concrete benefits to local beneficiaries, incentivizing villages to develop village development plans with a vision for change. Rewarding private sector enterprises, mostly agribusinesses, and providing capacity-building in sustainable agricultural practices and markets could potentially reduce the need to expand the agricultural frontier and therefore protect ecosystems.

14. The project is also working to bridge national strategies with regional realities, revising and strengthening the legal and regulatory framework for forestry that will be applied in turn in relevant jurisdictions, improving the enforcement of new regulations.

15. The project will also demonstrate a paradigm shift by ensuring effective coordination with relevant projects in the same jurisdiction, making more effective use of resources and a more coherent theory of change for the jurisdictions and the country. By doing so, the project is providing new finance streams for forests and a REDD-plus finance model that could be scalable.

16. The proposal presents a well-designed theory of change, with consistent assumptions and long-term outcomes and outputs to deliver the proposed paradigm shift.

### 1.2.2. Potential for knowledge and learning

17. The project has a well-developed knowledge management plan (annex 22(u) of the funding proposal) with comprehensive actions. In addition, it will provide relevant tools to enable policymakers, provincial governments and local communities to identify and understand the benefits of REDD-plus approaches in order to change the business-as-usual model. The project will also emphasize the importance of comprehensive communication and the exchange of information to build awareness and capacity development on the revised forest regulations to ensure its proper application. Collaboration with national universities will be sought by inviting them to participate in REDD-plus related activities.

18. Sustainable agricultural and forest practices will also be critical in ensuring the impact of the project. The project will develop training for trainers, at the district level, involving the local staff who conduct of extensionists of the District Agriculture and Forestry Offices (DAFOs),

which will ensure capacity-building after project completion. Special emphasis will be placed on information systems and mapping, training individuals who will support the use of remote sensing techniques to generate maps to support Provincial Offices of Forestry Inspection and District Offices for Forestry Inspection with monitoring deforestation and forest degradation.

#### 1.2.3. Contribution to the creation of an enabling environment

19. The programmatic approach is developed to create an enabling environment for REDD-plus in a systemic manner, involving RBP through support to the FCPF Emission Reductions Programme. The project gives special attention to support for policy and regulatory reform in forestry and land-use planning. One of the most important elements is to strengthen the DAFO agricultural extension system, ensuring the delivery of support to the communities and the scalability of services in the country.

20. The REDD-plus funding window will be funded and operationalized with concrete target beneficiaries. This will be complemented with a new green credit line for deforestation-free agriculture that is being set up outside the framework of the GCF project (activity 1.1).

#### 1.2.4. Contribution to the regulatory framework and policies

21. A strategic component of the project is to strengthen the policy and regulatory framework. The project will focus on six areas:

- (a) Mainstreaming REDD-plus into socioeconomic development plans;
- (b) Strengthening the regulatory framework (revision, modification and drafting of relevant laws, decrees and regulations) to enable sustainable forest management and private sector investment in village-based agroforestry development;
- (c) Strengthening law enforcement and compliance monitoring;
- (d) Supporting land-use planning and measures to improve tenure security; and
- (e) Strengthening the forest and forest carbon monitoring, reporting and verification (MRV) system.

#### 1.2.5. Scalability and replicability

22. There is substantial potential for scaling up and replicating the programme. Project 1 is beginning in three provinces that could later be scaled to three more provinces with projects 2 and 3 (the Lao People's Democratic Republic has 17 provinces), covering 28 of 50 districts. The model could be replicated within the country, if there are sufficient financial flows to allow its scalability, ensuring economies of scale.

23. The programme will mainstream REDD-plus into national and provincial development planning, allowing the possibility for scaling up and replication of the programme interventions in the country at large.

### 1.3 Sustainable development potential

*Scale: High*

#### 1.3.1. Environmental and social co-benefits

24. Although this GCF proposal is clearly a mitigation (REDD-plus) initiative, it incorporates interventions that will promote climate change adaptation – notably enhanced land-use planning, improvements in irrigation infrastructure, reforestation in catchment areas and climate-smart agriculture. These linkages provide certain guarantees that the long-term effects

(environmental and social co-benefits) of the project measured against the backdrop of climate change scenarios and impact will remain positive in the future.

25. The National REDD-plus Strategy (2025) and Vision (2030) aim to improve the quality and extent of forests nationwide to provide economic, social and environmental benefits. The policies require all stakeholders, including households, communities and the private sector, to actively participate in the reduction of deforestation and degradation, and the promotion of forest restoration and reforestation. More specifically they aim to:

- (a) Improve the quality of forests by naturally regenerating up to 6 million ha and planting trees in unstocked forest area of up to 500,000 ha as an integral component of a rural development strategy (livelihood support system) encompassing watershed management, stable water supplies and the prevention of natural disasters (floods and landslides);
- (b) Provide a sustainable flow of forest products for domestic consumption and to generate revenue through wood-processing sales and exports, contributing to livelihood improvement, fiscal revenue and foreign exchange earnings, while increasing direct and indirect employment;
- (c) Preserve the many species and unique habitats which are, for different reasons, under threat; and
- (d) Conserve the environment, including protection of soil, conservation of watersheds and combating climate change.

### 1.3.2. Economic co-benefits

26. The exact benefits will depend on the selected projects in the jurisdictions involved. The economic benefits of conserving forests are varied, including the provision of materials and food, thus contributing to income generation. In terms of the financial scheme, the economic co-benefits could include private sector awareness of the possibility of generating income sources from different opportunities, including carbon sequestration and timber production and transformation.

27. By catalysing investment in value chains, the project will create economic benefits for SMEs that will in turn increase profits and job creation. The project estimates that 160 SMEs will receive training in good agricultural practices and business management, leading to nearly USD 9 million in investment. These 160 SMEs will, in turn, support and provide markets for approximately 16,000 producers and provide employment to approximately 1,600 people.

28. Output 2 promotes the transition to sustainable agricultural practices. The project presents financial models for shifting from traditional rice and maize cultivations to sequential intercropping models, which prove to have much higher net present value estimates. Moreover, the programme, through its promotion of shifts in cultivation to more forest friendly approaches, provides a just transition by creating better incomes, jobs and skills. The economic net present value provided to the local beneficiary is estimated at EUR 312 million (annex 3(b) of the funding proposal).

### 1.3.3. Gender-sensitive development

29. Social inclusion is a cross-cutting theme within GCF-supported outputs, activities and actions. Project 1 aims to promote an inclusive approach, ensuring beneficiaries from diverse ethnic groups and marginalized villages are included and empowered.

30. The project provides a well-developed gender assessment and a gender action plan. This plan forms the basis for operationalizing the results and recommendations of the gender

analysis. It contains specific gender elements to be considered in the programme design and during the implementation of programme measures and activities.

31. Project 1 will work closely with the Lao Women's Union to ensure the effective engagement of women. All the activities will proactively involve empowerment elements for village women, including promoting their leadership roles in local structures through various methods, such as ensuring a quota of at least 30 per cent female representatives on village committees. The project will include training on business skills development for women that will help to address common participation gaps and barriers, including financial support. It will also seek to find economic opportunities for women related to agroforestry, forest management and agricultural activities. All extension staff and trainers supporting project 1 will be trained on gender equality and social inclusion, including time-saving activities.

32. Project 1 includes an ethnic group development planning framework on the specific needs of ethnic and indigenous groups. Project priorities include strengthening the female voice in the context of village decision-making; improving their access to land, forest and natural resources for livelihood purposes; respect for customary use of land, including for ancestral and spiritual uses; and appropriate access to information, including the use of ethnic languages and simple imagery to accommodate lower literacy rates.

## 1.4 Needs of the recipient

*Scale: High*

### 1.4.1 Vulnerability of the countries and vulnerable groups

33. The Lao People's Democratic Republic is a landlocked country with a population of 6.8 million people and an area of 236,800 km<sup>2</sup>. The country has a human development index of 0.601, ranking it 139 of 189 globally. The country's economic growth has more recently been among the fastest in Asia, averaging more than 7.7 per cent per year for most of the last decade. According to the World Bank country profile, growth is expected to be driven by the construction sector, supported by investments in large infrastructure projects (mainly energy), and a resilient services sector, led by wholesale and retail trade growth<sup>2</sup>.

34. Growth has been largely dependent on natural resources, and this has placed increasing pressure on the environment. Environmental degradation is taking an economic toll on the country due the depletion of natural resources and adverse impacts on environmental services as well as to human health from pollution and waste: 70 per cent of the country's population still depends on forests and waterways for income and nutrition. The Lao Government has recognized the limitations of this economic model and is implementing reforms to drive a greener and more inclusive model.

35. Many of the country's poorest people live in rural areas and are the most vulnerable to pollution, climate risks and deforestation. The green growth agenda aims to improve local livelihoods by diversifying income sources and involving the private sector to spur market developments – for instance, by promoting sustainable forest management and nature-based tourism.

36. In its second national communication to the United Nations Framework Convention on Climate Change secretariat, the country identifies itself as an LDC with limited adaptive capacities that is highly vulnerable to climate change impacts. The Economy and Environment Programme for Southeast Asia ranks the Lao People's Democratic Republic as one of the most climate-vulnerable countries in the region.

37. According to the proposal, by 2100, mean annual temperatures are projected to increase by 1.4–4.3 °C. Under high emissions scenarios, the number of days of extreme rainfall are

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<sup>2</sup> World Bank Country Profile, 2019

projected to increase by about seven days from 1990 to 2100, and the days of heatwaves to increase from fewer than 10 in 1990 to about 170 days, on average, in 2100.

38. Poor and marginalized groups disproportionately face climate risks, among them temperature increases and erratic rainfall, given that they are more exposed to such changes and generally have a lower capacity to adapt given their reliance on the immediate environment. Natural disasters have increased, and about three-quarters were climate-related (flood 50 per cent, storm 14 per cent, drought 14 per cent). The country is rich in water resources, but has a high risk of river flooding, landslides, cyclones and wildfires.

39. Project 1 address the three provinces of Houaphan, Sayabouri and Luang Prabang in the northern Lao People's Democratic Republic, where poverty rates are among the highest in the country, exceeding the national average by 23 per cent. Food security is a major challenge for many households in rural areas with an estimated 25 per cent of rural households in the region accounted as food poor.<sup>3</sup>

40. These provinces contain the districts with the highest rates of deforestation and forest degradation within the emission reductions programme document accounting area and contain the remaining forest areas most at risk of deforestation/forest degradation. In addition, the geographical locations of these three provinces enable connectivity of forest ecosystems at the landscape level.

41. The project presents accurate information on climate change for the northern part, predicting a temperature increase of 0.8–0.9 °C relative to the historical average by 2030. Precipitation may increase slightly (11–15 mm annual average) but with greater temporal variability.

42. Land use and deforestation are the main drivers of emissions. Deforestation and forest degradation are in the centre of the globally recognized biodiversity hotspots. Supporting the Lao People's Democratic Republic in its effort to safeguard forests will be critical for the country and for the Indochina region at large, which is rapidly being depleted of its natural resources.

#### 1.4.2. **The need for strengthening institutions and implementation capacity**

43. The country's transition to a green growth model implies a behavioural change that needs to be embedded in the country institutions and development plans.

44. The project will support the revision of the Forestry Law (No.06/NA, 2007) and the Land Law, including implementing decrees and regulations. The body of regulations is currently internally inconsistent in the main (although contradictory in some respects), complex and not easily understood by local authorities. There is a need to support the regulatory framework to create an enabling environment that incentivizes deforestation-free investments and to ensure that land-use plans are effectively implemented in the provinces. The project will promote local regulatory frameworks, enabling positive relations with local communities and the adoption of sustainable forestry management in production forests and village forestry.

45. GCF project 1 will work closely with the Japan International Cooperation Agency (JICA) and the Forest Inventory and Planning Division of the Department of Forestry (DoF) on a harmonized MRV system, including the national forest inventory and the preparation of the Forest Reference Emission Level (FREL) under the United Nations Framework Convention on Climate Change.

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<sup>3</sup> Pimhidzai O, Fenton NC, Souksavath P and Sisoulath V. 2014. *Poverty Profile in Lao PDR: Poverty Report for the Lao Consumption and Expenditure Survey 2012–2013*. Available at <<http://documents.worldbank.org/curated/en/868521467998508506/pdf/100120-WP-P146141-PUBLIC-Box393225B-Poverty-Profile-in-Lao-PDR-publication-version-12-19-14.pdf>>.

46. The project will also support the DAFO agricultural extension system ensuring capacity-building to maintain the services after project completion.

#### 1.4.3. Absence of alternative sources of financing

47. The persistent fiscal deficit has led to an increase in public debt and an elevated risk of debt distress. Total public debt was nearly USD 9 billion in 2016, or 59 per cent of gross domestic product. Management of the debt is a constraint on the Lao economy, inhibiting the government from spending to fulfil its development agenda, including transferring resources to support REDD-plus measures. According to the International Monetary Fund's recent debt sustainability analysis, "Lao PDR's risk of external debt distress remains high, suggesting the urgent need to tighten fiscal policy, strengthen public financial management, and develop a comprehensive medium-term debt management strategy".

48. Despite this situation, the Lao People's Democratic Republic has committed substantial domestic resources to participate in REDD-plus and to transform its forest sector from a net GHG emission source into a net carbon sink. However, government budgets are constrained and highly dependent upon donor support, partly because collection levels of legally mandated forest-sector fees and taxes (e.g. income tax, timber harvesting taxes, land taxes) are low. While the country's economy is growing and there is a potential to transfer resources from hydropower schemes and infrastructure development, the current fiscal situation is giving little space for government expenditure.

49. On the other hand, land-use planning in the country builds on over 20 years of experience of donor-funded projects (e.g. KfW, GIZ, German AgroAction, the Swedish International Development Cooperation Agency - SIDA, TABI, AgriSud and others). Several projects have been and continue to be implemented in the project 1 target region, supporting the forestry and biodiversity sectors. The project proposal provides a complete list of projects with interventions and lessons learned. The project aims to coordinate investments in the jurisdiction to allow for the better use of resources, mixing in country resources with donor resources to account for a future emission reductions payment agreement, through which it expects to receive up to USD 42 million of REDD-plus RBP by 2025.

## 1.5 Country ownership

*Scale: High*

### 1.5.1. Alignment with national climate strategy

50. In recent years, the Lao Government has embarked on several reforms that provide a platform for launching GCF project interventions. In 2012, the government issued a suspension on the granting of new concessions for mining, eucalyptus and rubber investments, which remains in effect today. A national moratorium on logging in production forests has also been in effect since 2013 to protect natural forests from unsustainable exploitation. In 2016, the government put in place measures to halt illegal logging and illegal timber exports; this has already demonstrated a significant impact and underlies the ongoing forest law, enforcement, governance and trade voluntary partnership agreement negotiations with the European Union. The adoption of the Central Party Committee Resolution on Land in 2017, indicating the need for reform in land management, is paving the way for a new Land Law in 2019. The Forestry Law (2007), which determines the basic principles, regulations and measures for the use of forest and forestland, is currently under revision to address the emerging domestic and international challenges facing the sector. Moreover, since 2016 all responsibilities for forestry have been returned to one ministry, the Ministry of Agriculture and Forestry (MAF), thereby promoting "joined up" policy development and implementation.

51. The integration of the project's course of action into the country's highest-level policy statements and decisions, including the 8th national socio-economic development plan (2016–2020), the Green Growth Strategy (currently being drafted), the Central Party Resolution on Land (2017), the Forestry Strategy 2020, as well as in the country's NDC provide some safeguards that its impact will continue to be felt beyond the end of this project, especially if the second and third phases of this programme maintain the same policy outlook and emphasis.

52. The GCF programme is also fully aligned with the GCF Country Programme (updated in February 2019). The GCF Country Programme identifies REDD-plus as one of four mitigation priorities. The increase and maintenance of forest cover is identified as one of five short-term priorities (mitigation and adaptation). The Country Programme specifically identifies the GIZ GCF programme as a programming priority. Synergies with other GCF proposals that are planned or under development – including integrated food systems (United Nations Development Programme), climate-friendly agribusiness (Asian Development Bank) and climate-resilient smallholder farmers (World Food Programme) – are noted, as well as synergies with a number of GCF readiness activities (notably, the work of GIZ supporting the Environmental Protection Fund to become an accredited entity (AE) and the Food and Agriculture Organization of the United Nations' support to private sector engagement with REDD-plus).

53. The Lao Government, together with development partners, has put in place an extensive institutional framework at national and subnational levels to implement REDD-plus, including the emission reductions programme. This framework includes the establishment of a National REDD-plus Task Force, representing diverse economic sectors, including forestry, agriculture, mining, energy and land-use planning, as well as including representatives of the Ministries of Justice, Finance, and Planning and Investment; the Lao Front for National Development, the Lao Women's Union and the Lao Chamber of Commerce.

#### 1.5.2. Capacity of accredited entities and executing entities to deliver

54. The GIZ head office (in Germany) will serve as the AE. The GIZ office in the Lao People's Democratic Republic will fulfil the role of one of the executing entities (EEs) of project 1, together with the Lao Government (represented by MAF and the Ministry of Natural Resources and Environment, MoNRE) and JICA. The two GIZ roles will be strictly separated and accountable to different management structures within GIZ.

55. As the AE, GIZ will assume oversight responsibility for project 1, as defined in the accreditation master agreement between GCF and GIZ. GIZ will also administer project funds on behalf of GCF and will provide oversight guidance and quality assurance of the three EEs through its relevant head office units.

56. GIZ has been operating in the country since 1993 and employs approximately 250 staff members, most of them Lao nationals. GIZ technical assistance in the Lao forestry sector amounts to EUR 21 million, with the Lao People's Democratic Republic ranking among the top 15 recipient countries of forestry-related German development assistance worldwide. GIZ has proven global experience in developing REDD-plus programmes.

57. In order to implement project 1, GIZ will need to establish legal arrangements with the EEs (the Lao Government and JICA), implementation partners and contributing partners.

58. For project 1, the following agreements will be necessary:

- (a) German Federal Ministry for Economic Development Cooperation (BMZ) Commission;
- (b) A funded activity agreement between GIZ (as the AE) and GCF; and
- (c) The Lao People's Democratic Republic–Germany bilateral agreement with the Ministry of Planning and Investment.

59. In terms of EEs, there needs to be:
- (a) A subsidiary agreement (grant agreement) between the GIZ Head Office (the AE) and the Lao Government (represented by MAF and MoNRE) relating to the REDD-plus funding window. This agreement will, among others, also address the implementation of those activities co-financed by the International Fund for Agricultural Development, KfW and the Asian Development Bank under cooperation agreements; and
  - (b) A subsidiary agreement between the GIZ Head Office (the AE) and JICA.
60. The National Project Steering Committee will provide administrative oversight for the project, ensuring coordination across ministries and will provide strategic implementation guidance to the National Project Management Unit (NPMU) and Provincial Project Steering Committees (PPSCs, the Provincial REDD-plus Task Forces).
61. The REDD-plus Task Force was established by Government Decree No. 1313 (2008) as a multi-sector body. It is headed by the Vice-Minister of Agriculture and Forestry and comprises representatives of:
- (a) The DoF, under MAF;
  - (b) The Department of Agricultural Land Management and Development, under MAF;
  - (c) The Department of Climate Change, under MoNRE;
  - (d) The Department of Environmental Quality Promotion, under MoNRE;
  - (e) The Land Department, under MoNRE;
  - (f) The External Finance Department, under the Ministry of Finance;
  - (g) The Ethnic Groups Department, under the Lao Front for National Development;
  - (h) The Department of International Cooperation, under the Ministry of Planning and Investment;
  - (i) The Division of International Law and Administration Law, under the Ministry of Justice;
  - (j) The Energy Conservation and Saving Division, under the Ministry of Energy and Mines;
  - (k) The Central National Lao Women's Union;
  - (l) The Faculty of Forestry Science of the National University of Laos; and
  - (m) The Lao National Chamber of Industry and Commerce.
62. GIZ, as the GCF AE and one of three EEs, will maintain observer status on the National Project Steering Committee to provide strategic guidance and ensure that GCF-related guidance and compliance is provided to the national actors.
63. The PPSCs, one for each participating province, will be led by the provincial REDD-plus Task Force in each province. At the provincial level, the PPSCs will review project implementation progress and provide support to address potential bottlenecks related to implementation.
64. GIZ will be responsible for the establishment and operation of the NPMU. The NPMU will be established within DoF (in MAF); associated provincial and district units (provincial project management units (PPMUs) and district project management units (DPMUs), respectively) will be similarly managed – PPMUs will be situated in Provincial Agriculture and Forestry Offices (PAFOs) and DPMUs in DAFOs.
65. The Lao Government, represented by MAF and MoNRE, will also serve as one of the EEs. MoNRE is the country's GCF national designated authority and is responsible for the Environmental Protection Fund (EPF). MAF serves as the Chair of the REDD-plus Task Force

and is (together with the Ministry of Finance) the contract-signing party with the FCPF Carbon Fund to sell GHG emission reductions and receive RBP. MAF is further responsible for the Forest Resource Development Fund, which will have two roles as: a) a beneficiary receiving capacity-building support; and b) channelling funds to beneficiaries, once its capacities have been satisfactorily built.

66. While the legal agreement with GIZ (as the AE) will be signed with the Lao Government, GCF funding will flow from GIZ directly to the EPF, which will be responsible for the financial management and disbursement of grants to other beneficiaries.

67. In its capacity as an EE, JICA will provide technical assistance to departments within the participating ministries and to subnational agencies. JICA will use its own funds (EUR 1.6 million co-finance) in the context of its F-REDD II project to:

- (a) Support law enforcement and land use planning (activities 1.4 and 1.5);
- (b) Set up the MRV system and support knowledge generation for the FRL/FREL under activity 1.6 in close coordination with the Forest Inventory and Planning Division of MAF and the NPMU; and
- (c) Support the implementation of activities 2.1 and 3.1 in the province of Luang Prabang.

68. The iTAP believes that this is a complicated arrangement, especially because it will be binding GCF with the responsibility of overseeing the implementation of all the associated programmes and invested resources with partner entities.

### 1.5.3. Engagement with civil society organizations and other relevant stakeholders

69. GIZ conducted two preliminary fact-finding scoping missions in 2018, including a high-level meeting with government representatives to ensure commitments to project development from the main project partners and supporting partners interested in providing co-finance.

70. An inception workshop for national government partners was held on 5 October 2018, where the initial project structure was presented, as well as key considerations for activities and actions, institutional arrangements and potential co-financing sources. The project has been developed with regular engagement from the national designated authority (MoNRE). The project has been designed with the continuous engagement of government focal points from key ministries, where the government has demonstrated strong ownership of the project concept.

71. CSOs have been consulted extensively, and at frequent intervals, during the project preparation process. The number of participants in the stakeholder consultations was 1,066, of which only 24 per cent were woman. Therefore, the project implementors will need to ensure that a better proportion of women participation during project implementation. CSOs involved in the design of the project have included the Lao Women's Union (at national, provincial and district levels), Village Focus International, Centre for People and Forests, the forest law, enforcement, governance and trade CSO Network and the National University of Laos.

72. CSOs represent a central beneficiary of project support at the local level and will be involved in all village-level activities, including funding for capacity-building and awareness-raising, knowledge management and communication, gender plan and establishment of public-private sector dialogue to promote village-based agroforestry project activities. Furthermore, CSOs in the target provinces and districts will be trained on the project's grievance redress mechanism and provided with information brochures.

## 1.6 Efficiency and effectiveness

*Scale: High*

### 1.6.1. Cost-effectiveness and efficiency

73. Project 1 is requesting EUR 15,2 from GCF, mobilizing EUR 50 million of co-financing. The project will unlock REDD-plus RBP of EUR 23 million from the FCPF Carbon Fund during its four-year implementation period.

74. The project's budget includes resources provided by GCF (EUR 15,2 million), BMZ (EUR 5,2 million), the Lao Government (EUR 11,8 million) and other institutions delivering parallel projects (EUR 33 million) for a total amount of EUR 65,2 million.

75. The Lao People's Democratic Republic has been engaged in the REDD-plus readiness process since 2008, demonstrating genuine commitment from the Lao Government and civil society stakeholders. As part of the national REDD-plus process, the Lao Government has designed an emission reductions programme under the FCPF Carbon Fund, and as stated before is currently in negotiations regarding the emission reductions payment agreement, through which it expects to receive up to USD 42 million of REDD-plus RBP by 2025.

76. The programmatic approach of the project will invest in the enabling environment to support deforestation-free agriculture and sustainable forest landscape management to receive results-based financing, aligned with the emission reductions programme under FCPF. Moreover, the approach expects to not only reverse deforestation but also to prove regeneration with approximately 100,000 ha in additional forest area by 2030. Such a reversal follows sustained, uninterrupted and precipitous forest decline over the preceding in excess of 20 years.

77. The activities under outputs 2 and 3 to promote the adoption of sustainable deforestation-free agriculture (such as intercropping or sequential cropping of upland rice and maize with other crops), agroforestry and sustainable forest management (utilization of non-timber forest products and timber harvesting under approved guidelines) will result in positive reflows for the beneficiaries.

78. The project presents an estimated leverage impact annex that estimates to leverage EUR 227 million unlocking EUR 23 million from FCPF REDD-plus RBP, additional carbon revenue is EUR 120 million from emission reductions, EUR 6 million revenues to SMEs from the green credit line, EUR 77 million from increased agricultural productivity, EUR 86.6 million from protected areas fees, EUR 825,000 from forest fees and taxes and EUR 374,000 from timber revenues. The iTAP believes that estimating these aggregated benefits is a unique way of presenting the impacts of actions from GCF resources.

79. The REDD-plus funding window is granting EUR 11,098,939 to beneficiaries that will be channelled through funding sub windows. From this amount EUR 5,529,000 will be delivered in the form of cash to villages, SMEs and CSOs and EUR 5,569,939 will be delivered in form of services (equipment, training, etc.) to various governmental agencies. These payments will be of three types: operational funds, upfront payments and performance-based payments. Beneficiaries will include government agencies, villages and private sector entities. The resources will be channelled initially through the EPF and will progressively be transferred to the Forest Resource Development Fund. However, the proposal is not clear on this scheme and needs better refinement.

80. For the Lao Government window, the EPF will channel funds to government ministries (principally, MAF and MONRE), as well as their provincial- and district-level counterparts (i.e. Provincial Offices of Natural Resources and Environment and District Offices of Natural Resources and Environment, PAFOs and DAFOs).

81. Government agencies at the national and subnational levels will be required to submit funding proposals to the REDD-plus funding window in order to receive resources. The NPMU within MAF (DoF) and associated provincial (PPMU) and district (DPMU) units will assist government agencies to prepare funding proposals.

82. For the village window, funds will be channelled to a deposit account of each village, a village development fund, and will be managed by Village Development Fund Committees. Villagers can apply to receive funds to invest in good agricultural practices aligned with an eligible options list (a “white list”). Funds related to forest management are based on simple fund management methods. Depending on the village, villagers will receive cash payments to implement certain forest management-related activities. Performance-based payments will be channelled to the village development funds as well.

83. For the private sector window (SMEs), there will be private sector village partnership agreements. Private sector enterprises will be eligible for grants from the REDD-plus funding window covering 50 per cent of the establishment costs for village-based agroforestry (up to EUR 200/ha, approximately 50 per cent). The remaining 50 per cent will be financed by the enterprises, as per the private sector village partnership agreement.

84. The iTAP observed in the submission that the fees payed to international consultants were very high compared to the salaries of local consultants and that a high percentage of resources was destined for consultancies rather than beneficiaries. Based on this observation, GIZ decided to transfer those international consultancy rates to the BMZ budget and allocate more GCF resources to increase the funding of the REDD-plus funding window.

85. GIZ is investing in the development of a green credit line to boost agricultural productivity and reduce pressure on existing forests, proving concessional debt finance to SMEs (with a particular focus on women-led SMEs). GIZ will not use GCF funds to finance lending under the green credit line. Instead, the project 1 team will assist in fundraising activities to mobilize international public and private finance to capitalize the green credit line. The selection of a partner financial institution to operate the green credit line is under discussion involving Lao financial institutions like Bank of Lao, ACLEDA Bank Lao Ltd. and Banque Pour Le Commerce Exterieur Lao.

86. Finally, the project has an economic model that takes into consideration the reduction of CO<sub>2</sub> emissions and economic value-add-ons captured by project beneficiaries. Assuming, as a base case, a carbon price of EUR 25/tCO<sub>2</sub>eq (the European Union Emissions Trading Scheme price as of June 2019) and the economic value-added, which is derived from applying the per-hectare findings of the financial analysis above to the entire target area of outputs 2 and 3, the programme in which project 1 is embedded produces a very high Net Present Value (NPV) of EUR 1,485 million (over a 20-year period and a 10 per cent discount rate).

## **II. Overall remarks from the independent Technical Advisory Panel**

87. The iTAP recommends approval of this project.

88. The iTAP notes that the project involves many actors and layers that will be difficult to coordinate. The iTAP recommends providing a well-structured benefit-sharing mechanism with concrete indicators on incentives and disincentives; that will allow to clarify the governance mechanisms, at the national level and also at the local level where all the different players coincide.

## Response from the accredited entity to the independent Technical Advisory Panel's assessment (FP 117)

Proposal name: Implementation of the Lao PDR Emission Reductions Programme through improved governance and sustainable forest landscape management

Accredited entity: Deutsche Gesellschaft Fur Internationale Zusammenarbeit (GIZ) GMBH

<b>Impact potential</b>
<i>Thank you for the positive assessment. We welcome the iTAP's recommendation. No further comments.</i>
<b>Paradigm shift potential</b>
<i>Thank you for the positive assessment. No further comments.</i>
<b>Sustainable development potential</b>
<i>Thank you for the positive assessment. No further comments.</i>
<b>Needs of the recipient</b>
<i>Thank you for the positive assessment. No further comments.</i>
<b>Country ownership</b>
<i>Thank you for the positive assessment. We welcome the iTAP's recommendation. No further comments.</i>
<b>Efficiency and effectiveness</b>
<i>Thank you for the positive assessment. No further comments.</i>
<b>Overall remarks from the independent Technical Advisory Panel:</b>
<i>Thank you for recommending the project approval. We welcome the iTAP's recommendations. No further comments.</i>

# *GENDER ASSESSMENT*

Supporting a Funding Proposal to the Green Climate Fund

Programme Title:

*Implementation of the Lao PDR Emission Reductions  
Program through improved governance and sustainable  
forest landscape management*

*Commissioned by Deutsche Gesellschaft für Internationale  
Zusammenarbeit (GIZ) GmbH*

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## List of Abbreviations

ADB	Asian Development Bank
ADWLE	Association for Development of Women and Legal Education
ASEAN	Association of Southeast Asian Nations
CBD	Convention on Biological Diversity
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CSO	Civil Society Organization
DAFO	District Agriculture and Forestry Office
DLWU	District Lao Women's Union
DoF	Department of Forestry
ER Program	Emission Reduction Program
FAO	Food and Agriculture Organization of the United Nations
FLEG(T)	Forest Law Enforcement and Governance (and Trade)
FLR	Forest and Landscape Restoration
GAP	Gender Action Plan
GCF	Green Climate Fund
GFP	Gender Focal Point
GIZ	German Development Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
Lao PDR	Lao People's Democratic Republic
LDC	Least Developed Country
LWU	Lao Women's Union
MAF	Ministry of Agriculture and Forestry
MoU	Memorandum of Understanding
MRV	Measurement, Reporting, and Verification
NCAWMC	National Commission for the Advancement of Women, Mothers and Children
NPA	Non-Profit Organization
NSAW	National Strategy for the Advancement of Women
NSEDP	National Socio-Economic Development Plan
NTFPs	Non-Timber Forest Products
PAFO	Provincial Agriculture and Forestry Office
PLWU	Provincial Lao Women's Union
PRAP	Provincial REDD+ Action Plans
REDD+	<b>Reducing Emissions from Deforestation and Forest Degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries</b>
RECOFTC	The Center for People and Forests
SDGs	Sustainable Development Goals
SFM	Sustainable Forest Management
Sub-CAW	Ministry-based (sub-)Committee for the Advancement of Women
VPA	Voluntary Partnership Agreement

## 1. Introduction

Lao PDR is a landlocked, Least Developed Country (LLDC) with dwindling forest cover, from 70% in the 1960s to 58% in 2015. Forests are not only an important sector for Laos' national economy, but are also central to the income, nutrition and livelihoods of its people. Especially the poor rural population is strongly dependent on the natural resources derived from land and forests. Forest degradation and deforestation therefore pose a significant risk to the livelihoods of a majority of the Lao population. Women, the poor, and geographically remote communities are typically most vulnerable to these changes due to their limited adaptation capacities and limited access to alternative means of securing their livelihoods.

The core national strategies (8<sup>th</sup> Socio-Economic Development Plan, Central Party's Resolution on Land, Forestry Strategy 2020, Lao PDR's Nationally Determined Contribution) acknowledge the importance of Laos' forest resources and their sustainable management as an integral component of rural livelihood support and improvement. The National REDD+ Strategy and National REDD+ Vision to 2030 build on these national policies and emphasize the importance of all stakeholders, including households, communities, Government and private sector, to be an active contributor to reducing deforestation and degradation, and to promote forest restoration and reforestation.

The planned Green Climate Fund (GCF)-supported programme will contribute to the implementation of the national Emission Reduction (ER) Program. With approximately 250,000 direct beneficiaries from at least 23 different ethnic groups, and an additional 250,000 women and men indirectly benefitting, the ER Program aims to mainstream gender and ethnic sensitivity throughout all planned measures.

The proposed programme aims to support the successful implementation of the Lao PDR Emission Reductions Program through improved governance and sustainable forest landscape management. The funding proposal describes four outputs to achieve that: Output 1 will address barriers at the national and sub-national levels, including development planning, policy and regulatory environment, law enforcement, Measurement, Reporting, and Verification (MRV) activities, and sustainable financing for the forest and land use sector, and therefore contribute to the creation of an enabling environment for REDD+. Output 2 will address key drivers of deforestation and degradation. It delivers emission reductions on the ground at scale through reducing the expansion of agricultural activities into forested landscapes. That will include the promotion of deforestation-free agricultural practices and value-chains, modernized technologies, and access to markets and financial means.

Output 3 aims to reduce emissions through Sustainable Forest Management (SFM) and Forest and Landscape Restoration (FLR), including the enhancement of carbon sequestration through the rehabilitation and restoration of degraded forest lands. Planned activities include systematic village forest and watershed management, support of national conservation forest management, and the promotion of private sector investments in community-based agroforestry.

Output 4 includes management activities and other services, as well as a contingency fund. The Gender Action Plan and stakeholder engagement activities are also planned under this output.

In order to guarantee a gender-sensitive approach and implementation of the programme and to meet the standard requirements of the GCF and GIZ, this gender analysis provides recommendations for the funding proposal for the GCF-ERP programme. Although by no means exhaustive, this gender analysis attempts to provide both a general and sectoral overview on the state of gender equality in Laos, covering direct and indirect factors which can impact the implementation of the program.

## 2. GCF and GIZ Guidelines for the Promotion of Gender Equality

According to the GCF's Gender Policy, "proposed projects or programmes submitted to the Fund are required to be aligned with national policies and priorities on gender and with the Fund's gender policy<sup>1</sup>". This includes a mandatory initial socio-economic and gender assessment, complementary to the environmental and social safeguards (ESS) process.

The main goal of this assessment is therefore to determine how the programme can respond to the needs of women and men in view of the addressed forest degradation and deforestation, and the proposed measures.

Gender dynamics and related drivers of change will be identified to achieve the programme goals in a sustainable manner and will be reflected in the proposed activities. The assessment is required to include stakeholder consultations.

Additionally, implementation budgets will be provided alongside realistic indicators at output, outcome and impact levels.

In line with the above-mentioned GCF Gender Policy, GIZ's Safeguards and Gender Management System and Gender Strategy<sup>2</sup> require that a gender analysis is conducted at an early stage of the preparation phase of a programme in order to identify potentials for promoting gender equality and risks that need to be avoided, or at least mitigated, through specific measures.

The results and recommendations of this analysis are directly taken into account for the objective, indicators, the methodological approach and the results monitoring system of the programme.

The assessment will conclude with gender-responsive REDD+ Strategies with tangible benefits to women, and a concrete gender action plan (GAP) for addressing gender gaps and maximizing benefits and women's empowerment in the forest and landscapes sector in the accounting area.

## 3. Methodology

This gender analysis has been elaborated in three phases:

1. A desk review of relevant national policies, legal and regulatory frameworks, and pre-existing assessments in the sector.
2. Consultations with relevant local government authorities and villagers in three villages in two of the target Provinces (Houaphan and Luang Namtha).
3. Further research and finalization of the gender analysis and GAP.

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<sup>1</sup> Green Climate Fund 2015

<sup>2</sup> GIZ 2012

Overall, the availability of recent data and information on gender in the forest sector is limited in Lao PDR, and data collection and analysis usually take place in the framework of larger and more generic country assessments of donors, and census data collection.

The field consultations took place between 15-24<sup>th</sup> January 2019: one mission to Houaphan Province from 15-18<sup>th</sup> January, and one mission to Luang Namtha Province from 22-24<sup>th</sup> January 2019. In both Provinces, interviews were conducted with the Provincial Agriculture and Forestry Office (PAFO) and the Provincial Lao Women's Union (PLWU).

At the District level, interviews were conducted with the District Agriculture and Forestry Offices (DAFO) and District Lao Women's Union (DLWU) in Xam Neua (Houaphan) and Luang Namtha District. In total, four village consultations took place: Ban Yard Village in Xam Neua District; Ban Nam Mad Mai village and Ban Nam Dee village in Luang Namtha District.

In total, 148 people were interviewed and consulted (79 men and 69 women).

The selected villages are of different ethnic and economic background, and showed different levels of women's participation:

- Ban Yard village/Houaphan: Khmu and Hmong ethnicity, with two villages merged into one. High poverty and unemployment rates, low education standard. Strong weaving tradition, livestock as central income activity, shifting cultivation and paddy rice production. Women were highly active during the consultations, and the organization of two separate meetings for women and men was supported.
- Ban Nam Mad Mai village/Luang Namtha: Akha ethnicity. Village was moved several times in the past 20 years and has experienced improving income levels since they now live close to Luang Namtha town. Education levels are still very low. Rubber provides the main income, in addition to income from forest resources and rattan production. Shifting cultivation is still practiced. The villagers refused separate meetings. The women needed continuous translation between Akha and Lao, and appeared overall very shy to speak up in front of the village authorities and other men.
- Ban Nam Dee village/Luang Namtha: Lanten/Yao ethnicity. The village is an eco-tourism site. Income levels are proportionally higher, but with high dependence on funds for the tourism site which will end soon, and on their income from rubber with strong price fluctuation (monopoly of one Chinese company). Very low education levels amongst the women; the few women who attend school tend to leave the village. Villagers did not organize separate meetings, and the village head continuously overpowered the attending villagers. Women's participation could only be encouraged through the attending national Lao Women's Union representative.

Feedback from the consultations, including comments and recommendations have been integrated throughout the document. The findings and observations are crucial to the planning, implementation and monitoring of the planned programme. In actively integrating gender-sensitive and gender-responsive measures throughout the programme activities, the programme can not only prevent the continuation of traditional gender stereotypes, but can also contribute significantly to improving gender equality and equity in the target areas. This will largely add to the positive impact the programme can have.

## 4. Gender-related Aspects of Emission Reduction through Forest Governance and Forest Landscape Management

The following chapter provides an overview of relevant gender strategies in the forestry sector at international, regional and national level.

### International level: Agenda 2030, FAO's Criteria and Indicators

The Agenda 2030 for Sustainable Development, including its seventeen Sustainable Development Goals (SDGs), represents the overarching framework for sustainable global development throughout different sectors, including gender and forest protection. Gender equality is addressed as a stand-alone development goal under SDG 5, but is also integrated into all other SDGs. With regard to forest governance and protection, three SDGs provide guidance for the planned programme:

- Sustainable production and consumption (SDG 12): development of production and consumption that takes into account the limitation of natural resources and empower local populations, including women, to keep the ownership of their lands and means of production.
- Climate action (SDG 13): women, indigenous peoples and local communities, and other groups have the right to be represented in climate summits as climate change affects them in different ways and they are the holders of knowledge and experiences that can help finding adapted solutions to climate change.
- Conserving forests and biodiversity (SDG 15): limiting the industrialization of agriculture and forestry in order to protect forests, biodiversity and preserve local communities' ways of subsistence.<sup>3</sup>

The Women 2030 Program is a coalition of gender network organizations supporting the implementation of the 2030 Agenda. It is implemented in 50 countries all over the world, including Lao PDR, aiming at the realization of the SDGs in a gender-equitable and climate-just manner. The Program works mainly through capacity building of women's civil society organizations and enables them to participate in relevant policy dialogues and monitoring, as well as citizens' engagement.<sup>4</sup>

Amongst the agencies of the United Nations, the Food and Agriculture Organization (FAO) leads the way regarding an integrated approach of gender and forestry. FAO's Criteria and Indicators for sustainable forest management (SFM) were recently updated with a gender-responsive toolbox providing a general framework for practical integration of gender aspects for the forest development sector<sup>5</sup>. FAO recognizes that, even though women play a very important role in forest-related work and the generation of income from forest resources, this is rarely reflected in forestry-related planning and programming<sup>6</sup>.

Another important international framework is provided through the Convention on Biological Diversity (CBD), which Laos ratified in 1996. A Gender Plan of Action (currently until 2020) is

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<sup>3</sup> Women2030 Project: About the Sustainable Development Goals

<sup>4</sup> Women2030 Project: About Women2030

<sup>5</sup> FAO 2018

<sup>6</sup> FAO 16/07/2018: Sustainable Forest Management Toolbox increases gender considerations in its modules.

aligned with the Strategic Plan for Biodiversity and provides concrete tools and action steps to integrate gender into related national policies and implementation efforts. Parties to the Convention are requested to report on actions undertaken to implement the Gender Plan of Action under the CBD<sup>7</sup>.

The four strategic objectives of the CBD Gender Plan of Action are:

1. Integration of gender perspectives
2. Promoting gender equality
3. Demonstrate the benefits of integrating gender
4. Increase the effectiveness of implementation efforts

Actions based on these objectives are organized around four spheres of work: policy, organizational, delivery, and constituency. The Plan further provides concrete actions to integrate gender aspects into all mentioned spheres relevant to successful implementation of the Convention.

### Regional Agreements on Forestry in the ASEAN region

The only regional agreement in the forestry and biodiversity sector is a Memorandum of Understanding (MoU) on ASEAN Cooperation in Agriculture and Forest Products Promotion Scheme. The MoU has been renewed three times since 1994, with the current one being in force since 2014. As an MoU, it does not require further ratification or detailed integration processes, and it focuses on economic promotion rather than resource protection. None of the related documents considers gender aspects of the addressed schemes and production chains<sup>8</sup>.

The year 2007 was seen as a political landmark in ASEAN cooperation with regard to forestry and related forest law enforcement and improved forest governance. The ASEAN Statement on Strengthening Forest Law Enforcement and Governance (FLEG) was issued in 2007 and paved the way to take action addressing illegal logging and its associated trade issues as a joint effort with regional partners and international stakeholders. The FLEG work plan 2016-2025 does not provide specific recommendations for gendered aspects of transboundary trafficking of wildlife and timber or illegal logging, but it recognizes the social and cultural aspects in general, and poverty as a driver for related illegal practices in particular.

Gender considerations are notably absent in the actions set for improved market access, capacity building for law enforcement-related authorities and community stakeholders, awareness-raising activities and training on forest governance for business actors, civil society organizations and local communities<sup>9</sup>.

### Forestry and Biodiversity in Lao PDR

The current Lao National Biodiversity Strategy and Action Plan 2016-2025 mentions the Lao Women's Union as a potential civil society stakeholder to reach out to women, but it does not take gender issues into account beyond that. The proposed way forward for the current strategy, however, recognizes that future training efforts supported under the National Strategy should also consider women, youth and ethnic groups beyond the internal

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<sup>77</sup> Convention on Biological Diversity: 2015-2020 Gender Plan of Action

<sup>8</sup> Memorandum of Understanding on ASEAN Cooperation in Agriculture and Forest Products Promotion Scheme 2014

<sup>9</sup> Compare Work Plan for Forest Law Enforcement and Governance (FLEG) in ASEAN, 2016-2025

Government system. Furthermore, the Strategy also proposes to consider women and youth leaders as specialists and training resources in their function as keepers of Traditional Knowledge<sup>10</sup>.

With regard to the Memorandum of Understanding (MoU) on ASEAN Cooperation in Agriculture and Forest Products Promotion Scheme, Laos assigned the Director of the Division of Planning under the Department of Forestry at the MAF to be the national coordinator and focal point for the other ASEAN member countries. The overall coordination of all ASEAN members under this MoU is facilitated through the ASEAN Forest Products Industry Club – led by the Malaysian Timber Industry Board and therefore the private sector. Given the variety of stakeholders involved in the concerned promotion schemes, gender considerations would have broad potential to be taken up, but do not form part of any guiding principles of the Club or the agreement itself.

It is not likely that the MAF's focal point will proactively add a gender dimension to the cooperation. The MAF has its own gender focal point who could be consulted for such matters, but that is usually only utilized when projects/partners set specific requirements towards gender mainstreaming.

The Lao FLEGT Voluntary Partnership Agreement (VPA) process is still in the negotiation phase, with expectations for its ratification and signing in 2020. Despite the relevance for gender- and ethnicity-sensitive inclusion in areas concerning production and village forests, and the implications of the VPA on forest governance structures, the FLEG VPA negotiations completely lack a respective gender lens<sup>11</sup>. In a 2018 gender analysis, the GIZ-FLEGT programme in Laos pointed out that most FLEGT-VPA meetings were predominantly led by senior men. If social issues were raised, it was mostly initiated by the represented CSOs, and had a rather general focus on people's benefit-sharing<sup>12</sup>. A gender imbalance at decision-maker levels, combined with generally low gender knowledge, is a significant barrier to successful integration of gender aspects into Laos' forestry sector as a whole.

The National Socio-Economic Development Plan (NSED) VIII, as Laos' guiding strategic document, refers to environmental protection and natural resource management in section 3.4.3, but its content is not specifically gender-differentiated. The cross-cutting section on Women's Development, however, offers several targets which directly or indirectly influence the forestry sector and therefore can be used for strategic decisions/communication of such decisions towards donors and partners of the GCF programme, such as to "ensure gender equality in economic opportunities, including access to resources such as land, funds, technologies and basic infrastructure (electricity, roads, markets)", and the goal to "promote women to take up 20% of leading management-level positions"<sup>13</sup>.

The main legal document in the forestry sector is the new Forestry Law (currently still under final revision). The current version (July 13<sup>th</sup> 2018) does not mention gender or women in any of its articles. The same applies to the recently-developed Provincial REDD+ Action Plans (PRAPs) and the Law Enforcement Action Plans in the interviewed Provinces. The interviewed Government partners at Provincial and District level all agreed that the Forestry Law itself does not need to mention gender dimensions explicitly since other relevant legislation – the

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<sup>10</sup> National Biodiversity Strategy and Action Plan 2016-2025

<sup>11</sup> Compare: FLEGT VPA process in Lao PDR 2018

<sup>12</sup> GIZ/Bode 2018

<sup>13</sup> Lao PDR's National Socio-Economic Development Plan VIII 2016-2020

Constitution, the Labor Law, the Family Law, the Law on Women's Union, and the Law on the Development and Protection of Women – already provide the legal basis for gender equality throughout all sectors. The interviewed partners stated that gender aspects in the development of the PRAPs were covered by involving the Lao Women's Union in the respective consultations. They did not see any entry points for direct inclusion in the resulting PRAPs due to the technical nature of the measures. All interview partners emphasized, however, that future guidelines and regulations need to provide concrete guidance on the integration of gender into implementation structures.

The interviews also showed that the Provincial and District Forestry agencies might possess only limited awareness on the relevance of gender-responsive measures in their sector. This was signaled by their responses, which lacked concrete understanding of gender mainstreaming, as well as the fact that most interview partners in the forestry offices were men. One office mentioned that they have a gender focal point but did not consider inviting her to the interview. This is rather symbolic of the under-utilization of gender resources within the partner structures.

The key message from the interview partners was coherent with other programme findings: the key challenge to effective gender mainstreaming in the forestry sector is only partly in the legal provisions but mainly at the implementation level. This includes knowledge and awareness, as well as personnel and financial resources, and lack of designated and committed responsibilities beyond the Lao Women's Union.

### Implications for the GCF programme

The planned GCF programme can draw valuable recommendations for the practical integration of gender into forest governance from international frameworks and action plans, as mentioned above. Regional structures and existing legal frameworks do not provide sufficient guidance for all concerned stakeholders for a gender-sensitive implementation of the ER program or its associated GCF programme. A valuable contribution of the programme can therefore lie in supporting the development of guidelines and regulations for forest governance and protection which are sensitive to the diverse needs of the communities with regard to gender, ethnicity and economic status. Furthermore, the programme might be able to significantly promote gender balance in stakeholder meetings and other platforms relevant to decision-making.

The institutional structures for improved gender-responsive forest governance do currently exist (ministries' gender focal points, Lao Women's Union), but currently lack in-depth technical knowledge, budgets and the internal mandates to be taken seriously enough.

## 5. The Contextual Situation of Gender Equality in Laos

Laos currently ranks 106<sup>th</sup> on the Gender Inequality Index (rank 138 on general Human Development Index; as of 2015). Major negative contributors to that ranking are the maternal mortality ratio, the adolescent birth rate and the low female proportion of people with at least some secondary education. Positively influencing contributors are the proportionally high share of female parliamentarians and the high female labor force participation rate<sup>14</sup>.

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<sup>14</sup> Gender Inequality Index

## 5.1 The Meta Level: Norms and Traditional Roles of Women and Men in Laos

Despite a strong legal framework stating and promoting the equality of Lao women and men, the influence of gender norms and traditional roles is still seen as one of the major obstacles in achieving factual gender equality in Laos. This becomes most visible in decision-making positions throughout all sectors, as well as at the community level where women continue to struggle to participate on equal terms and in equal numbers.

Gender equality is additionally influenced by ethnic background in Laos. The Lao-Tai group represents 67% of Lao PDR's population, along with three major non-Lao-Tai ethno-linguistic groups, namely the Mon-Khmer (21%), the Hmong-Lu Mien (8%) and the Chine-Tibetan (3%). These groups further splinter into 49 distinct ethnicities and 200 ethnic sub-groups. Many traditional norms within Lao-Tai cultures are favorable with regard to gender equality: women are often financial decision-makers, inherit land and property more often, and have gained equal access to education. The other three ethno-linguistic groups mostly have stronger patriarchal traditions and norms, limiting women's access to decision-making, property and education<sup>15</sup>.

Violence against women is, however, a reality for women from all ethnic backgrounds in Laos. Research indicates that around 20% of Lao women have been physically and/or sexually abused by a partner or non-partner, and at least 35% of women live in circumstances of emotional violence, with both figures estimated to be much higher since most cases go unreported. Perhaps more jarringly, the majority of women and almost half of all men in Laos believe violence is justified if a woman does not adhere to traditional gender norms and roles, such as leaving the house without permission or burning the food<sup>16</sup>. This indicates that problems are both in enforcement and broader issues of tradition and culture that cannot be fixed in the short-term<sup>17</sup>. Village Mediation Units are the first micro institution to deal with cases of domestic violence and often smooth over cases for the sake of village unity and the rewarded status of "case-free village" (no referrals to district courts). Traditional gender roles directly influence the village-based justice system, in addition to women's generally weaker access to justice outside the village structures due to illiteracy, lack of Lao language skills and legal knowledge, and lack of means and permission to travel.

Lao PDR has one of the highest rates of early marriage in the region as part of traditional practices, including "bride kidnappings" and child marriages. One-third of women marry before age 18, while one-tenth marry before age 15. Early marriage is often associated with early pregnancy. In 2012, 19.4 percent of reproductive-age women had given birth by age 18, while 3.6 percent had done so by age 15. Both early marriage and adolescent birth have a negative impact on the education and livelihood opportunities of women<sup>18</sup>.

The impact of these factors on a programme cannot be underestimated. It affects women's participation, their confidence to speak up and voice opposing opinions, and their willingness and capacity to participate in village management tasks. Many rural women themselves also

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<sup>15</sup> King & van de Walle 2007

<sup>16</sup> World Bank and Asian Development Bank 2012

<sup>17</sup> Open Development Laos 2018: SDG 5 Gender Equality

<sup>18</sup> Compare United Nations in Lao PDR 2018

think that women are generally not capable of decision-making due to lack of education and perceived lack of inherent leadership qualities, a viewpoint that was expressed in two out of three village interviews during the assessment mission. The third village had higher income rates for the women and a culture of women being part of decision-making. The latter is the more decisive factor, since another village also claimed that women earn more than men, but there it did not lead to higher participation rates of women.

#### Implications for the planned GCF programme

In addition to avoiding the continuation of existing gender stereotypes and norms which are of disadvantage to Lao women, the planned GCF programme has a significant potential to contribute positively to gender equality. Inclusive awareness-raising measures targeting women as carriers of traditional knowledge and change agents within their families have great outreach, especially when presented in different ethnic languages, and tailored to lower education levels.

Whenever possible, any form of awareness-raising, village consultation, training or dissemination meeting should proactively involve components of empowerment for village women. This includes separate meetings between men, women and village authorities to create safe spaces for everyone to share, trainings for concerned staff on inclusive facilitation, sending staff who speak ethnic languages or providing budget to hire translators, and designing any concrete activities with the specific social conditions of a village in mind.

Since one of the GCF programme's central approaches will be to create new production methods and value chains, and therefore new income structures for communities, it is important to minimize financial risks for participating families. Research indicates that financial and work-related problems increase the likelihood of domestic violence, especially in families where women have lower educational levels and lower incomes in comparison to their husbands<sup>19</sup>. Where forestry regulations affect family businesses, or communities are supported to change traditional ways of living and earning, it can be assumed that women are at a higher risk of domestic violence.

The GCF programme could therefore contribute to a prevention of violence against women through the formulation of gender-sensitive and -responsive prevention strategies, aiming at women's skill development and empowerment, and men's change of attitudes towards gender equality.

#### 5.2 Macro Level: International and Regional Commitments & National Legislation and Policies

At the international level, Laos is a signatory to the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW). A recent Capacity Assessment on CEDAW implementation in Laos conducted by the Association for Development of Women and Legal Education (ADWLE) concluded that, despite having a very advanced legal framework for gender equality, there is only very limited implementation of these laws due to lack of capacities, knowledge and budget<sup>20</sup> - basically, the exact same situation as in the forestry sector, with strategic frameworks but a lack of capacities to implement them properly.

Besides that, the Sustainable Development Goals (SDGs) are having a strong overall influence on Lao strategies and policies, including SDG 5 which is aiming to achieve gender equality and

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<sup>19</sup> NCAW 2015

<sup>20</sup> Compare ADWLE 2016

empower women and girls. The elevated relevance of the SDGs for the Lao PDR is connected to the country's efforts to graduate from Least-Developed Country status. Even though the original goal to graduate in 2020 cannot be reached anymore, the Government is determined to further push towards it. Efforts to promote women's economic integration and opportunities will directly contribute to graduating from LDC status<sup>21</sup>.

At the regional level, several ASEAN declarations lay the foundations for gender mainstreaming in the region. The Declaration of the Advancement of Women in the ASEAN Region<sup>22</sup> was signed in 1988 and focuses mainly on the promotion and implementation of equitable and effective participation in all fields and at all levels. Even though the declaration mentions the political, social and cultural sphere, the emphasis is on women's economic participation.

The social dimension was added consecutively in later declarations, namely with the ASEAN Declaration Against Trafficking in Persons, Especially Women and Children (2004); the Ha Noi Declaration on the Enhancement of Welfare and Development of ASEAN Women and Children (2010); the ASEAN Human Rights Declaration; the Declaration on the Elimination of Violence against Women and Elimination of Violence against Children in ASEAN (2013); and other relevant declarations, especially on social protection.

A further important step towards integration of gender aspects was the ASEAN Declaration on Gender-Responsive Implementation of the ASEAN Community Vision 2025 and Sustainable Development Goals in 2017. The Declaration provides unusually detailed guidance on the improvement of gender-responsive data collection and analysis, and policy review, emphasizes the necessity to end violence against women (including making men and boys engaged agents of change efforts), and encourages cooperation with women's groups and organizations for improved gender-responsive implementation<sup>23</sup>.

Lao PDR has a strong legal framework for promoting gender equality. The revised Constitution of 2003 and other laws explicitly state that women and men have equal rights in all spheres - political, social, cultural and in the family.

Women's equal rights are also stipulated in the Family, Land and Property Laws; the Labor Law; the Electoral Law; and the Penal Law.

The Law on the Development and Protection of Women (2004) is the most specific Lao legislation with regard to equal rights and access for women, and provided the framework for several later laws defining women's rights, and served also as a basis to form the National Commission for the Advancement of Women and Mother-Child.

#### Implications for the planned GCF programme

The legal foundation for the promotion of gender mainstreaming into policies and regulations is strong. Laos has an elevated interest in adhering to international agreements relevant to gender mainstreaming. The ASEAN Declarations relevant to gender provide regional entry points, and the national framework to integrate gender into policies and strategies at all levels is broad and strong. Unfortunately, this strength might at the same time constitute a barrier for effective integration of gender into sector-specific legislation, including in the forestry sector: as mentioned also by interviewed Government staff, integration is not perceived as

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<sup>21</sup> UNDP 2017

<sup>22</sup> ASEAN 1988

<sup>23</sup> ASEAN Declaration on Gender-Responsive Implementation of the ASEAN Community Vision 2025 and Sustainable Development Goals in 2017

relevant because overarching legislation is seen as sufficient to inform the interpretation of sector-specific laws such as the Forestry Law. The planned GCF programme can therefore contribute substantially to an improvement of gender-responsive legal frameworks in supporting the development of gender-sensitive and -responsive regulations, guidelines and by-laws based on the upcoming revised Forestry Law. In adherence with the ASEAN declaration to engage with women's organizations to improve policy analysis<sup>24</sup>, a Lao-based CSO such as ADWLE can assist with gender-proofing any planned intervention in this area. To develop capacity of the relevant Government agency, the Gender Focal Points/Sub-CAW within the MAF (national and Provincial level) should also be involved in these processes as much as possible (more under 5.3).

### 5.3 Meso Level: Institutions and Non-Governmental Organizations

The National Commission for the Advancement of Women and Mother-Child (NCAWMC) is responsible for formulating and implementing the national policy for the advancement of women, as well as for mainstreaming gender aspects in all sectors. NCAWMC's capacity and institutional support remains limited despite donor support for capacity development. The NCAWMC is also responsible for formulating the National Strategy for the Advancement of Women (NSAW), which is renewed every five years and seeks to promote and enhance equality between men and women in Laos in all spheres. The inclusion of the strategy's goals in other strategies and plans, including the National Socio-Economic Development Plan (NSED), is advancing well, but it often lacks implementation power and funded mandates<sup>25</sup>.

The lead Government agency in the forest sector, the Ministry of Agriculture and Forestry (MAF), was the first ministry to create a Division for the Advancement of Women ("Sub-CAW"), and a ministry-internal Gender Network with focal points in each department. The Asian Development Bank (ADB) supported this development significantly between 2006-2008. The final report of this programme ("Capacity Building for Gender Mainstreaming in Agriculture and Forestry in Lao PDR") concludes that while MAF's commitment to gender mainstreaming and to the established structures is very high, the gender division remains understaffed and therefore with low absorption capacity<sup>26</sup>. Interviews with two Provincial and District Agriculture and Forestry Offices mirrored these capacity gaps. If there was a Gender Focal Point (GFP) appointed in the office, the concerned staff member was not invited to the interviews because the senior staff did not consider her knowledgeable enough to be of value for the meeting, which they considered to be of a rather technical nature.

On the strategic side, the MAF developed a Strategy for Gender Equality in the Agriculture and the Forestry Sector (2016–2025) and Vision 2030<sup>27</sup> that aim for men and women of all ethnic groups to have equal access to natural resources, agricultural land, shelter, development funds and technical support. Vision 2030 additionally states that women should hold at least 30% of leadership positions.

The constitutional mandate to protect women's rights and interests is traditionally with the Lao Women's Union (LWU; Article 7 of Constitution). The LWU has representation in every village, with one member of the LWU representing women in each village council. Through its

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<sup>24</sup> Ibid, page 3 of the Declaration

<sup>25</sup> World Bank and Asian Development Bank 2012

<sup>26</sup> Asian Development Bank 2008

<sup>27</sup> Ministry of Agriculture and Forestry 2015

extensive networks, the LWU has been able to bring women's voices into public administration at all levels — often providing the only female voice at the table<sup>28</sup>. The LWU also has its own policy research center (Gender Resource Information and Development Center, Vientiane), which has undertaken research tasks on issues such as violence against women and gender budgeting on behalf of donors<sup>29</sup>.

The current National Socio-Economic Development Plan (NSEDV VIII) foresees a 70% LWU membership of women 15 years and older<sup>30</sup>. Development partners will therefore almost automatically work with members of the LWU and should capitalize on its vast access to, and understanding of, Lao women as much as possible.

The Lao Front for National Construction oversees and coordinates all Lao mass organizations and is responsible for overall social mobilization and the inclusion of ethnic groups in national development. At the local level, the interviewed villages shared the view that the Lao Front is a key player in organizing activities related to forest protection and resource management.

There is a diverse range of civil society organizations (CSOs) in Laos active in areas of particular relevance to gender equality, including women's rights and development, child protection, support of people with disabilities, environment, education and health. CSOs in Laos are, however, usually not actively invited by the Lao Government to participate in policy dialogue at any stage. Most CSOs are therefore implementers at the local level but have limited opportunities to feed their implementation experiences into policy processes<sup>31</sup>.

Organizations, Non-Profit Associations and NGOs which are active in the nexus of forestry and gender in Laos are<sup>32</sup>:

- RECOFTC - The Center for People and Forests
- Green Community Alliance (GCA)
- Green Community Development Association (GCDA)
- Love Natural Resources Association (LNRA)
- Maeying Huamjai Phattana (MHP)

Organizations which are not directly active in the forestry sector but are valuable partners with in-depth gender expertise are:

- Gender Development Association (GDA; gender, law, community development, education)
- Participatory Development Training Center (PADETC; participatory community development)
- Association for Development of Women and Legal Education (ADWLE; law, gender)

RECOFTC appears to have the strongest ties to the Department of Forestry (DoF/MAF). A joint national consultation workshop in October 2018 with the DoF, other Government partners, CSOs and private sector representatives focused solely on the identification of potential inputs to promote gender equality in the Lao forestry sector<sup>33</sup>. MAF's Strategic Plan to restore forest

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<sup>28</sup> World Bank and Asian Development Bank 2012

<sup>29</sup> ADB 2011

<sup>30</sup> National Socio-Economic Development Plan 2016-2020

<sup>31</sup> ADB 2011

<sup>32</sup> Compare Lao CSO Directory 2017

<sup>33</sup> RECOFTC November 2018

cover to 70% of the country's terrain until 2020 includes the goal of having at least 30% of all Government positions in conservation work held by women<sup>34</sup> - a goal strongly promoted by RECOFTC. The close collaboration leads to the assumption that RECOFTC has valuable and valued cooperation experience with the DoF which can be utilized by other programs.

#### Implications for the planned GCF programme

Based on the existing institutional structures and strategies, the planned GCF programme has strong leverage to link up with MAF – particularly the DoF – for institutional support to promote female leadership and participation in stakeholder processes from the national to the local level. The political commitment seems currently particularly high and should be capitalized on. The approach should be two-fold: utilizing the existing gender structures (GFPs, MAF's Sub-CAW, LWU on all levels) while at the same time actively involving senior and technical staff to foster a Government culture where gender is increasingly mainstreamed. Capacity development is necessary for all stakeholders, since only very few Government staff possess in-depth knowledge on gender and REDD+ at the same time. The efforts which have already been put into mainstreaming gender into forestry activities also need to become more prominent and shared as best practice<sup>35</sup>. The planned GCF programme can support the REDD desk to compile these practices and to disseminate them to other line agencies, departments, Provincial and District agencies, and LWU.

The interviewed Provincial and District LWU offices demonstrated high commitment towards supporting the planned GCF programme but admitted that they need more technical expertise to be of meaningful assistance, and budget to contribute responsibly and by their own means. A technical training for all concerned Provincial and District LWU, P/DAFO, P/DOFI (Forest Inspection) on gender in forestry/REDD+ is recommended to mainstream efforts and align the local implementers and decision-makers.

Furthermore, the planned GCF programme will need to ensure that the acquired knowledge is utilized. Gender aspects can be integrated into Standard Operating Procedures, guidelines, manuals and work plans, and appointed staff should be given the responsibility to regularly follow up on the status of implementation. Trainings and gender-sensitive guidelines alone will likely not be sufficient to ensure effective implementation.

High-level, regular meetings, such as programme steering committee meetings, should make it a requirement to report on gender aspects and related implementation efforts.

#### 5.4 Micro Level: Gender Equality among the Target Group

This section briefly examines the gender equality situation in the areas of political participation, decision-making and leadership, education and economic participation.

##### Political participation: Decision-making and leadership

With 27.5% female Members of Parliament, Laos is well above global average (22.5%). However, women in decision-making positions in the district, provincial and national

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<sup>34</sup> RECOFTC October 2018

<sup>35</sup> RECOFTC November 2018

Government agencies constitute only 5% (as of 2012). The highest proportion of women in the Government can be found in the legislative branches at the national level (more than a quarter)<sup>36</sup>; the lowest proportion of women beyond administrative support roles can be found at the Provincial and District level. This is likely tied to the factors explained in the sections on education and health.

Within the potential partners of the planned GCF programme, representation seems to vary between different ministries and departments, but generally the programme also faces a lower representation of female leadership throughout its activities. Forestry at the community level is highly “female” on the user side, with women collecting non-timber forest products (NTFPs) and making up a significant proportion of the small business workforce in the forest and timber sector.

The interviewed village women and men stated that women spend usually more time in the forests and have a more detailed knowledge of the status of the forest resources. The interviewed Government partners added that village women additionally also showed more intrinsic interest in protecting the surrounding forests. At the same time, none of the interviewed villages included women in the village forest management committee or any other existing form of decision-making over forest resources.

Accordingly, the lack of women’s representation at any decision-making level often results in a lack of consideration of women’s needs and potentials in in the forestry sector.

The land sector shows similar dynamics: whereas women and men have the same legal rights to land, women’s factual land tenure is still less secure than men’s. Women are also often not actively included in decision-making steps of land use planning (LUP). The subsequent forest management plan (if developed) is then seen as an even further specialized step which women perceive having even less access to. The provided reasons in the village interviews were lack of education, lack of technical knowledge and lack of confidence to participate in management decisions. Traditional gender norms of many ethnic groups further contribute to these dynamics.

## Education

The gender equality gap has narrowed at all three levels of education enrolment in Laos, but challenges persist in completing education.

Two key determinants drive the patterns of gender inequity in education: First, girls are more likely to be kept at home due to safety concerns and household responsibilities, especially if the secondary school is far from home. Second, parents do not place the same value on education for girls as they do for boys, especially if this view is part of their cultural tradition, or if the parents are poor, or have little or no education, especially the mother<sup>37</sup>.

The widest gap in gender equality is found among children from rural areas without road access, children from the non Lao-Tai groups, children of uneducated mothers and children of families in the poorest quintiles. This gap is much larger in secondary education: for example, in the appropriate age group of the poorest quintiles, 66 girls attend secondary school for every 100 boys.<sup>38</sup>

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<sup>36</sup> The United Nations in Lao PDR 2015

<sup>37</sup> Compare United Nations in Lao PDR 2018

<sup>38</sup> Ibid.

The majority of interviewed village women had no or very low education. This lack of education was named - by men and women alike - as the main reason for the absence of women in village decision-making committees and groups in general, and particularly with regard to the villages' forestry.

### Economic participation

The share of women in wage employment is low in all sectors, at 35 percent. Instead, among the unpaid workers for the family, about 70% percent were women in 2015, but only 32% are identified as "own account workers" – which suggests that women are less likely engaged in productive work with income they control<sup>39</sup>. This reality was mirrored in the interviewed villages: women and men agreed that women work longer hours in a day while men do less and/or focus more on physically-demanding tasks. Accordingly, men produce more tangible results and have more time available for management-related tasks. In the visited Akha village in Luang Namtha, the village authorities noted that the village women earned more money than their men but had no role in the village decision-making. Several women stated that they would strongly like to be involved in the management of forest resources.

An equal share of men and women make up the working population (77% each, as of 2015<sup>40</sup>), but women generally occupy the lower rungs of the labor market. Women are relatively more excluded from formal sectors and the social protection that this entails. Some 64 percent of workers in the elementary occupations and 63 percent of those classified as service, shop and market sales workers are women. On the other hand, men account for the majority of civil servants, professionals, technicians and other sectors.

The programme partners of the planned GCF programme reflect these proportions. As mentioned above, the Government has already set a 30% goal of having women hold positions in the conservations sector, but implementation lags behind.

The private sector is creating new opportunities for entrepreneurs in Lao PDR, and 30-40 percent of these new entrepreneurs are women. About 74% of small and medium enterprises in Laos are family-owned<sup>41</sup>, including the wood-processing sector which is influenced by the regulations and negotiations around the Lao FLEGT-VPA process, and potentially other regulations which will be supported by the planned GCF programme.

Even though men are often the more visible ones in these small family businesses, it is usually the whole family which is engaged and therefore equally impacted by regulations to their business.

Although women have significant roles in agriculture and forestry, they have less access to, and control of, farming and forestry-based inputs and outputs.<sup>42</sup> The village interviews showed the same tendency: the village women all stated that the key decisions on land and forest are usually taken by their husbands and the village authorities. Experience from other sectors, such as fisheries, shows that women's multiple roles in traditional, complex and lengthy value chains tend to diminish when value chains are modernised. This may also be true for the forestry sector, but the lack of data does not allow us a clearer picture.

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<sup>39</sup> Compare World Bank and Asian Development Bank 2012

<sup>40</sup> Human Development Index 2018

<sup>41</sup> Southiseng & Welsh 2010

<sup>42</sup> Compare United Nations in Lao PDR 2018

Women's rights to forest and tree products tend to be restricted to products that are not profitable or have little commercial benefits<sup>43</sup>.

Gender wage gaps are present, and women work longer work hours than men, as they spend 7 hours per day on productive and reproductive tasks (men: 5.7 hours).<sup>44</sup> Women's time poverty and physical safety concerns limit their wider access to, and use of, forest resources. In the case of the interviewed villages, it mainly hindered women from participating in forest management tasks, including decision-making.

Women can face discrimination in the market when marketing their produce directly, and also can be stymied by lack of language skills, access to information or training<sup>45</sup>.

Especially in the rural areas, women's lower income often also directly translates into a lower decision-making power in the family: the lower their income, the lesser their voice. Women with higher own-income possess higher decision-making power, but the final say is usually with the man as head of the household. Disadvantages from income disparities are therefore particularly relevant in combination with certain cultural gender norms.

This needs to be taken into account in all programme activities where behavior change and new income activities are promoted, or where regulations affect family businesses or access to forest resources.

Microfinance access has been shown to empower communities if the villagers are not amongst the poorest. In that case, microfinance is often seen as too risky. Women are often more hesitant to take on debts to protect their families, and use micro credits most often for health emergencies and children's education.

Village Development Funds are often managed by women, and many ethnic groups' women are responsible for the families' financial management. The interviewed villagers and local authorities agreed that access to micro grants as planned by the GCF programme would create more opportunities for the local communities to improve their income situation, including complementary micro investments into alternative, deforestation-free agricultural practices.

The change and volatility of market demand, increase of entrepreneurship and off-farm work opportunities leave many rural women rather intimidated, since they perceive their lack of education and skills, including their lack of knowledge how to reach and understand a non-visible market, as barriers to their potential for increasing their productivity or starting a business. Most women seemed afraid of starting something entirely new and tend to stick to familiar work such as agriculture and NTFPs, animal husbandry and weaving.

The interviewed local Government agencies and local villagers welcome private sector investment as long as it does benefit the communities in terms of higher income and less workload, as well as enhanced skills. All parties expressed the wish to have the Government strongly controlling such potential investments to limit risks for the communities. The interviewed women stated that they do not feel confident to participate in decisions over investments.

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<sup>43</sup> Climate Investment Funds 2017

<sup>44</sup> Compare United Nations in Lao PDR 2018

<sup>45</sup> Compare Climate Investment Funds 2017

## Implications for the planned GCF programme

The planned GCF programme will have great leverage to advocate for improving women's representation in forest management positions from the national to the local level.

At the national level, the political willingness to increase the number of female Government staff in conservation work exists. A consultation with DoF and RECOTFC could help to shed light on the known reasons for the lack of women in this sector. A gender-proofing of Human Resources procedures and internal career advancement processes could be advised. The programme could furthermore initiate a sector-based mentoring system to motivate superiors to promote younger colleagues, and to build the capacities of junior staff using internal resources.

At the Provincial and District level, the same principles apply, but one additional barrier hinders field teams to be more gender-balanced: it is more difficult to find female staff willing to travel to remote villages. This is even more relevant knowing that women living in remoter villages are often the ones who would open up most to female staff for reasons of culture and lack of confidence. Female staff barriers to traveling are usually safety concerns and family considerations. The GCF programme could investigate possible support measures in addition to building female staff confidence in technical areas through trainings. At the same time, the LWU should be supported both with technical trainings (REDD+ and gender, forest management and gender) and budget to travel and accompany planned community measures.

As the analysis showed, women are often the key knowledge carriers regarding the status of community forests and its resources. Since the programme plans to support the development of a National Forest Inventory and Monitoring system, it would make sense to explore the utilization of local women for community monitoring support. The interviewed women and men, and local Government partners, all agreed that such measure would be suitable to the local realities, and the local women were very supportive of this suggestion.

The influence of the education gender gap is also very relevant for the scope of work of the planned GCF programme: global experience shows that education has considerable power to help individuals reconsider environmentally harmful lifestyles and behavior<sup>46</sup>. Women's lower education levels can therefore influence the capacities of target communities to fully understand and support environmental protection measures and change of behaviors. Since the interviewed men and women agreed that women traditionally possess deeper understanding about the forest resources, spend considerable time in them as users, and – according to the interviewed Government staff – are more likely to show interest in forest protection, educational measures should particularly target women. Younger men and women can also play a key role in protection measures, since the interviewed villages revealed that the Lao Youth Union at community level is already assigned with forest protection tasks.

A lower education status is also often mentioned as the key reason for Lao women's low levels of confidence, which strongly effects their willingness to aim for leading positions in their communities and to be active change-makers in their families and villages. This was absolutely reinforced in the village interviews: all women groups showed high interest and willingness to

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<sup>46</sup> World Education Blog 2015

participate in forest management and decision-making much more than they currently do but felt insecure about their lack of education. The planned GCF programme therefore needs to install mechanisms to give men and women with lower education levels access to management positions. This can be achieved with the development and promotion of alternative requirement catalogues to qualify for management tasks, and targeted skills development activities.

Research could be commissioned by the planned GCF programme to identify and highlight what opportunities exist to strengthen women's roles as producers and processors, including support for financial services, financial management and business development services. The results of this research should influence any further analysis on new potential value chains promoting deforestation-free agriculture.

The planned GCF programme can consider accessing information about the impact of regulations on women in family businesses, and what measures could mitigate this impact, or create pathways for new income opportunities which consider cultural limitations and current change behavior. The interviewed women and men were keen to find alternative income paths, but also showed high risk-avoidance attitudes based on their currently vulnerable economic status and previous negative experiences with new crops and investors. Women are also interested in micro-finance, but targeted support is needed to enable them to build confidence to take on more prominent management positions in village management committees, and to strengthen their capacities on financial and business literacy. Such courses could build off of successful initiatives, such as the courses implemented by ILO together with LWU and other government departments to strengthen women's engagement in village banking called "Get Ahead for Women in Enterprise", a course designed for poor women who want to start or expand a micro business.<sup>47</sup>

It is further recommended to support gender sensitization for men and women, raising awareness about gender equality as well as the national legal and regulatory framework. In addition, LWU should serve as an important resource for rural women providing information on key services.

## 6. Gender expertise necessary to the planned GCF programme

The planned GCF programme should employ at least one advisor with in-depth knowledge and implementation experience in gender equality and mainstreaming in the conservation sector. The vacancy should explicitly require such expertise.

To ensure sound integration into all activities, this position would ideally be with a senior technical advisor rather than with a junior position. This person would be most appropriate to also become the general Gender Focal Point of the programme to oversee gender mainstreaming efforts, including gender sensitization for both men and women.

It is important, however, to equally empower all team members to be able to mainstream gender into their work areas, especially the senior staff and the staff responsible for monitoring and evaluation.

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<sup>47</sup> For more information refer to: [https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms\\_099876.pdf](https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_099876.pdf)

If not all staff possess sufficient gender expertise, the programme should invest in a technical gender training aiming to enable the team to proactively and effectively integrate gender into all workstreams.

All standard procedures of the programme should be streamlined to review gender aspects throughout the course of the programme.

The GIZ Gender Strategy, GIZ Guidelines on Designing a Gender-Sensitive Results-Based Monitoring System, the Practical Guide to Gender-Responsive Programme Management and the Guidelines on Gender in Reporting provide useful guidance for the whole team.

Additional technical expertise to integrate gender into forestry projects is provided by FAO's Practical Field Guide, "How to mainstream gender in forestry"<sup>48</sup>.

## 7. Gender-sensitivity and Equal Opportunities in Partner Organizations

The main implementing partner of the planned GCF programme will be the Ministry of Agriculture and Forestry (MAF) and the EPF (host of the National REDD+ Funding Window).

The majority of staff – especially at senior level – within the responsible departments and divisions, including the REDD+ desk, are men. Hence, there is a general gender imbalance at partner level. This imbalance becomes worse at the Provincial and District level. As mentioned above, the DoF is striving to hire and promote more women into its divisions to increase the number of women in conservation work to at least 30%. A current figure could not be obtained.

Representation in terms of numbers is one issue; the factual participation of female staff who are already working in the departments is another, as particularly female junior staff are often not actively participating in meetings. This was also observed in the Provincial DAFO/DOFI interviews.

The Lao Women's Union is not seen as a direct implementation partner but should be utilized by the programme as much as possible to compensate for the current lack of gender capacities and to ensure a continuous commitment to gender equality.

### Implications for the planned GCF programme

Besides supporting the partners in proactive and improved recruitment and promotion processes of female staff, the current gender capacities of all staff seem to be rather low. The GCF programme should emphasize the importance of gender mainstreaming clearly and from the design stage all the way through to evaluation of activities. Knowing that partners do particularly well in response to quantified analysis of the costs of gender inequality, the GCF programme could benefit substantially from a commissioned study used for partner communication and capacity development measures.

A gender training for all involved partners – including the LWU – should be supported, focussing on the gender dimensions of the forestry sector in general, and REDD+ in particular.

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<sup>48</sup> FAO 2016

## 8. Summary of stakeholder consultations on gender

### Summary of comments and recommendations from the stakeholder consultations

In general, the programme was well received by all consulted stakeholders. At the district and village level, many participants noticed that resources are becoming increasingly scarce and in poorer quality. Women, as the main collectors of forest products, know forests well and have seen the impact of deforestation and forest degradation on their livelihoods. As forests become increasingly degraded, women must either travel longer distances, or use less NTFPs for domestic consumption. Also, some stakeholders noted forest biodiversity has declined. In terms of agriculture, consulted women also noted that soil quality has been in decline. Some villages noted that initially they tried to use dung fertilizers, but then switched to some chemical fertilizers. While they can see the impact of some land use practices (e.g. shifting cultivation), they noted a major barrier for them to address this is the lack of available finances and knowledge of alternative “good” agriculture and land use practices. They further noted the need for support in marketing and identifying suitable opportunities (based on land use planning).

A summary of comments from the gender-specific stakeholder consultations and a brief description of how they have been incorporated into the programme and/or GAP is provided in the following Table.

Stakeholder comment and/or recommendation	How it has been integrated in the programme's gender action plan:	Related programme output/activity	No. of corresponding measure in GAP
<p>LWU is an important institution in supporting gender equality and gender-sensitive development in Lao PDR. Nonetheless, their capacities can be further strengthened to better enable them to support gender equality within both the context of the program, and in general.</p> <p>Implementing government agencies have weak capacities on gender.</p>	<p>The program will develop the capacities of line implementing Government agencies and the Lao Women's Union to provide gender-sensitive facilitation of programme activities in village communities. Implement targeted trainings on REDD+ and gender. Technical staff from DAFO, DOFI and DLWU will be trained in "REDD+ and Gender", as well as social inclusion.</p> <p>It will further support the capacity of female staff within government agencies to improve the gender balance within the forest and agriculture sector, and will aim to increase the number of women supporting the implementation of program activities.</p>	Cross-cutting/ all	(1) (4)
<p>Women's participation in meetings, trainings and committees is often limited. This is due to various factors (e.g. cultural norms, timing and location of trainings, education of women, among others). Targeted technical support is needed to strengthen women's participation in program meetings.</p>	<p>Encourage the active and effective participation of women in community meetings, through the following practices:</p> <ul style="list-style-type: none"> <li>• Building the capacities of LWU and government agencies on gender and social inclusion (see recommendations above)</li> <li>• Setting a quota of 40% participation of women in community meetings</li> <li>• Conducting a survey to determine if women felt actively included in REDD+ related meetings</li> <li>• Time and locate trainings taking into account women's work schedules and accessibility to ensure maximum participation and outreach, coordinate with LWU, LNFC, and local women's organizations to build on existing networks and best practices for outreach.</li> <li>• Ensure that village consultations regarding potential private sector investments in community-based agroforestry enable all villagers equally to participate in the investment decisions.</li> </ul>	Cross-cutting/ all	(1) (2) (3) (4) (8) (13) (14)
<p>Women and men are interested in stopping shifting cultivation, as it is labour intensive and difficult work, however they need suitable alternatives. Women's capacities are low, and they often have less access to</p>	<p>Activity 1.4 will support villagers with LUP, which will help identify suitable land use activities. Outputs 2 and 3 will provide technical and financial support to communities to adopt sustainable land use practices on agricultural and forested land. Participation in the program is voluntary,</p>	Activity 1.5, all Activities within Outputs 2 and 3	(1) (2) (3) (4) (8)

Stakeholder comment and/or recommendation	How it has been integrated in the programme's gender action plan:	Related programme output/activity	No. of corresponding measure in GAP
<p>extension services, trainings and information than men.</p>	<p>and based on participatory processes where villagers are able to identify practices that are suitable and of interest based on their local context. The program will support the development of women's capacities to adopt sustainable land use practices, and venture into the production, processing and marketing of new value chains. All training modules and extension materials will be reviewed by a gender specialist, all extension agents and trainers will be trained on gender equality and social inclusion (e.g. promotion of time-saving practices). In addition, the program will ensure close cooperation with LWU to reach the most women possible, and encourage their participation.</p> <p>Trainings for only women on "business skill development" will be implemented, to help women to improve their business literacy, build confidence and develop leadership skills.</p> <p>Assessments on targeted value chains will include gender assessments, to understand the key opportunities and challenges for women.</p> <p>Ensure that village consultations regarding potential private sector investments in community-based agroforestry enable all villagers equally to participate in the investment decisions.</p> <p>As for women's access to such services, see the additional recommendations in the row above.</p>		<p>(10) (11) (12) (14)</p>
<p>Women often have less access to decision making and planning processes, despite being the main users of forest lands.</p>	<p>The program will help empower women to become members of village forest management committees and other village decision-making bodies at the local level. The program will support the development of guidelines local village forest management committees to strengthen gender and social inclusion.</p> <p>It will further ensure gender is cross-cutting throughout all training modules and materials, and will encourage gender sensitization for men and women.</p>	<p>Activity 1.4, 1.5, all activities within Output 2 and Output 3</p>	<p>(13) (8)</p>

Stakeholder comment and/or recommendation	How it has been integrated in the programme's gender action plan:	Related programme output/ activity	No. of corresponding measure in GAP
<p>Women often know the forest better than men, but are often not involved in monitoring or law enforcement/ patrolling due to various reasons (cultural norms, unpaid labour/ household responsibilities, lower education). Nonetheless, women should be increasingly involved in these activities (if activities are safe, and close to villages). Women should be fully consulted on patrolling activities.</p> <p>Safety must be closely considered for forest patrols, as they are often dangerous activities, and may be far away from villages.</p>	<p>Review the potential for community-based women-led<sup>49</sup> patrolling groups, and support their creation with capacity development and awareness raising.</p>	<p>Activity 1.4, 1.5</p>	<p>(6) (7) 1) (2) (3) (4)</p>
<p>As with monitoring and law enforcement, despite women's in-depth knowledge of the forest, they are often not involved in monitoring activities. Women should be actively engaged and consulted on forest monitoring.</p>	<p>Capitalize on local women's extensive knowledge about community forests in making them an integral part of community contributions to the National Forest Monitoring System. This includes gender-responsive mechanisms for community monitoring within the National Forest Monitoring system.</p>	<p>Activity 1.5</p>	<p>(9)</p>
<p>It was mentioned in the consultations that women often know more about marketing than men, whereas men are often involved in more activities requiring 'heavier' labor. Thus, it is important for the value chain assessments conducted within the</p>	<p>The program will ensure that a gender assessment is integrated in every analysis for potential new agricultural practices and value chains utilized by the program. All feasibility studies for the development of new value chains or agricultural practices should review the estimated gendered impact of</p>	<p>Activity 2.1 and 2.2</p>	<p>(10)</p>

<sup>49</sup> Women-led implies that the groups are organized and led by women, however it does not mean that the participation is only women. These groups can be mixed patrolling groups, however, majority of the leaders and organizers of the group should be women.

Stakeholder comment and/or recommendation	How it has been integrated in the programme's gender action plan:	Related programme output/ activity	No. of corresponding measure in GAP
framework of the program that gender-related issues are considered within value chain assessments, including key opportunities for women to strengthen their roles and capacities.	the desired change (access, needs, barriers, potentials, work load, benefits).		

## 9. Outstanding gender gaps and recommendations to integrate them into the GCF programme

The following table connects the outstanding identified gaps (i.e. in addition to those identified in the stakeholder consultations and described in the previous tables), with regard to gender with proposed recommendations to act upon these drivers. The third column shows the integration into the existing outline for outputs and activities of the planned GCF programme, and the fourth column where they have been integrated into the Gender Action Plan.

They are not listed according to priority. They should be integrated as much as possible throughout the course of the programme, starting with the funding proposal, the Log-frame, the operational planning, and monitoring and evaluation systems.

Furthermore, it is strongly recommended to review this analysis and the effectiveness of the suggested activities on a regular basis, and to include it in the required on-boarding documents for new programme staff.

Identified gender gap	Recommendation	Related Programme Output and Activity	No. of corresponding measure in GAP
The current Forestry Law draft and PRAPs do not reflect upon gender aspects in the land use sector.	<p>The program will support the elaboration and revision regulations and guidelines to implement gender-sensitive SFM, FLR and village forestry under the revised Forestry Law and the PRAPs. The program’s safeguard, gender and M&amp;E specialist and if necessary other gender experts will revise the regulations and guidelines.</p> <p>As a result, new/revise laws, regulations and guidelines will explicitly consider gender (e.g. in the context of stakeholder roles, institutional responsibilities, resource access and benefit-sharing</p>	1.2 1.3	(5)
The current capacities of Government staff at all levels to actively integrate gender and ethnic considerations into their management and implementation approaches are very limited, and the majority of staff are male. Ethnic languages are often a barrier of communication which is not actively addressed. This strongly affects inclusiveness at the ground level, where women are often left out of planning and decision-making activities if not actively encouraged to participate.	<p>The program will train all concerned Government staff, including Lao Women’s Union (LWU) and the REDD+ Funding Window management, on gender, REDD+ and social inclusion It will further implement targeted trainings to support the capacity development of female staff for all implementing Government agencies at all levels to improve the gender balance within the forest sector.</p> <p>Communication materials on forest protection, REDD+ and other awareness-related activities should be gender-sensitive, user-friendly and in different ethnic languages whenever possible. All communication and information materials will be revised by a gender specialist.</p>	Cross-cutting/ all	(1) (3) (4)
The consultations showed that women are considered the main users of forest resources and possess vast knowledge of their surrounding natural habitats and their status of degradation, but rarely participate in forest management and	The program will support the development of guidelines local village forest management committees, and set standards of to ensure such committees are accessible for women, members of diverse ethnic groups and the poor, including a quota of at least 30% of female members per committee.The by-laws should also provide alternative pathways for people	1.3 2.1 3.1 3.2 3.3	(13) (1)

Identified gender gap	Recommendation	Related Programme Output and Activity	No. of corresponding measure in GAP
monitoring due to lack of education and traditional norms.	to fulfill the necessary requirements to become committee members (e.g. minimum education standard OR passing of a standard oral test). LWU will support consultation processes to help strengthen gender equality in program implementation.		
The consultations at village level showed that environmental awareness is still very limited. The greatest motivation for villagers to engage in protection measures is found when they see immediate effects on their livelihood through diminishing resources (less income, less food). Exchange with other villages is commonly seen as a very effective tool to initiate change, but women are often prevented from traveling due to traditional norms and lack of transport.	The program will promote awareness-raising campaigns through the use of interactive tools and gender-/ethnic-sensitive communication materials which consider existing motivation factors. All major communication materials and awareness raising campaigns will be reviewed and approved by the program's safeguard, gender and M&E specialist  The program will further enable female villagers to participate in exchanges and meetings outside the village through direct campaigning through LWU and Government staff, and provide allowances and means to travel if necessary.	1.4 2.1 3.1 4	(17) GAP budget considers DSAs for villagers, and will provide support to access trainings.
There are currently no specific women groups active in forest management. The Lao Women's Union (LWU) is usually the only active organization which can influence decision-making at all levels.	The programme needs to utilize the LWU as much as possible to represent and reach women, and it is recommended to allocate budget directly to the local LWU offices to enable them to responsibly co-facilitate programme activities.	Cross-cutting/ all	(1) (17)
The current Law Enforcement Actions Plans do not consider gender aspects and are therefore not considerate of the potentials of women's role in forest use and protection.	The program will support inclusion of women in law enforcement measures (e.g. patrolling).	1.4	(6) (7)
Legally, women and men have the same rights to land. Reality shows, however, that women's land tenure is still less secure than men's. Women are also often not actively included in decision-	LUP processes supported by the programme will be vigilant in actively including all women and men in the target villages (separate meetings; women meetings led by female staff).	1.5 3.1	(13) (8) (2) (1)

Identified gender gap	Recommendation	Related Programme Output and Activity	No. of corresponding measure in GAP
<p>making steps of land use planning (LUP). The subsequent forest management plan is then seen by local men and women as a specialized step which women are even less part of. Reasons provided are lack of education to assume responsibility for “technical” tasks, lack of confidence to participate in management decisions, and traditional norms of many ethnic groups.</p>	<p>Quotas will to be set to encourage women’s inclusion in village management committees (at least 30%).            Quotas will be set to encourage the participation of women in meetings, and targeted support (e.g. business skill training, training of program staff on gender equality and social inclusion) will be provided to strengthen the effective engagement of women.            Again, LWU can function as a facilitator and skills developer for village women, if budget is allocated accordingly.</p>		<p>(3) (4)</p>
<p>There is currently no National Forest Inventory System in place. The development of it, as planned by the programme, should utilize women’s roles in forest use and access.</p>	<p>The developed National Forest Monitoring system will feature effective gender-responsive mechanisms for community monitoring.            It will further support:</p> <ul style="list-style-type: none"> <li>• A small feasibility study on the potential of developing a women-centered approach for community-based patrolling</li> <li>• Gender-proofing all related capacity building and trainings efforts, forest-inventory planning, field data collection and data entry/analysis/reporting, quality control, communication/ documentation and dissemination activities.</li> </ul>	<p>1.6 3.2</p>	<p>(9) (17) (16)</p>
<p>Women and men in the villages are willing to make the shift away from shifting cultivation and other land use systems contributing to deforestation, towards deforestation-free agriculture as long as the shift provides more income and considers the high work loads of villagers. Women traditionally work longer hours</p>	<p>As mentioned in the stakeholder consultation recommendations above, the programme will conduct studies on potential alternative production practices which are considerate of potential impacts on workload and cultural practices. Community-based learning and consultation activities, as proposed by the programme, need to ensure that women and men can openly express these concerns (separate</p>	<p>2.1 2.3</p>	<p>(10) (11)</p>

Identified gender gap	Recommendation	Related Programme Output and Activity	No. of corresponding measure in GAP
per day, whereas men's work is physically of higher intensity.	meetings, grievance mechanisms considerate of gendered barriers).		
Women's and men's access to local markets strongly depends on road access. Women's access is further limited by safety concerns, traditional norms and higher workload in the families which prevent them from venturing out. Regarding general market access, women feel less confident and knowledgeable to venture beyond women's traditional products (handicraft, weaving, NTFPs).	<p>Extension and training for agriculture and forestry interventions will be closely monitored by the program's safeguard, gender and M/E specialist. All training modules and materials will be reviewed and approved by the specialist prior to approval.</p> <p>All extension agents and trainers will be trained by the safeguard, gender and M/E specialist on gender equality and social inclusion within the framework of the program.</p> <p>Women-only business skills courses to be conducted for kumbans</p> <p>Gender-responsive monitoring will be conducted, that permits active management and learning throughout program implementation.</p> <p>Budget will be provided for the provision of translators and the translation of materials into local languages, as necessary.</p>	<p>2.2</p> <p>2.3</p>	<p>(10)</p> <p>(11)</p> <p>(12)</p> <p>(16)</p> <p>(17)</p>
How to ensure women can access finance? Women are often less able to access loans from larger financial institutions (e.g. may not have land titles), and may be more reluctant to take loans.	<p>Village banking in Lao PDR has been successful in strengthening access to finance for rural women in Lao PDR. Over 1,650 Lao Village Credit Associations exist, having been strongly promoted by international donor agencies as well as the Lao Women's Union. LWU has as one of its main objectives increasing access to credit and finance for women.</p> <p>Village management committees must consist of both men and women, and have stringent requirements for representation. Lao Women's Union also plays an important role in supporting village banking across the country.</p> <p>The programme will support the channeling of small grants through village banks for the adoption of sustainable land use</p>	<p>1.1 (design of funding window)</p> <p>2.3</p> <p>3.1</p> <p>3.2</p> <p>3.3</p> <p>1.7</p>	<p>(1)</p> <p>(2)</p> <p>(3)</p> <p>(4)</p> <p>(5)</p> <p>(10)</p> <p>(11)</p> <p>(12)</p> <p>(13)</p> <p>(14)</p> <p>(15)</p> <p>(16)</p>

Identified gender gap	Recommendation	Related Programme Output and Activity	No. of corresponding measure in GAP
	<p>practices by local men and women. This will follow existing guidelines and best practices for integrating women and ethnic peoples in management committees. Training will be provided for village committee members on managing finance, and ensuring socially inclusive and gender-equitable best practices are applied.</p> <p>Guidelines for the creation of local village forest management committees set standards of requirements accessible for women and the poor, and a quota of at least 30% of female members per committee.</p> <p>In addition, additional trainings will be conducted for women on financial literacy and business development (within Activity 1.7, as described in the GAP).<sup>50</sup> These trainings build on best practices, and further address comments raised in the consultations that women may have more fears about lending risks and lower education and require targeted trainings and education on financial literacy and business planning. Nonetheless, women in Lao PDR are often responsible for household finances, often considered '<i>family bankers</i>' and thus many villages have had positive examples in developing village banks and having women directly benefit from such micro-finance institutions.<sup>51</sup></p>		(17)

<sup>50</sup> Builds off of positive experiences, such as those conducted in the ILO training courses "Get Ahead for Women in Enterprise", which were designed for poor women who want to start or expand a micro-business. For more information refer to: [https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms\\_099876.pdf](https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_099876.pdf)

<sup>51</sup> E.g. see studies by Siebel and Kunkel (1999) – Microfinance in Laos: A Case for Women's Banking; GIZ (2012) – Microfinance in Rural Areas – Access to finance for the poor; ILO (no date) – Banking as a solution: How microfinance can help reduce the need for young people to migrate for employment and thus diminish their vulnerability to human traffickers.

Identified gender gap	Recommendation	Related Programme Output and Activity	No. of corresponding measure in GAP
<p>Improved access to micro-grants could lead to a risk in the escalation of domestic violence.</p>	<p>Women play an important role as family bankers, and while finances are often managed by women – decisions are often made jointly in many communities. It is not expected for the programme to lead to an escalation of domestic violence. Early experiences with micro-finance and village banks in Lao PDR have demonstrated that it has led to mostly positive impacts for women, with main concerns voiced by women to include:<sup>52</sup></p> <ul style="list-style-type: none"> <li>- Dominant role and decision making of men</li> <li>- Limited capacities of women (financial literacy and business planning), and</li> </ul> <p>Gender equality and social inclusion will be cross-cutting throughout all consultations, and trainings, as well as program activities in general. Gender sensitization should be conducted for both men and women, including different age groups (e.g. youth, adults, elderly).</p> <p>Training will be held for men and women to understand their rights and relevant laws, while also discussing the importance of men and women to have access to finance and trainings, as well as other issues related to gender-equality. In trainings and consultations, representatives from Lao Womens Union will be present, and can support awareness raising on womens rights and available resources.</p> <p>For instance, at trainings for women on financial literacy, information will also be provided on women’s rights, and available resources in the instance of gender-violence. LWU will be an important institution to support such trainings, and</p>	<p>Gender sensitization and equality cross-cutting in all Activities;</p> <p>1.7 (GAP)</p> <p>2.2 (Financial trainings)</p> <p>3.1-3.3 (access to micro-finance)</p>	<p>(1)</p> <p>(2)</p> <p>(3)</p> <p>(4)</p> <p>(5)</p> <p>(10)</p> <p>(11)</p> <p>(12)</p> <p>(13)</p> <p>(14)</p> <p>(15)</p> <p>(16)</p> <p>(17)</p>

<sup>52</sup> GIZ (2012) – Microfinance in Rural Areas – Access to finance for the poor

Identified gender gap	Recommendation	Related Programme Output and Activity	No. of corresponding measure in GAP
	<p>provide key information – including disseminating the number for the Lao Womens Union Counselling and Protection Centre for Women and Children, and discussing other services provided by LWU. There are often limited CSOs and resources in rural communities working on topics related to gendered-violence, and thus LWU remains one of the main focal points for disseminating information and providing support to rural women.</p>		
<p>Both local Government agencies and local villagers welcome private sector investment as long as it benefits the communities in terms of higher income and less workload, as well as enhanced skills. All parties expressed the wish to have the Government strongly controlling such potential investments to limit risks for the communities. The interviewed women stated that they do not feel confident to participate in decisions over investments.</p>	<p>Village consultations about potential private sector engagement need to separate villagers from village authorities and men from women to ensure that all villagers feel safe to express their views and ask questions.</p>	<p>2.2</p>	<p>(15)</p>

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## Annex 1: List of consulted stakeholders

<b>Names</b>	<b>Government office/village</b>
Mr. Kim Thoummala	Deputy Director General of PAFO Houaphan
Ms. Phengvanh Sermkhamlar	Deputy Director General of LWU Houaphan
Mr. Lar Khamvongsa	Technical Coordinator PAFO Houaphan
Mr. Singthong Phanthavongkham	Deputy Head of DAFO Sam Neua
Ms. Kongkhammany Lorlakhang	Deputy Head of LWU Sam Neua
Ms. Phoungseng Oudommyxai	Deputy Head of LWU Sam Neua
PAFO & POFI team	PAFO/POFI Luang Namtha
PLWU team	PLWU Luang Namtha
DAFO team	DAFO Luang Namtha
DLWU team	DLWU Luang Namtha
15 female villagers	Ban Yard, Houaphan, Sam Neua
13 male villagers	Ban Yard, Houaphan, Sam Neua
27 female & 8 male villagers	Ban Nam Mad, Luang Namtha
4 female, 10 male villagers	Ban Nam Dy, Luang Namtha

## Annex 2: Transcripts of stakeholder interviews

GCF/GIZ, GoL interviews: PAFO & PLWU Houaphan

Implementation of the Lao PDR Emission Reductions Program through Improved Governance and Sustainable Forest Landscape Management

**1. What is your role in REDD+ mechanisms implementation?**

Supporting the CLIPAD activities

**2. From your point of view: what are women's specific roles in forest and land use, and in forest protection?**

Collection of NTFPs.

**3. How are women already part of REDD+ mechanisms?**

PAFO: Women should be part of REDD+ activities but in fact are not yet, except of women's participation in village meetings (PRAP etc.). Awareness-raising campaigns on forest laws and regulations also targeted women. Capacity-building activities on District level also focus on gender in REDD+ activities (trainer from PAFO, participants LWU, DAFO, DoNRE, police, DIndCommOffice). More trainings will follow in every District (supported by FCPF).

**4. How could they be more part of it?**

Higher levels (Provincial and national) need to be trained further so that they can support building the capacities of the Districts. Also, activities in the villages need continuous effort to reach out to women.

**5. Which challenges do you see when it comes to remoter areas, women, ethnicity?**

80% remoter, mountainous communities, so change of livelihood will take time and a multi-sector approach. If women are not understanding the activities and goals, change will not happen. Challenges in having women truly participating: lack of understanding and education esp. amongst remoter living ethnic groups; changes to their lifestyle need lots of awareness raising first; if women are not convinced of the suggested change (lifestyle, livestock & agriculture changes etc.), it usually does not happen in the communities.

Note: Village Development Funds (VDF) are mainly used by women (livestock projects mainly).

**6. Do you feel women have the same access to benefits from forest resources and their management/decision-making? Is that different for different forest management modalities, like community forests, collaborative forests, protection**

**forests, national parks, wildlife reserves, and buffer zone community forests?**

NTFPs & firewood are usually collected and sold by women (often to Chinese marketers), so the benefits include them.

Forest Management Plans help to determine roles and responsibilities in villagers' forest use.

**7. What women groups are currently involved in forest management modalities?**

Women groups are usually less active in forest management activities, but the LWU is part of the Livelihood Improvement Group, and women are mainly responsible for the VDF management.

**8. How do you assess your current capacities to support the planned program in regards to gender equality?**

PAFO: Our knowledge and experience to support gender equality are not sufficient, despite the many projects we have implemented. We need trainings in management, procurement, accounting, and finance, and other technical trainings including livelihood improvement and gender, implementation and agriculture-related technical trainings. Study tours to other countries are useful to understand practical implementation, even between villagers (peer-to-peer learning between different villages from different Provinces).

**9. How gender-sensitive do you think the current REDD+ mechanisms are? How much are REDD+ and gender aspects of it integrated into the SEDP?**

Clipad implementation has improved our understanding about gender issues and women's participation. (Note: Interviewees did not understand the question.)

**10. The programme will support the development of regulations and guidelines based on the new Forest Law: from a gender perspective, what needs to be thought of?**

Decree PM, LWU law, SEDP all suggest the equal participation of women. This must be mentioned in the regulations as well, and integrate these existing laws into the new regulations, even if only in the programme area first as a pilot. The laws for equal participation are in existence – but it's upon regulations to make sure it is happening.

**11. How can women be part in law enforcement measures?**

We have a Law Enforcement Action Plan until 2020 (responsible: Dep. Of Forestry Inspection, POFI), but it is very generic, no mentioning of women's participation. We should think of ways to include women in law enforcement measures. If they would like to go on patrolling, they should be supported in that.

**12. LUP and improved tenure security: what are the current challenges esp. for women, what needs to be improved?**

LUP before forest management plan, so it paves the path to equal participation. The plans should be very specific (giving %, at least 20% suggested) how many women have to participate in which land & forest use & management.

So far, LUPs have only been done for areas, not for individual HH, so it's hard to draw conclusions on the factual land tenure security from that. Having both names of husband and wife on land titles will guarantee women's and men's equal and tenure.

**13. Development of a National Forest Monitoring System: how can women contribute?**

Note: Question was not understood correctly.

**14. Programme wants to promote deforestation-free agriculture, away from shifting cultivation practices, and promoting alternative cash crop production practices: Which implications will that have on women's work load? People's livelihoods? What would that mean for the extension services provided? Programme will also include community-based learning and consultation activities with participating farmers/villages.**

Agricultural Strategy leads the way. Cash crops promoted for Houaphan: coffee, Chinese cardamom, pilot projects are already running (too early to draw conclusions). One main difficulty is the lack of markets.

**15. Promotion of deforestation-free value chains and access to markets: what are women's greatest challenges to develop such value chains now, what are their barriers to access markets now?**

Key problem is the general lack of markets, not the production. PSEDP tries to address the market gaps and production needs. Rice is not identified as a commercial crop in Houaphan, only for domestic consumption.

**16. Access to microfinance for these new value chains: how are women benefitting from that?**

LWU: Micro finance is a very essential mechanism to promote women's economic activity. However, MFI are hard to access for people, only a few Village Banks exist /through VDF). PAFO & PLWU think it would be essential to increase access to microfinance/village banks in Houaphan to promote people's confidence in new production methods etc.

**17. How do you see the potentials and challenges in inviting private sector investments in community-based agroforestry in national production forests, including in the timber and fiber industries? Do you think villagers will be benefitting from such investment? How could the GoL ensure that the investments are benefitting the villagers?**

Investment are a huge potential but need to be tailored to the different potentials of the Districts, e.g. Livestock in Houameuang and Sam Neua, Viengxay for fruit trees,

etc. Ecotourism as huge potential for the NPA areas. The potentials are already assessed and written into their strategy.

GoL has to support with careful study of the impacts on local communities – if the investment is not beneficial and does not create increased income for people, we cannot allow such investment.

#### **18. Any other remarks?**

LWU: national laws & strategies, as well as leadership position quotas are in place – the gap is on the implementation level, where we need very concrete guidelines, with details on gender equality, participation figures.

Women lack knowledge because of lower education levels, young marriage an issue, lower roles in society despite laws stating equality. Just setting quotas does not help if it is not combined with awareness raising on all levels (incl. villages); needs trainings for GoL officers dealing with villagers; LWU is present in all villages but needs stronger utilization in village management

Women can play a huge role in deforestation-free agriculture, e.g. silk worm farms & silk production, cotton could be female-driven productions. Now too much import from Vietnam, but we could support the development of these value chains in Houaphan. Textile industry is very inclusive, since it does not require high education and also disabled women can work in it.

Implementation of the Lao PDR Emission Reductions Program through Improved Governance and Sustainable Forest Landscape Management

**1. What is your role in REDD+ mechanisms implementation?**

Districts/DAFO are key implementers of REDD+ mechanisms. Roles: planning process, hotspot and potential analysis,

**2. From your point of view: what are women's specific roles in forest and land use, and in forest protection?**

Women are main users of forests, so they need to get involved in all activities and facilitated by all sector agencies incl. LWU

**3. How are women already part of REDD+ mechanisms?**

Involvement of women in the planning processes very limited, since mostly only the head of HH participate.

**4. How could they be more part of it?**

We have to have more women participating already from the planning process in villages onwards. That starts with awareness raising for the women (DLWU key responsibility, in collaboration with DAFO and other line agencies).

**5. Which challenges do you see when it comes to remoter areas, women, ethnicity?**

Language barriers; kumban level meetings usually include travel which women cannot do, so only men attend.

Solutions: hire more ethnic staff in District teams. Keep either meetings to the village level only, or allocate resources and organize pick-ups for women to be able to travel.

**6. Do you feel women have the same access to benefits from forest resources and their management/decision-making? Is that different for different forest management modalities, like community forests, collaborative forests, protection forests, national parks, wildlife reserves, and buffer zone community forests?**

Women have little access to decision-making and planning processes on forest resources, but are the main users of the same (NTFPs collecting & marketing/selling). In regards to benefitting from that work in the form of shared decision-making, families definitely discuss purchases and investments jointly, but the final decision is with the husband as the traditional head of the HH.

**7. What women groups are currently involved in forest management modalities?**

No women groups except of LWU.

**8. How do you assess your current capacities to support the planned program in regards to gender equality?**

Still need CB; new technology which needs more training and staff fluctuation are challenges; need more training on gender issues, plus regular opportunities to discuss and exchange on implementation experiences.

**9. How gender-sensitive do you think the current REDD+ mechanisms are? How much are REDD+ and gender aspects of it integrated into the SEDP?**

Insufficient integration on implementation level. Suggestion of study tours between villagers (learning exchanges), and integrate a gender perspective into these exchanges

**10. The programme will support the development of regulations and guidelines based on the new Forest Law: from a gender perspective, what needs to be thought of?**

The Forest Law is too general, so regulations need to be based on the reality of Districts and Provinces. For the creation of the regulations, it would be best to include both District authorities and villages in the consultations. Bottom-up approach.

**11. How can women be part in law enforcement measures?**

Villagers incl. women first need to understand why the laws are relevant, so enforcement starts with encouraging villagers' support to adhere to the laws.

**12. Development of a National Forest Monitoring System: how can women contribute?**

Women could be part of NTFP monitoring, but needs a lot of initial support and follow-up.

**13. LUP and improved tenure security: what are the current challenges esp. for women, what needs to be improved?**

LUP did only allocate land on a village level so far, but most of the times, no land titles have been issued yet. That put women in disadvantage because the key decisions in LUP were and are taken by the (mostly male) village authorities and heads of HH. Future LUPs need to be more specific in regards to land use, and half-completed LUP processes need to be completed. No land tenure security on the current basis.

**14. Programme wants to promote deforestation-free agriculture, away from shifting cultivation practices, and promoting alternative cash crop production practices:**

**Which implications will that have on women's work load? People's livelihoods? What would that mean for the extension services provided? Programme will also include community-based learning and consultation activities with participating farmers/villages.**

Needs in-depth village-by-village potential and risk analysis. Funding to invest needs to be available. People are already willing to stop shifting cultivation but currently don't have alternatives.

**15. Promotion of deforestation-free value chains and access to markets: what are women's greatest challenges to develop such value chains now, what are their barriers to access markets now?**

Lack of financial resources, plus lack of confidence to risk investments. Markets are local, and many villages are too far off the markets and cannot access them.

DAFO suggests creating a form to monitor which products are produced where and sold where, so that market assessments become possible, and prices can be regulated for the benefit of the farmers (who usually don't get paid enough). Creation of this form could come from the Provincial Office for Industry and Commerce, collection of data by their District offices.

**16. Access to microfinance for these new value chains: how are women benefitting from that?**

They would probably benefit from that if there would not be the immense risk to lose investments (e.g. when livestock diseases kill the animals they purchased from borrowed money). Also, the interest rates need to be low so that poorer people can access MF, e.g. in Village Banks.

**17. How do you see the potentials and challenges in inviting private sector investments in community-based agroforestry in national production forests, including in the timber and fibre industries? Do you think villagers will be benefitting from such investment? How could the GoL ensure that the investments are benefitting the villagers?**

Proposals will go through PAFO which will review the benefits for the villagers carefully. Consult with the villagers, and do an area survey. Monitoring and follow-up by DAFO.

**18. Any other remarks?**

Plans need to be realistic in terms of budget. Use regular village visits to raise other than usual topics (e.g. gender issues in the frame of livelihood improvement, something tangible for the villagers). Make meetings more attractive for villagers, making clear what the benefit for them is in attending.

DDG DAFO: target the senior men in a village if you want to promote gender equality,

and keep it simple and interesting (videos, games etc.).

Implementation of the Lao PDR Emission Reductions Program through Improved Governance and Sustainable Forest Landscape Management

**1. What is your role in REDD+ mechanisms implementation?**

FPIC and VDF implementation and management; no direct implementation responsibility for REDD+, e.g. village forest management agreement as part of FPIC process

**2. From your point of view: what are women's specific roles in forest and land use, and in forest protection?**

LWU contribute to legal dissemination and mobilization of women in the villages to aid forest protection.

**3. Which challenges do you see when it comes to remoter areas, women, ethnicity?**

Knowledge and understanding in women low which affects meetings and participations significantly: low education rates esp. amongst women in remote areas

**4. Do you feel women have the same access to benefits from forest resources and their management/decision-making? Is that different for different forest management modalities, like community forests, collaborative forests, protection forests, national parks, wildlife reserves, and buffer zone community forests?**

Forest Management Committee has LWU member, but usually not more women (7 members total) – so women's decision-making power is very limited. It is difficult to find more women for this task because most don't feel educated enough to do the technical tasks related to that responsibility.

**5. How do you assess your current capacities to support the planned program in regards to gender equality? Are there activities in the planned program they think they will/would like to support but would need more in-depth knowledge for?**

Once District Steering Committee is in place, conduct a gender training for them and us focused on the kind of activities which will be implemented on the village level.

**6. How gender-sensitive do you think the current REDD+ mechanisms are?**

The implementation is usually not gender-sensitive, very few people understand gender equality.

**7. The programme will support the development of regulations and guidelines based on the new Forest Law: from a gender perspective, what needs to be thought of?**

Regulations and all legal documents should include aspects of gender equity, which build the basis for implementation. Create a specific guideline on gender for the implementation of programme activities. Add to the guidelines that line agencies have to send at least local language-speaking staff to the villages to ensure that everyone understands the activity and is able to participate.

**8. LUP and improved tenure security: what are the current challenges esp. for women, what needs to be improved?**

Challenge to follow through now with jointly signed land titles for wife and husband. LWU is part of LUP committees in the villages and tries to engage female villagers in the discussions.

**9. Development of a National Forest Monitoring System: how can women contribute?**

Forest Management Committee of all villages have already one fixed female member (the LWU member), so she could support women's support to monitoring the forest.

**10. Programme wants to promote deforestation-free agriculture, away from shifting cultivation practices, and promoting alternative cash crop production practices: Which implications will that have on women's work load? People's livelihoods? What would that mean for the extension services provided? Programme will also include community-based learning and consultation activities with participating farmers/villages.**

Promoted alternatives need to make sure that tasks in the production can be fairly distributed between men and women so to avoid increased work load for either, esp. women. Alongside promotion of more equitable share of domestic work (awareness raising campaigns).

**11. Promotion of deforestation-free value chains and access to markets: what are women's greatest challenges to develop such value chains now, what are their barriers to access markets now?**

MOIC has to support the identification of new markets. Markets now are too far away for most remote villages. Sometimes villages produce a lot (e.g. vegetables) but markets are too far away to bring it there and sell it.

**12. Access to microfinance for these new value chains: how are women benefitting from that?**

MF can aid women to start businesses in handicraft, livestock, agriculture. Main customers of MF institutions are currently women. Combine access to MF with business trainings for women. In case of cash crop promotion, provide such training before the introduction of new cash crops, so that women are prepared and more confident.

More hands-on trainings to learn new skills are needed (e.g. handicrafts). Also not only talking about how to access markets, but organize learning tours for villagers to

markets.

When creating access to MF: Conduct educational trainings on MF which are sensitive to women's fears and insecurities regarding risk and lower education levels.

- 13. How do you see the potentials and challenges in inviting private sector investments in community-based agroforestry in national production forests, including in the timber and fiber industries? Do you think villagers will be benefitting from such investment? How could the GoL ensure that the investments are benefitting the villagers?**

Concession & labor fees should go to villagers, land goes back to village. Technical knowledge should be provided by the company to the villagers.

## **GCF/GIZ, GoL interviews: PAFO Luang Namtha**

### Implementation of the Lao PDR Emission Reductions Program through Improved Governance and Sustainable Forest Landscape Management

#### **1. What is your role in REDD+ mechanisms implementation?**

Preparing new structure for REDD+ implementation right now; PRAP finalized but awaits signing. Consulted with Provincial REDD+ task force. Activities budgets are currently prepared, five core activities: REDD dissemination, forest regulation dissemination, scaling up PRAP activities & training, admin budget

#### **2. From your point of view: what are women's specific roles in forest and land use, and in forest protection?**

No separation from GoL side. VDF or conservation fund oftentimes are more lead by women and are seen as key players in management and accounting. Patrolling is traditionally done by men, even though it is not specified to be like that. As long as forests are close to the village, women could also do that task.

#### **3. How are women already part of REDD+ mechanisms?**

Women could have many roles – because they are more careful and considerate of the natural resources. Women often have more valuable additional work, like handicraft/textiles. NTFP collection. Rubber harvest done more efficiently and successfully by women.

#### **4. How could they be more part of it?**

We are aware that we need to involve especially women when it comes to the dissemination of forest-related information to village women. We will separate in women and men discussion groups because otherwise women will not speak out. Women are also important educators towards their children.

#### **5. Which challenges do you see when it comes to remoter areas, women, ethnicity?**

Women are the key persons in collecting NTFPs etc, but in ethnic villages, it is mostly men who take all decisions. We need to increase our awareness raising to these communities regarding equal decision-making.

Lack of Lao language skills makes it difficult to communicate with ethnic villagers, esp. the women. They often only talk to the Naiban. But many ethnic groups, including Akha improved their Lao significantly in the last ten years, so it is getting easier to access them.

#### **6. Do you feel women have the same access to benefits from forest resources and their management/decision-making? Is that different for different forest management modalities, like community forests, collaborative forests, protection**

## **forests, national parks, wildlife reserves, and buffer zone community forests?**

Women as money-keepers of the family possess higher benefits from the resources. In many ethnic minorities, men however have often the “last word” in decision-making. Not the case in the cities, where women usually have higher decision-making power.

Men have more access to forest resources management. We need to get more women into the forest management. Women are usually the money keepers in Lao culture, so if women see the “cash value” of forest resources and their management, they will naturally want to become more involved.

### **7. What women groups are currently involved in forest management modalities?**

LWU only as a group. VDF has promoted a lot of women in managing roles, especially in regards to SME development. Ecotourism activities have promoted women into management positions.

PAFO has some women in natural protection section (3 out of 8), forestry section (13 in total, 6 women).

### **8. What are their capacities, what would they need to improve?**

PAFO female staff has same capacities, but child birth puts them behind. Two female patrollers in Long District who work together with POFI as part of law enforcement.

### **9. How do you assess your current capacities to support the planned program in regards to gender equality?**

PAFO has two-three gender focal points, men and women, who is often involved in setting up activities and sometimes goes to the villages. Also, LWU is the go-to structure to implement any specific activities.

A specialized training on REDD+ and gender would be useful before implementation starts. Also a training on improved facilitation and presentation skills for the staff to improve village work.

### **10. How gender-sensitive do you think the current REDD+ mechanisms are? How much are REDD+ and gender aspects of it integrated into the SEDP?**

Women were very much involved in the planning process of the current REDD\* plan. The overall gender-sensitivity is hard for us to assess.

### **11. The programme will support the development of regulations and guidelines based on the new Forest Law: from a gender perspective, what needs to be thought of?**

Not necessary to mention gender specifically in the regulations, but instead bring more women into the implementation. In some cases there is already a balance, but not everywhere. On Provincial level, balance is fine, but not in most villages, so focus there.

**12. How can women be part in law enforcement measures?**

Patrolling is accompanied by PAFO, DAFO, DOFI together with militia and police. Not possible without villagers' involvement. Villages often request GoL support. Work can be dangerous (hunters, loggers). Some women might have the capacity, but not in general.

**13. LUP and improved tenure security: what are the current challenges esp. for women, what needs to be improved?**

LUP has majorly completed except of villages with lots of immigration which makes it difficult for authorities to update the necessary information to allocate land. Sustainable LUP needs to think more long-term than it previously has. Sing-District has particular immigration issue due to fast development (pull location for many people). In terms of gender equality, LUP has so far benefitted everyone equally. Participation in forest-related decisions was very equal, and women and men feel equally involved.

**14. Development of a National Forest Monitoring System: how can women contribute?**

Women know the forests well and should be largely involved in their monitoring. They are also viewed as more reliable and honest than men in providing this kind of information.

**15. Programme wants to promote deforestation-free agriculture, away from shifting cultivation practices, and promoting alternative cash crop production practices: Which implications will that have on women's work load? People's livelihoods? What would that mean for the extension services provided? Programme will also include community-based learning and consultation activities with participating farmers/villages.**

Cardamom, tea, NTFP. A negative point: in order to plant cash crops, small trees are often cut down. So the balance for agrobiodiversity is not perfect, leads to decreasing biodiversity. If we amp up cash crops, this also often means disturbance of wildlife, so we should find ways to limit disturbance.

Shifting cultivation needs extensive labor, so any change from that to cash crops is likely positive in regards to people's work load.

In village consultations, women should be particularly targeted, esp. also with technical knowledge to empower them, and to utilize their role as their children's educators.

**16. Promotion of deforestation-free value chains and access to markets: what are women's greatest challenges to develop such value chains now, what are their barriers to access markets now?**

In the promotion, it is often good to discuss potential work divisions needed for a new product (e.g. men do planting, women harvesting etc.).

Women usually know more about market access than men, and also what prices certain products get. That can be utilized in trainings.

**17. Access to microfinance for these new value chains: how are women benefitting from that?**

Microfinance institutions are often a high barrier for people to use as starters for a new value chain/product etc. because people are afraid of the interest rates and paying back the money on time, and might therefore not use it. Microfinance institutions possess very valuable technical knowledge though which can be useful for the villagers to learn how to identify sources for investment themselves, so a cooperation would be best.

**18. How do you see the potentials and challenges in inviting private sector investments in community-based agroforestry in national production forests, including in the timber and fiber industries? Do you think villagers will be benefitting from such investment? How could the GoL ensure that the investments are benefitting the villagers?**

Lessons learned from the past: organized study tour for villagers and provided them with seeds to empower them to start a new product, and PAFO made sure that a company buys the product (mak dao). In some cases, the companies provided the funds for these activities, sometimes PAFO if they have the budget for it. Another example: a paper company was built, so PAFO trained villagers how to plant bamboo to sell to that company.

Both are running well, but they don't feel these are sustainable solutions because price fluctuations tend to heavily impact the villages, often leading to deforestation because villagers rapidly need to plant other crops to earn additional income.

If more companies are interested to invest, maybe agricultural land can be directly allocated to them.

## **GCF/GIZ, GoL interviews: PLWU Luang Namtha**

### Implementation of the Lao PDR Emission Reductions Program through Improved Governance and Sustainable Forest Landscape Management

#### **1. What is your role in REDD+ mechanisms implementation?**

PAFO usually coordinates with PLWU about forest-related activities, and vice-president and one technical staff are assigned to join all REDD+ consultations, including on the village level. Also join SUFORD activities on village level. Also gender-sensitive information dissemination to villagers.

#### **2. From your point of view: what are women's specific roles in forest and land use, and in forest protection?**

LUP has been improved, many stopped shifting cultivation, jobs were created

#### **3. Do you feel women have the same access to benefits from forest resources and their management/decision-making? Is that different for different forest management modalities, like community forests, collaborative forests, protection forests, national parks, wildlife reserves, and buffer zone community forests?**

#### **4. What women groups are currently involved in forest management modalities?**

LWU is not a key implementer but coordinates with all sectors to ensure gender equality. We wish more women to be part of the management also on village level. We need to mobilize women in the villages, and ask the village authorities to make sure that women equally attend. It is always a problem if only the head of the HH are called into meetings, because then only men join. Customary practices and too much house work hinder women further from attending. Education is lower for women, so they feel less confident in participating. All these factors need to be taken into account when planning village activities.

#### **5. How do you assess your current capacities to support the planned program in regards to gender equality?**

We had some trainings as introduction into the sector but would appreciate more in-depth trainings on REDD+ and how to support the programme activities best.

#### **6. How gender-sensitive do you think the current REDD+ mechanisms are? How much are REDD+ and gender aspects of it integrated into the SEDP?**

It was good that PLWU was involved in all consultations towards formulating REDD+ activities in the last year, so they feel it improved the gender-sensitivity of the process.

**7. The programme will support the development of regulations and guidelines based on the new Forest Law: from a gender perspective, what needs to be thought of?**

LWU should be involved in the development of these regulations and guidelines. The Forestry Law has not been reviewed by them yet, so they don't feel like they know enough. They want to improve their understanding once the law has been improved in the National Assembly.

**8. How can women be part in law enforcement measures?**

Women are parts of different committees in the forest and should be systematically trained to also take part in law enforcement measures including patrolling.

**9. LUP and improved tenure security: what are the current challenges esp. for women, what needs to be improved?**

No specific challenges by gender, rather the general challenge that LUP has not been completed in some areas.

**10. Development of a National Forest Monitoring System: how can women contribute?**

Women know the forests better than men and should therefore be strongly involved in the monitoring of forest resources, esp. NTFPs.

**11. Programme wants to promote deforestation-free agriculture, away from shifting cultivation practices, and promoting alternative cash crop production practices: Which implications will that have on women's work load? People's livelihoods? What would that mean for the extension services provided? Programme will also include community-based learning and consultation activities with participating farmers/villages.**

New crops need a gender-sensitive analysis before introduction if that crop would benefit everyone in the village and does not give women more work.

Community-based learning and consultation activities need to separate women and men to make sure that all voices are heard equally.

**12. Promotion of deforestation-free value chains and access to markets: what are women's greatest challenges to develop such value chains now, what are their barriers to access markets now?**

Make women more confident in starting a new crop/value chain. LWU and other sectors should be included in educating them several times and support them in identifying markets and promote their access for women to these markets. For example, this year cardamom suddenly did not sell well which scared many villagers away from trying out new products in fear of financial problems. We need a thorough documentation of lessons learned like this, and find sustainable solutions together.

**13. Access to microfinance for these new value chains: how are women benefitting from that?**

Having microfinance support is better than nothing but not the sole and optimal solution. For some women, this might help to get started. Very poor HHs do not take the risk in the first place, so microfinance alone is not the solution.

**14. How do you see the potentials and challenges in inviting private sector investments in community-based agroforestry in national production forests, including in the timber and fiber industries? Do you think villagers will be benefitting from such investment? How could the GoL ensure that the investments are benefitting the villagers?**

Village consultations for such potential private sector investments need to ensure that village women's voices and concerns are actively taken into account (only-women meetings etc.).

**15. Any other remarks?**

LWU should always be involved in village level activities because they can easily access village women. So they recommend to make the responsibility very clear that LWU is responsible to implement all activities related to REDD+ and gender. This way it is ensured that gender is always an integral part. They feel ready to fully support the project.

## **GCF/GIZ, GoL interviews: Luang Namtha, District Lao Women's Union**

Implementation of the Lao PDR Emission Reductions Program through Improved Governance and Sustainable Forest Landscape Management

### **1. What is your role in REDD+ mechanisms implementation?**

DLWU is usually invited by DAFO to join forest-related activities. No specific implementation experience in REDD+ activities so far but the Deputy Head of DLWU has participated in consultation meetings for ICBF (by KfW), and bamboo projects.

### **2. From your point of view: what are women's specific roles in forest and land use, and in forest protection?**

Women take part in forest management and protection, especially in regards to NTFPs. In the ICBF project, there are always also women in the village steering committees (usually the village LWU representative).

### **3. How are women already part of REDD+ mechanisms?**

### **4. How could they be more part of it?**

### **5. Which challenges do you see when it comes to remoter areas, women, ethnicity?**

Language, traditions, lower education. Early marriages in many ethnic groups. Children are living so close to nature and traditional life that they don't want to go to school. In some ethnic groups and villages, not even the LWU can get the village women together: when they call for a women's meeting in an Akha village, the men send their women away and attend the meeting themselves instead of their women. It's very difficult to overcome their traditions.

Also, road access and remoteness (in combination with lack of proper vehicles) is a barrier for staff to reach these villages. The District offices try to support each other with vehicles and in joining in activities together.

What they do to overcome these barriers: information dissemination to both women and men, through women's law information integrated into gender issues.

Traditional gender norms which led men and women to believe that women are worth less than men are the biggest barrier to women's inclusion in activities. Also, staff needs to adapt to villagers' schedules. E.g., Akha women are not at home throughout the day, so if you want to meet them, the team needs to be flexible and wait until evening and sleep in the village. Also, changing traditions takes time – projects need to plan for repeated activities and flexible time frames to trigger change.

### **6. Do you feel women have the same access to benefits from forest resources and their management/decision-making? Is that different for different forest management modalities, like community forests, collaborative forests, protection forests, national parks, wildlife reserves, and buffer zone community forests?**

Women are the key collectors of forest resources but most of the time are not given the opportunity to participate in anything related to village politics, including forest management.

**7. How do you assess your current capacities to support the planned program in regards to gender equality?**

They feel they need more technical training on REDD+ and its gender implications to be able to fully support the new program.

**8. How gender-sensitive do you think the current REDD+ mechanisms are? How much are REDD+ and gender aspects of it integrated into the SEDP?**

Very little. Gender is not an integral part of these planning processes and consultations.

**9. The programme will support the development of regulations and guidelines based on the new Forest Law: from a gender perspective, what needs to be thought of?**

The LWU Law should be consulted when drafting those guidelines and regulations. Opportunities for women to participate need to be actively integrated into any guideline, otherwise it will not happen. Also, include that the LWU should always by standard be involved in planning and implementation activities, and any consultations. That would also then include that the LWU gets budgeted support to do this.

**10. How can women be part in law enforcement measures?**

LWU would like to be part of forest law enforcement measures. Village women should be part of the village steering committee where decisions about forest management and law enforcement needs are taken.

**11. LUP and improved tenure security: what are the current challenges esp. for women, what needs to be improved?**

Women and men have the same rights according to the Law but women are often not having the same opportunity to decide about their land use in comparison to men. That starts with a more equal and active participation of women in LUP village meetings which is often not realized. Women especially need to think about having only their own name on property which they inherited. Shared property can have both names, but since women are still often at disadvantage when it comes to local legal procedures, they often lose their land, e.g. when their husbands die and the women remarries, and the land right was not clearly with the woman – the land usually then goes over into the men's family.

**12. Development of a National Forest Monitoring System: how can women contribute?**

Whenever village conditions allow, both men and women should partake in forest resource monitoring efforts, including patrolling if the traditions allow that. Whenever an active monitoring would not be possible for villagers (too far away, no vehicles, too dangerous, too much other work), they should at least always be consulted regularly.

- 13. Programme wants to promote deforestation-free agriculture, away from shifting cultivation practices, and promoting alternative cash crop production practices: Which implications will that have on women's work load? People's livelihoods? What would that mean for the extension services provided? Programme will also include community-based learning and consultation activities with participating farmers/villages.**

See next answer.

- 14. Promotion of deforestation-free value chains and access to markets: what are women's greatest challenges to develop such value chains now, what are their barriers to access markets now?**

LWU is often asked by projects to identify markets specifically for women which is necessary to do when introducing a new value chain. Many projects support women-typical income activities such as weaving/textile production but if there is no market and promotion of women's market access, then the new value chain is not improving women's lives

- 15. Access to microfinance for these new value chains: how are women benefitting from that?**

Beneficial for women, village women should be included in the management of these banks at village level from the start. DLWU in Luang Namtha is not involved in microfinance. Difficult to assess for them if microfinance access would in fact empower women to start new products/businesses, but the DLWU would support this potentially beneficial activity to make sure that women are part of the management and implementation.

- 16. How do you see the potentials and challenges in inviting private sector investments in community-based agroforestry in national production forests, including in the timber and fiber industries? Do you think villagers will be benefitting from such investment? How could the GoL ensure that the investments are benefitting the villagers?**

They don't see potential for Luang Namtha District since there is no area for that. There is already a lot of rubber plantations. People don't have funds to start such endeavors themselves, and there is no market to sell the new products. So any potential investment would have to analyze these challenges and keep sustainability and ongoing benefits for the involved people in mind.

**17. Any other remarks?**

DLWU Luang Namtha would be more than willing to implement own parts of the programme because they are usually only consulted. So a budgeted sub-implementation would be their favorite solution, or at least involve them in the steering committees for the program.

**GCF/GIZ, GoL interviews: Luang Namtha, District Agriculture and Forestry Office (DAFO) and District Office for Forest Inspection (DOFI)**

Implementation of the Lao PDR Emission Reductions Program through Improved Governance and Sustainable Forest Landscape Management

**1. What is your role in REDD+ mechanisms implementation?**

Deputy DAFO head usually joins REDD+ consultations, but they feel they still have only limited knowledge of REDD+  
But DAFO's key role is to protect forests and their species, as well as general biodiversity/wildlife protection and emission reduction, and the adherence to laws and regulations, patrolling, deforestation.

**2. From your point of view: what are women's specific roles in forest and land use, and in forest protection?**

Forest protection on village level, women have more roles and responsibilities because women usually go to the forest for NTFP production/collection and vegetable collection. Men mainly do dissemination and enforcement of regulations; only a few women are part of that level of protection/resource management.

**3. How are women already part of REDD+ mechanisms?**

In general, all activities aim to benefit all villagers equally. But especially in many ethnic groups, women are participating less in activities due to traditions.

**4. Which challenges do you see when it comes to remoter areas, women, ethnicity?**

Language, education, understanding of regulations and laws is very low. Use modern communication tools like posters, videos shown by LCDs to engage all villagers and to convey messages more playfully.

**5. Do you feel women have the same access to benefits from forest resources and their management/decision-making? Is that different for different forest management modalities, like community forests, collaborative forests, protection forests, national parks, wildlife reserves, and buffer zone community forests?**

In some villages, women are already part of village and forest management committees. DAFO thinks that the local LWU representatives are the best choices to systematically place into the forest management committees because they usually possess better education.

**6. How do you assess your current capacities to support the planned program in regards to gender equality?**

Implementation-wise we are ready, but always appreciate additional specialized

trainings to improve our work, especially when the program requires certain knowledge and technical skills. We have sufficient staff and capacities to implement the program. Study tours to other Provinces are very useful learning tools for them.

**7. How gender-sensitive do you think the current REDD+ mechanisms are? How much are REDD+ and gender aspects of it integrated into the SEDP?**

The activity is still too new for them to be able to assess that.

**8. The programme will support the development of regulations and guidelines based on the new Forest Law: from a gender perspective, what needs to be thought of?**

The Forest Law is gender-neutral because law is law, and both men and women equally need to follow it once approved. Guidelines can be supportive in setting standards for village participation. Of course we also have to keep realities in mind – some ethnic groups just won't let women participate, and even on the District Government level, we often struggle finding enough suitable female candidates to work with us.

Since women are naturally already seen as the “protectors” of the forests, the development of guidelines can be a chance to foster this role for women.

**9. How can women be part in law enforcement measures?**

Women are much more reliable and committed to forest protection. They protect, men destroy. So we need to find ways to support women's natural protection efforts. Women need to be formally part of law enforcement units. If it is not formalized beforehand, the village authorities will just take over. Instead of approaching the village head (naiban), approach village LWU first. Could be entry point for PLWU/DLWU. Also, if women are more systematically placed in village steering committees, they will also be more part of any law enforcement measures.

**10. LUP and improved tenure security: what are the current challenges esp. for women, what needs to be improved?**

Women's and men's names are both on land use titles now, so the legal status is equalized. Same for LUP.

The challenge is within internal decision-making power relations in HHs which are harder to address. Land titling is not very advanced in the remoter areas of Luang Namtha.

**11. Development of a National Forest Monitoring System: how can women contribute?**

If such system is developed, formalize women's support and contribution to that from the beginning. Women need to be part of that because they are main users and protectors of the forests.

**12. Programme wants to promote deforestation-free agriculture, away from shifting cultivation practices, and promoting alternative cash crop production practices:**

**Which implications will that have on women's work load? People's livelihoods? What would that mean for the extension services provided? Programme will also include community-based learning and consultation activities with participating farmers/villages.**

If we want to stop deforestation, the focus needs to be on income-generating activities, including NTFP conservation, sustainable use of NTFPs, value-added products.

Government needs to partake in village consultations since they will be part of the implementation.

**13. Promotion of deforestation-free value chains and access to markets: what are women's greatest challenges to develop such value chains now, what are their barriers to access markets now?**

It is essential to focus on market demand when developing new value chains, but all in the frame of local traditions (e.g. Akha: textiles) to make it valuable and realistic for the villagers.

Government needs to be part of the negotiations to ensure monitoring and support.

**14. Access to microfinance for these new value chains: how are women benefitting from that?**

Luang Namtha has only limited experience with microfinance. It could be very beneficial for people though to empower them to start new production methods, products etc.

Besides microfinance, the DOFI sees VDF are great ways to empower especially women in leadership and management. Introducing village-managed funds for forest protection would empower women to take over that role.

**15. How do you see the potentials and challenges in inviting private sector investments in community-based agroforestry in national production forests, including in the timber and fiber industries? Do you think villagers will be benefitting from such investment? How could the GoL ensure that the investments are benefitting the villagers?**

In Luang Namtha, rubber plantations are one of the drivers of deforestation. This needs to be taken care of, and avoided to do the same mistake again with another potential investment promotion.

Government needs to be part of the negotiations to ensure monitoring and support.

**16. Any other remarks?**

Feasibility studies of every village are necessary before activities are decided upon because every village is different.

Road access/improvement is a huge issue for program implementation – many villages where deforestation is an issue are remote and hard to reach. So small

infrastructure improvements should be part of the program.  
DAFO staff needs vehicles to access more remote areas.

**GCF/GIZ, Village interviews: Houaphan, Sam Neua, Ban Yard (Khmu & Hmong) – WOMEN GROUP (15 women)**

Implementation of the Lao PDR Emission Reductions Program through Improved Governance and Sustainable Forest Landscape Management

**1. Tell us something about how your life is like.**

Weaving, selling in Sam Neua, sometimes they have traders who regularly buy their weaving, shifting cultivation, paddy fields, livestock.

**2. What are women's and men's specific roles in forest and land use?**

Forest:

Demarcation boarder clearing both, natural regeneration activities both (esp. youth);

Men lead demarcation group, patrolling, timber harvesting for domestic construction, firewood collection (together with women), hunting

Women collect vegetables, NTFP & tree fruit & bamboo shoots

Land: work together, paddy fields, garden

Livestock: poultry, everything near the house – women; further away (bigger animals): men

**3. ...and in forest protection?**

Small planting activities; plantations of trees (rubber) inside the forest cover; adhere to the different forest management modalities according to LUP

**4. Do you feel like the work related to forest and land use are distributed fairly between men and women?**

Women are having higher work load than men because they take care of all the “less hard” tasks; men do the heavy tasks like plowing the field. This makes women busy over the course of a whole day.

**5. Do you know of REDD+ mechanisms and why they are existing?**

Not of REDD+ as such, but about Environment Protection, climate change, forest protection and that we have to take care of it.

**6. From your knowledge of the forest and land: did you see any changes over the years? E.g. Less resources, NTFPs etc.?**

Resources becoming less and less over the last years. Since they started forest protection area, the trees recovered and to them it seems like there are more trees again. NTFPs got less. Women don't want to walk too far away from the village (time

constraints), so they have less NTFPs for domestic consumption. Soil quality went down, trying to use dung to fertilize but with little effect so far. No chemical fertilizers so far.

**7. Do you feel like you benefit from forest resources? How?**

Not balanced within the village depending on how much you can collect and sell. Within HH, equal benefits.

Women take care of finances. Decision-making about finances: small things sole decisions, bigger investments are discussed and decided jointly.

**8. What kind of forests do you have access to? Examples: community forests, collaborative forests, protection forests, national parks, wildlife reserves, and buffer zone community forests.**

Village use forest, protection forest, forest for NTFP collection

**9. Do you feel you are participating in forest management/decision-making? Is that different for different forest management modalities (like community forests, collaborative forests, protection forests, national parks, wildlife reserves, and buffer zone community forests)?**

Have a Forest Management Plan. Committee has 9 members total, 3 women. Women participate in the discussions very well, esp. the LWU member who has higher education and is from the city and can bring lots of knowledge into the discussions.

**10. LUP and improved tenure security: what are the current challenges esp. for women, what needs to be improved?**

The existing LUP had positive effects for the villagers, esp. in regards to forest restoration and protection. No more conflicts about land since LUP, but as a suggestion it could be done for forest allocation/upland land as well because there are still conflicts between villagers.

Land security did not change since LUP. They feel empowered and land-safe enough to negotiate with potential investors.

**11. Programme wants to promote deforestation-free agriculture, away from shifting cultivation practices, and promoting alternative cash crop production practices: How do you hope this will change your livelihoods? What are your fears? Note: Programme will also include community-based learning and consultation activities with participating farmers/villages.**

They hope to get more income, and to be able to construct a village meeting hall (and other things to develop the village). Interested in: vegetables to export to the markets, livestock, weaving, fish pond.

Fears: if full financial support by the project, they are ready to give up shifting

cultivation. They just still do it because of lack of alternatives and financial resources to do the shift.

**12. The programme wants to make the villagers an active part of forest management (village forest management planning & agreements, forest planting, restoration activities) and monitoring (incl. patrolling): what do you think of that? Where do you feel women and men should be part of?**

If women can work in groups, they would get involved in forest monitoring & patrolling. The programme could train them how to do it, and they would like to get involved in that kind of forest management. In the committee, they already feel represented.

**13. What are your barriers to access markets? Which support would you need to access them?**

Poor families because no transport to reach markets, and also because they often only produce very small amounts. Road condition is bad, esp. in rainy season (barely access then), so that should be the first thing to be changed. That would also change livelihoods in regards to health care access.

**14. What do you think of microfinance to start a business/invest in a new agricultural practice etc.?**

Want Village Bank, would be best to access money on the village level and use it to do small investments. For what exactly, they would like to work with the programme in joint discussions and develop a plan together.

**15. The programme wants to invite private sector investments in community-based agroforestry in national production forests. What do you think of that?**

They always support having new projects in the village, but are very careful with private sector involvement. It must be completely ensured that the activity in the village will benefit everyone and is creating alternative jobs and increased income.

**16. Any other remarks?**

Priority on road improvement, increase paddy rice area, improve school building, irrigation systems, small village infrastructure like village hall, office. Small road to the paddy area would improve patrolling as well. Financial support for forest management esp. for fire prevention (clearing forest line), patrolling, surveying, replace demarcation signs.

**GCF/GIZ, Village interviews: Houaphan, Sam Neua, Ban Yard (Khmu, Hmong) – MEN GROUP (13 men)**

Implementation of the Lao PDR Emission Reductions Program through Improved Governance and Sustainable Forest Landscape Management

**1. Tell us something about how your life is like.**

Unity between men and women. Very poor living conditions/poverty. Low education, few jobs.

Mainly work paddy fields, agriculture on shifting cultivation plantations.

Deforestation decreased. Water supply good. Road access is at least there, so better off than other villages, but could still be improved. HH try to develop step by step.

Some families don't have enough rice throughout the year. Village has primary school. Compared to more remote villages, we feel we are having better conditions, but still many things to improve. Need to improve housing, commercial trade products. Some HH raise livestock to increase their income, but not too successful yet. Challenges in the village (Naiban) also include that the village is divided into two ethnic groups and villages which makes coordination and meetings harder. Road access improvement necessary for health care access. Improve school building. The Hmong group does not have enough paddy fields. They dug a road access to their fields with their hands. More forest land is available but too far away from their village (30km). For secondary school, the kids walk about 6km to the neighboring village.

**2. What are women's and men's specific roles in forest and land use?**

Forest: men and women work together

Land: Work together (harvest, fencing, paddy fields)

**3. ...and in forest protection?**

Fire prevention, restoration.

Patrolling currently done by men, but they feel women could also do that job if they want to do that.

They also do watershed protection patrolling.

**4. Do you feel like the work related to forest and land use are distributed fairly between men and women?**

Men work more than women outside the harvest season because men check all the time on the fields whereas women are working at home & weaving. Naiban adds: men work harder but women work more. Men feel the main pressure to provide for their families is on men, and have to take on tasks and jobs which generate more income. They also feel like they always have to think ahead as much as possible to ensure their families' income and well-being.

5. **Do you know of REDD+ mechanisms and why they are existing?**

Never heard of REDD+, but of climate change, environmental protection etc. (activities by Clipad). Since the programme (2016), they started to protect their forest and created a Forest Management Committee which regularly reminds the villagers to take care of the forest.

6. **From your knowledge of the forest and land: did you see any changes over the years? E.g. Less resources, NTFPs etc.?**

Fruits on the trees increased because of the forest restoration measures, as well as bigger trees due to protection measures. Wildlife increased for the same reason. Good forest results in good/lots of mushrooms. NTFPs decreased. They also observe that the climate is changing: rainy season has more rain, more flooding, but the programme (Clipad) helped to control the flooding.

7. **Do you feel like you benefit from forest resources? How?**

Depends on how much work a family puts in, and how many family members contribute. But on average, all villagers benefit equally from the forest resources. Within HH, equal benefits, even in consumption.

8. **What kind of forests do you have access to? Examples: community forests, collaborative forests, protection forests, national parks, wildlife reserves, and buffer zone community forests.**

Agroforestry area, NTFP. Protection forest is mentioned only after mentioning by programme team.

9. **Do you feel you are participating in forest management/decision-making? Is that different for different forest management modalities (like community forests, collaborative forests, protection forests, national parks, wildlife reserves, and buffer zone community forests)?**

They feel women and men are both part of forest management, because they share tasks and have both men and women in the Forest Management Committee.

10. **LUP and improved tenure security: what are the current challenges esp. for women, what needs to be improved?**

No more conflicts about land with other villages any more since LUP, which they are very happy about. Forest protection measures are showing positive impact already (except for NTFP decrease).

Recommendation: agricultural area should be divided by HH as well (DAFO came but still in the negotiation process with villagers in conflict; for housing, areas are allocated already).

Naiban: For the Forest Management, they still need funding for fire prevention (clearing forest line), patrolling, surveying, replace demarcation signs.

- 11. Programme wants to promote deforestation-free agriculture, away from shifting cultivation practices, and promoting alternative cash crop production practices: How do you hope this will change your livelihoods? What are your fears?  
Note: Programme will also include community-based learning and consultation activities with participating farmers/villages.**

Villagers lack experience and knowledge on agricultural methods, and we have nothing to export to markets so far. So we need both technical and financial support to change to alternatives. Also, land analysis needs to be done to determine what cash crop would be suitable. We need support to do this analysis, as well as how to access markets. We want to be involved in consultations and decide together, and we want to feel sure that this change would improve our living conditions and income.

- 12. The programme wants to make the villagers an active part of forest management (village forest management planning & agreements, forest planting, restoration activities) and monitoring (incl. patrolling): what do you think of that? Where do you feel women and men should be part of?**

Villagers are already an active part in forest management and are very keen to keep doing that, and take over new tasks if they feel it makes sense for the village.

- 13. What are your barriers to access markets? Which support would you need to access them?**

They feel like there are already a lot of vegetables on the Sam Neua market, so the transport costs are not worth the market trip.

They would like to develop new value chains, new products (e.g. dried food which stores longer and is more unusual, so more people would buy it).

- 14. What do you think of microfinance to start a business/invest in a new agricultural practice etc.?**

In the past, when funds were provided to villagers, they did not know how to use the money. So if access to finance is provided, then jointly with business plan development.

They feel taking loans is risky for the villagers in case they cannot sell their products. If analyzed carefully, MF/Village Banks would be great for the village. The village developed a lot in the last years, but with MF access they could start doing the investments into livelihood improvement as mentioned above.

- 15. The programme wants to invite private sector investments in community-based agroforestry in national production forests. What do you think of that?**

Private sector investment would be very welcome because they would create more

jobs and infrastructure in the village. They see potential for ecotourism with the nearby waterfall.

Investments would need to be tightly controlled by the Government though to ensure that the villagers benefit from the cooperation because we lack the experience and capacity to control the cooperation ourselves. If a cooperation would change too much infrastructure in the village, they would not want it.

**16. Any other remarks?**

Allocation of HH agricultural land needs to be continued.

All programme activities should aim to increase people's income through distinct products (similar to One District One Product),

Road and school improvement will create better access to health care & markets, and education.

Hmong representative repeats that they need road access to their fields and forest area.

**GCF/GIZ, Village interviews: Luang Namtha District, Ban Nam Mad (Akha ethnic); participants: 8 men, 27 women)**

**Notes:** the interview was conducted with a mixed group of women and men of all ages. A separation by gender was impossible to get organized since the villagers had celebrations ongoing and decided that they would rather have one joint discussion. The discussion with the women also needed a lot of additional translation (Akha-Lao-English).

**Further observations:** the village is located only a few kilometers outside main town Luang Namtha. The access to the city had significantly improved people's access to health centers and markets. On the other hand, the trash problem of the village is immanent in every corner of the village. Environmental education has not been provided, and people's understanding of the necessity of proactive environmental protection is basically not existing. Only the women showed a basic understanding of the correlation between their actions and the swindling resources.

Implementation of the Lao PDR Emission Reductions Program through Improved Governance and Sustainable Forest Landscape Management

**1. Tell me how your life is like.**

Women: Harvest rubber in the morning, evening bamboo, rattan, broom grass, firewood & vegetables. Lot less work since women have road access & motorbikes & access to a rice mill. Getting up early to prepare rice and breakfast, feeding animals, washing. Women work more than men.

Women earn more money than men, because men are lazy. Women are the money-keepers.

Men: bringing harvest/rice down from the upland fields, now by tractor (until recently by foot or motorbike). Shifting cultivation, no paddy rice.

Rubber trees: share the work, depending on family

**2. What are women's and men's specific roles in forest and land use?**

See answer above.

**3. ...and in forest protection?**

**4. Do you feel like the work related to forest and land use are distributed fairly between men and women?**

Depending strongly on family, all variations exist in this village. Generally, women work longer and more, while men do physically more straining work.

**5. Do you know of REDD+ mechanisms and why they are existing?**

Since 2012 no timber harvesting regulation in place. 1mio LAK fine is to be paid per

m2 harvested.

**6. From your knowledge of the forest and land: did you see any changes over the years? E.g. Less resources, NTFPs etc.?**

More people in the village, so the forest resources are getting less. Some people are harvesting continuously without giving the forest the chance to recover.

**7. Do you feel like you benefit from forest resources? How?**

Women benefit even more than men from the forest resources because they harvest everything from the forests and keep the money (and often earn more than their men).

**8. What kind of forests do you have access to? Examples: community forests, collaborative forests, protection forests, national parks, wildlife reserves, and buffer zone community forests.**

Nearby is a natural protected forest area; land and forest allocation was only done between different villages so far.

**9. Do you feel you are participating in forest management/decision-making? Is that different for different forest management modalities (like community forests, collaborative forests, protection forests, national parks, wildlife reserves, and buffer zone community forests)?**

Mainly village authorities are taking decisions about all village decision, including forest management. No women in the village committee. Some women are ok with that, others not (but they don't challenge the decisions).

Note: After repeated attempts of getting the women to speak about their potential involvement in forest management, one woman speaks up stating that she would like to be an active part of the village forest management. Then the women start a discussion on what ideas they have to support forest recovery, and how beneficial it would be if they could be part in decision-making. This discussion shows the importance of persisting in men-led discussions to hear women's voices. The accompanying LWU member was helpful in explaining and encouraging women to speak – which showcases the important role the LWU is still able to play in village facilitations.

**10. LUP and improved tenure security: what are the current challenges esp. for women, what needs to be improved?**

No LUP or titling yet, only zoning. Process needs to be continued. Demarcation borders don't mean much to them and the nearby villages – no one is really controlling the use.

**11. Programme wants to promote deforestation-free agriculture, away from shifting cultivation practices, and promoting alternative cash crop production practices:**

**How do you hope this will change your livelihoods? What are your fears?**

**Note: Programme will also include community-based learning and consultation activities with participating farmers/villages.**

Shifting cultivation is very hard and lots of work, so they would very much like to change to alternative crops. Rubber plantations meant less work for everyone, at least after the initial period (young trees need more care).

- 12. The programme wants to make the villagers an active part of forest management (village forest management planning & agreements, forest planting, restoration activities) and monitoring (incl. patrolling): what do you think of that? Where do you feel women and men should be part of?**

Women want to be part of the forest management, restoration activities, planning. Villagers want to increase patrolling in the future because currently, everyone is using the forest as they want and they see the resources decreasing.

- 13. What are your barriers to access markets? Which support would you need to access them?**

They keep some for their own consumption, and sell the rest on markets in Luang Namtha town nearby and a market in a nearby village. Rubber is sold to a company which is either coming to pick up harvested rubber or the villagers transport it to the company.

- 14. What do you think of microfinance to start a business/invest in a new agricultural practice etc.?**

The village has no experience with any form of microfinance yet. With access to small amounts to borrow, the men would start small shops, the women would like to increase their handicraft and textile production and create a small business.

- 15. The programme wants to invite private sector investments in community-based agroforestry in national production forests. What do you think of that?**

The village would be open to a collaboration with the private sector, if the land is suitable.

- 16. Any other remarks?**

They would like to have access to the VDF, a bridge (requested since 10 years). They had built the school building by themselves but need more furniture for it. They feel like they are often requesting for things but rarely anything happens.

**GCF/GIZ, Village interviews: Luang Namtha District, Ban Nam Dy (Lanten ethnic group, natural tourism site; 4 women, 10 men)**

**Note:** villagers asked for one joint meeting because they felt too busy to organize separate meetings.

Implementation of the Lao PDR Emission Reductions Program through Improved Governance and Sustainable Forest Landscape Management

**1. Tell us about your everyday life.**

Naiban: rubber plantation care, paddy rice fields, some HH do shifting cultivation, livestock (pig, chicken, ducks, goats), few HH have small shops; paper production and textiles & handicraft mainly done by all women. Started to be tourism site in 2003 (officially opening in 2007 when they also received funding support for that by ADB, today New Zealand's Fund for Community Tourism Development is supporting with funding until 2020), upon the idea of one of the villagers (a man). 7 villagers created the tourism site. When funding ends, the village plans to keep maintaining it themselves. 60% of the income from the site stays with the village, rest goes to Provincial Tourism Office and Tourism Fund and others. Villagers take care of it in rotation (cleaning, maintenance, ticket selling). No women in the management committee for the site because village women who stay in the village have low education (no literacy and calculation skills).

The Naiban recognizes that they need external support to find ways to include women more in the management structures of the village. Women usually don't want to participate in meetings.

Women: they join meetings if they feel they can learn something. They feel shy, not educated enough, and as if they cannot contribute much.

**2. What are women's and men's specific roles in forest and land use?**

Villagers don't use the forests much as the forest area is very small. Also see answer above.

**3. ...and in forest protection?**

Only individual measures, nothing systematic.

**4. Do you feel like the work related to forest and land use are distributed fairly between men and women?**

Work is equally divided in our village: women do handicraft, paper, textile and clothing; men do construction, paddy rice care  
Cooking, animal raising, rubber plantation care are done by everyone jointly

**5. Do you know of REDD+ mechanisms and why they are existing?**

Some families have little awareness about forest protection and watershed protection. They did not hear about REDD+ so far, but about deforestation, environmental protection, and they try to educate villagers who contribute negatively to that.

**6. From your knowledge of the forest and land: did you see any changes over the years? E.g. Less resources, NTFPs etc.?**

10-15 years ago the biodiversity was significantly higher, now they perceive a stagnation.

**7. Do you feel like you benefit from your forest/natural resources equally?**

Income and benefits are shared equally within the HHs.

Women: normally, the families keep the earned money together, but some men spend too much money on alcohol, so the women try to keep it together.

**8. What kind of forests do you have access to? Examples: community forests, collaborative forests, protection forests, national parks, wildlife reserves, and buffer zone community forests.**

LUP completed. Protected forest and use forest.

**9. Do you feel you are participating in forest management/decision-making? Is that different for different forest management modalities (like community forests, collaborative forests, protection forests, national parks, wildlife reserves, and buffer zone community forests)?**

Women: we don't have enough education to partake in any decision-making, and we are not strong enough. We would like to be part in decision-making, but don't fulfill the requirements. The few women who have education either leave the village to the city or don't want to be part in village management.

**10. LUP and improved tenure security: what are the current challenges esp. for women, what needs to be improved?**

Need to improve the existing LUP enforcement. When villagers don't adhere to the LUP and cut down protected areas, they are called to the village office and have to pay a fine, and the District office is involved. But once the villagers do it again, no further consequences happen, so the villagers don't take the protection areas serious enough. So enforcement is the key issue for our village.

If the population is growing as expected, the LUP will also need to be adjusted and they will need more agricultural land.

**11. Programme wants to promote deforestation-free agriculture, away from shifting cultivation practices, and promoting alternative cash crop production practices:**

**How do you hope this will change your livelihoods? What are your fears?**

**Note: Programme will also include community-based learning and consultation activities with participating farmers/villages.**

Villagers want to be involved in the consultations. Consultations teams need to be very clear that they want women to participate in meetings. Less than 10 families do shifting cultivation, so it is not seen as a big problem. We see that rubber prices are falling right now, so we need to think of alternative crops.

- 12. The programme wants to make the villagers an active part of forest management (village forest management planning & agreements, forest planting, restoration activities) and monitoring (incl. patrolling): what do you think of that? Where do you feel women and men should be part of?**

See answer to question 9.

- 13. What are your barriers to access markets? Which support would you need to access them?**

Rubber is currently the village's main income source and bought by the only rubber company (Yunnan), which is trying to lower the price. Villagers are afraid that they lose income because of that monopoly soon.

Handicraft and textiles are sent mainly to a center in Luang Prabang, and some to the Luang Namtha Tourism shop. They requested the Provincial Tourism Office to establish a connection, and the New Zealand Fund connected them and established a regular business. This is, however, just an additional income for the village, they are more dependent on rubber.

- 14. What do you think of microfinance to start a business/invest in a new agricultural practice etc.?**

They have a village bank which made it easier for the villages to take small loans. They need more training for the village bank steering committee though, because financial literacy and understanding is still low.

Women: most women do not take loans because they don't know what kind of business/new product they could invest in. So a training and support in market demand analysis would be appreciated by both women and men.

The village started their own VDF one year ago, and the money will be used for small infrastructure projects in the village.

- 15. The programme wants to invite private sector investments in community-based agroforestry in national production forests. What do you think of that?**

In the past, we had a company approaching is to plant crops for biofuel but in the end, no one bought it. So a thorough market demand analysis is needed, and a diversification of crops and products to secure income despite market fluctuations.

Their dependency on rubber is too high, especially with the existing monopoly by Yunnan which already has huge concessions.

**16. Any other remarks?**

The funding support for the tourism site is ending soon, so the villagers are afraid what will happen then. The site already needs more maintenance than they can afford to provide. They also need funding and technical assistance in developing the site because many tourists just come to take photos of the village and the handicrafts but don't go to the site. They have the idea to develop the site with accommodation for tourists, and other interesting features like in other sites (swing etc.).

They would also like more traders coming to the village and buy handicrafts – if that would happen regularly, many women would potentially be interested to take small loans to develop their handicraft businesses.

Agricultural practices need to be improved, and market access beyond rubber.

Watersheds are shared with other villages, so it is very polluted due to rubber pesticides. So even though villagers live at the stream, they experience severely limited water access.

# Gender Action Plan

## **Programme Title: *Implementation of the Lao PDR Emission Reductions Program through improved governance and sustainable forest landscape management***

This Gender Action Plan (GAP) forms the basis for operationalizing the results and recommendations of the gender analysis. It contains specific gender elements to be considered in the programme design and during the implementation of programme measures and activities. Moreover, it helps to monitor implementation of these measures and activities. Hence, the GAP ensures effective gender mainstreaming and integration of a consistent gender-perspective in the GCF programme in order to maximize climate and development co-benefits. The aim is to promote opportunities, drivers of change and positive gender dynamics as well as to manage and mitigate potential adverse risks over the duration of the programme. The GAP ensures that the programme is compliant with GCF's gender policy (GCF/B.09).

The GAP is closely aligned with the outputs of the log-frame and planned activities. It complements the Environmental and Social Management Plan (ESMP) that already contains gender-related aspects. In addition to the specific activities and measures of the GAP, the GCF programme will systematically apply some general measures in accordance with the GIZ Gender Strategy:

- Based on the GIZ's guidelines on designing and using a results-based monitoring system (RBM), the programme will document the positive and negative effects that the program's activities have on gender relations by setting up adequate, gender-sensitive results-based monitoring and by collecting sex-disaggregated data.
- A gender-sensitive language is used in reports, training materials and publications.
- In the programme team(s), competencies on gender and gender-sensitive forest management will be considered during the hiring process and further developed by means of training.
- The GAP will be executed by the different entities involved in the programme management, including all concerned Government line agencies and development partners.

### **Programme overview:**

*Impact Statement:* To support the Government and people of Laos in changing the present-day use of forests and landscapes and to ensure a transition to sustainable management at scale. This will reduce more than 140m tCO<sub>2</sub>eq over the program's lifespan and more than 55m tCO<sub>2</sub>eq over the program's duration.

### **Programmatic approach:**

The programme design consists of:

- Three Projects:
  - Project 1: Houaphan, Sayabouri and Luang Prabang provinces. Mid-2020 to mid-2024.
  - Project 2: Luang Namtha, Bokeo and Oudomxay provinces. 2022 to end-2029.
  - Project 3: Houaphan, Sayabouri and Luang Prabang provinces. Mid-2024 to end-2029.
- Each Project contains four Outputs (see below):
  - Output 1: Creation of an enabling environment for REDD+

- Output 2: Market solutions for agricultural drivers of deforestation
- Output 3: Climate mitigation action through forestry
- Output 4: Project management, coordination, monitoring and reporting

Project 1 and Project 2 share many similarities in terms of their 'on-the-ground' interventions. However, Project 1 also addresses a number of national-level interventions that will also serve to support Project 2 (subject to separate GCF funding approval Project 2). The most notable example is the creation of the REDD+ Funding Window, which will be undertaken in Project 1 but whose structure and functionality will also be utilized in Project 2.

The approval of a first payment from the GCF for Project 1 will allow the establishment and initial implementation of the programme. At the core of the programme and its projects are performance-based payments to participating communities and institutions to incentivize and fund those types of land-use practices that yield the highest emission reductions. The programme ties its performance to MRV-able milestones, providing GIZ and GCF with the necessary information for the design of Project 2 and Project 3, for which additional funding may be approved subsequently by the GCF Board.

This Funding Proposal seeks approval of GCF funding for Project 1 only. Separate Funding Proposals will be submitted in the future for Project 2 and for Project 3.

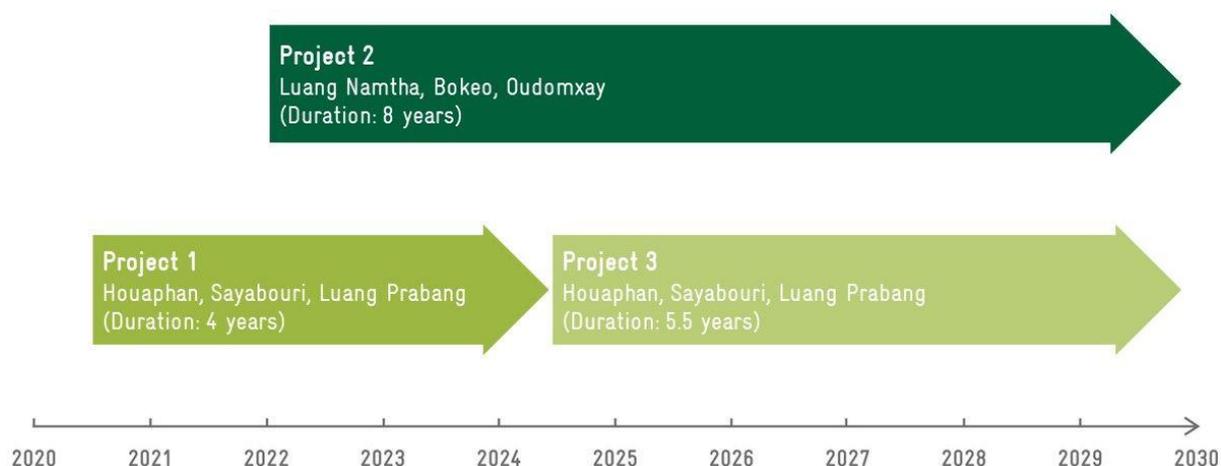


Figure 1: GCF Programme to Implement the Lao PDR Emission Reductions Programme

The following specific outputs and activities are planned:

**Output 1: Creation of an enabling environment for REDD+ implementation**

- Activity 1.1: REDD+ Funding Window and sustainable financing
- Activity 1.2: Mainstreaming REDD+ into the NDC and socio-economic development plans (SEDPs)
- Activity 1.3: Strengthening the regulatory framework
- Activity 1.4: Law enforcement and monitoring
- Activity 1.5: Land use planning and improved tenure security
- Activity 1.6: Implementation of the measurement, reporting and verification (MRV) system
- Activity 1.7: Knowledge management, FPIC, safeguards and gender

**Output 2: Market solutions for agricultural drivers of deforestation**

- Activity 2.1: Local incentives for good agricultural practices (GAP) and agroforestry
- Activity 2.2: Catalyzing private sector investment in value chains
- Activity 2.3: Sustainable rural infrastructure watershed management

**Output 3: Climate mitigation action through forestry**

- Activity 3.1: Village forest management
- Activity 3.2.: Sustainable management of production forests
- Activity 3.3.: National Protected Area management

**Output 4: Programme management, coordination, monitoring and reporting**

- Gender is integrated into all outputs and most activities. The target group survey, which is mentioned under activities 2, 4, and 11 is suggested to be carried out as one field survey towards the end of the 9.5-year programme cycle.

**Gender Action Plan**

Below the gender action plan for the (i) programme and (ii) Project 1 are presented. As the programme is implemented, additional revisions may be required for the programme-level gender action plan, which will be submitted along with each of the projects.

## Programme-level Gender Action Plan

No.	Activity/ Output	Measures and Actions	GAP indicator	Baseline	Target	Timeline (years)	Responsibilities	Budget (EUR)	Comments
<b>Cross-cutting</b>									
1	All (cross-cutting)	Develop the capacities of line implementing Government agencies and the Lao Women's Union to provide gender-sensitive facilitation of programme activities in village communities. Implement targeted trainings on REDD+ and gender	Technical staff from DAFO, DOFI and DLWU have been trained in "REDD+ and Gender".	Technical staff in DAFO, DOFI and LWU <sup>1</sup> have received no training (or, in rare cases, limited training) in gender issues pertaining to REDD+	'REDD+ and gender' training workshops held for DAFO, DOFI and LWU staff – each in a different province, each with approximately 16 participants.	Y: 1	GIZ/ CSO training provider	25,000	Participants: 14 trainings x 2 days x 16 persons per training / 2x districts (incl. DSA/NA)  Trainers: 28 trainings days + 56 travel days + transport for 2x trainers (trainer fee, DSA, NA, vehicle)
2	All (cross-cutting)	Encourage the active and effective participation of women in community meetings.	Percent (%) female participants in community meetings	Participation rates of women in community meetings are often below 40%.	40% participation of women in community meetings.	Y: 1-9.5	DAFO	-	Included within the budget of Activity 1.7
3		Time and locate trainings taking into account women's work schedules and	In a survey amongst target communities, at least 50% of women state that they felt	Baseline survey to be conducted during year 1	50% of women in target communities state that they felt actively included in REDD+ related village meetings.	Y: 1, 4, 9.5	3. DoF / MAF & REDD+ Desk & GIZ	20,000	Baseline survey, and two follow-up surveys (mid-term and programme end)

<sup>1</sup> Lao Women's Union.

No.	Activity/ Output	Measures and Actions	GAP indicator	Baseline	Target	Timeline (years)	Responsibilities	Budget (EUR)	Comments
		accessibility to ensure maximum participation and outreach, coordinate with LWU, LNFC, and local women's organizations to build on existing networks and best practices for outreach.	actively included in REDD+-related village meetings.						
4	All	Support the capacity development of female staff for all implementing Government agencies at all levels to improve the gender balance within the forest sector.	Percent increase (%) in the number of women implementing actions.	Baseline survey to be conducted during year 1	Number of women implementing actions has increased by at least 10%.	Y: 1, 4, 9.5	MAF / DoF	12,965	Training and capacity development workshops for female government staff
<b>Output 1: Creation of an enabling environment for REDD+ implementation</b>									
<i>GAP Objective: Creation of an enabling environment for improving gender equality within the REDD+ framework</i>									
5	1.2, 1.3	Gender-sensitive future regulations and guidelines to implement SFM, FLR and village forestry under the revised Forestry Law	New regulations and guidelines consider gender as a crucial factor in forest protection, monitoring, equal user	Laws, regulations and guidelines do not consider gender as an explicit factor in forest protection, user-rights	New/revised laws, regulations and guidelines explicitly consider gender (e.g. in the context of stakeholder roles, institutional responsibilities, resource access and benefit-sharing)	Y: 1-9.5	DoF/MAF REDD+ Desk	-	Included within the budget of Activity 1.7

No.	Activity/ Output	Measures and Actions	GAP indicator	Baseline	Target	Timeline (years)	Responsibilities	Budget (EUR)	Comments
		and the PRAPs. The program's safeguard, gender and M&E specialist and if necessary other gender experts will revise the regulations and guidelines.	rights and benefit sharing, as well as resource management.	and benefit-sharing					
6	1.4, 3.1, 3.2, 3.3	Review the potential for community-based women-led patrolling groups, and support their creation with capacity development and awareness raising.	No. of assessments conducted on women-led <sup>2</sup> patrolling groups in the target area	0 - no analysis of the potential for women-led patrolling groups in the target areas	A short assessment has clarified the interest in local women-led patrolling groups in the target areas.	Y: 2	DOFI, supported by REDD+ Desk and GIZ	5,000	1x Assessment
7			No. of women-led patrolling groups trained	0	DOFI has trained at least 15 women-led patrolling groups.	Y: 9.5		15,000	Participants : 5 trainings x 2 days x 10 persons / village  Trainers: 10 trainings days + 10 travel days + transport for 2x trainers (trainer fee, DSA, NA, vehicle)
8	1.5	Ensure fully inclusive land use planning processes in	Response to a survey question stating if villagers felt	Baseline survey to be conducted during year 1	In a survey amongst target communities, at least 70% of all villagers state that they felt actively	Y: 1, 4, 9.5	PAFO / DAFO	35,000	Baseline survey, and 1 additional survey at programme end

<sup>2</sup> Women-led implies that the groups are organized and led by women, however it does not mean that the participation is only women. These groups can be mixed patrolling groups, however, majority of the leaders and organizers of the group should be women.

No.	Activity/ Output	Measures and Actions	GAP indicator	Baseline	Target	Timeline (years)	Responsibilities	Budget (EUR)	Comments
		the target communities. Where necessary, ensure translators and materials in local languages are available. Diverse communicative materials should be used to reach men and women with different education and literacy backgrounds (picture books, brochures, videos, posters, etc.)	actively included in LUP processes.		included in the LUP processes.				
9	1.6	Capitalize on local women's extensive knowledge about community forests in making them an integral part of community contributions to the National Forest Monitoring System.	Inclusion of gender-responsive mechanisms for community monitoring within the National Forest Monitoring system.	N/A (system not fully developed)	The developed National Forest Monitoring system features effective gender-responsive mechanisms for community monitoring.	Y:1-9.5	JICA	-	Included in the budget of Activity 1.6

No.	Activity/ Output	Measures and Actions	GAP indicator	Baseline	Target	Timeline (years)	Responsibilities	Budget (EUR)	Comments
<b>Output 2: Market solutions for agricultural drivers of deforestation</b>									
<i>GAP Objective: Ensure women's equal and equitable access, to and benefit from, the promotion of new agricultural practices and value chains</i>									
10	2.1, 2.2	<p>Integrate a gender assessment in every analysis for potential new agricultural practices and value chains.</p> <p>All feasibility studies for the development of new value chains or agricultural practices should review the estimated gendered impact of the desired change (access, needs, barriers, potentials, work load, benefits).</p>	Integration of gender into value chain assessments.	Agricultural value chains have not been assessed from a gender perspective	Value chain assessments of 9 key existing and alternative agricultural commodities include reviews of the gendered impact of the desired change (access, needs, barriers, potentials, workload, benefits)	Y: 4 (mid-term),9.5 (final)	DoF, PAFOs, DAFOs, REDD+ Desk	28,000	3 value chain studies are produced (one for each project province), each addressing 3 relevant commodity value chains
11	2.1	Development of women's capacities to adopt sustainable land use practices, and venture into	Gender expert reviews all training modules (materials, coursework, etc.)	0	All training modules developed by the program are reviewed by the program's gender specialist prior to implementation.	Y:2-9.5	MAF and the program's safeguard, gender and M&E specialist	15,000 -	

No.	Activity/ Output	Measures and Actions	GAP indicator	Baseline	Target	Timeline (years)	Responsibilities	Budget (EUR)	Comments
		the production, processing and marketing of new value chains.	PMU's safeguard and gender specialist trains all extension workers and trainers on gender-sensitive extension, and social inclusion		All extension staff are trained by the program's safeguard, gender and M&E specialist on gender equality and social inclusion.				
12	2.2	Support local women to develop practical business skills to enhance their participation in businesses supporting sustainable land management.	No. of business skills training courses conducted	0	100 business skills training courses conducted	Y: 1-9.5	GIZ/ (D)LWU	160,000	Average 7 villages per kumban, 100 kumbans trained per year, EUR 1,600/kumban
<b>Output 3: Climate mitigation action through forestry</b>									
<i>GAP Objective: Women are an active and equitable part of village forest management and watershed management</i>									
13	3.1	Empower women to become members of Village Forest Management Committees and other forestry	Guidelines for the creation of local village forest management committees set standards of requirements accessible for	0 - No gender requirements associated with the establishment or operation of village forest management committees	Village forest management committee guidelines developed by the project set standards of accessibility for women, with a quota	Y: 2-9.5	MAF/ DoF	2,000	1x workshop to sensitize Guidelines.  The program's safeguard, gender and M&E specialist will also revise the guidelines.

No.	Activity/ Output	Measures and Actions	GAP indicator	Baseline	Target	Timeline (years)	Responsibilities	Budget (EUR)	Comments
		decision-making bodies at the local level.	women and the poor, and a quota for female representation within committees.		of at least 30% female committee members				
14	3.1		Percentage (%) of Forest Management Committees that consist of at least 30% women.	0	65% of village forest management committees supported by or engaging with the project consist of at least 30% women	Y: 4-9.5		-	Included within the budget of Activity 1.7 and Output 4
15	3.2	Ensure that village consultations regarding potential private sector investments in community-based agroforestry enable all villagers equally to participate in the investment decisions.	Percent of target community members (disaggregated by gender) who state that they felt actively included in the investment decision-making processes	-	70% of women from participating communities state they felt actively included in the investment decision-making process	Y: 4-9.5	Ministry of Industry and Commerce supported by MAF and FAO	7,500	Survey
<b>Output 4: Programme management, contingencies, coordination, monitoring and reporting</b>									
<i>GAP Objective: Ensure a gender-sensitive and gender-responsive M&amp;E system</i>									
16	All/ cross-cutting	Collect and analyze sex-disaggregated data used for steering and correction of measures	The indicators of the GAP are fully integrated into the M&E system and are reviewed regularly.	-	Annual reports, mid-term reports, and final reports all contain a chapter on gender.	Y: 1-9.5	MAF, REDD+ Fund Management	-	Included within the budget of Activity 1.7

No.	Activity/ Output	Measures and Actions	GAP indicator	Baseline	Target	Timeline (years)	Responsibilities	Budget (EUR)	Comments
		<p>aiming to hold all partners accountable to gender equality and effective gender mainstreaming.</p> <p>Active monitoring and evaluation using the program's gender responsive M&amp;E framework will also enable the program to quickly adapt if there are challenges, and improve gender-related learning.</p>							
17	All/ cross-cutting	Promote gender aspects of all activities through targeted and culturally-sensitive awareness-raising and campaigning.	All major communication materials and awareness-raising campaigns are reviewed by the program's safeguard, gender and M&E specialist	-	All major communication materials and awareness raising campaigns are reviewed and approved by the program's safeguard, gender and M&E specialist.	Y: 1-9.5	REDD+ Fund Management, supported by implementing partners	24 000	Review and update, if necessary, all existing materials and reprint; address for all new developed communication material (workshops, printing: 3000 €/Y)
<b>TOTAL Budget for the Gender Action Plan</b>								<b>349,465</b>	

## Project 1-level Gender Action Plan

No.	Activity/ Output	Measures and Actions	GAP indicator	Baseline	Target	Project 1 Timeline (years)	Responsibilities	Budget (EUR)	Comments
<b>Cross-cutting</b>									
1	All (cross-cutting)	Develop the capacities of line implementing Government agencies and the Lao Women's Union to provide gender-sensitive facilitation of programme activities in village communities. Implement targeted trainings on REDD+ and gender	Technical staff from DAFO, DOFI and DLWU have been trained in "REDD+ and Gender".	Technical staff in DAFO, DOFI and LWU <sup>3</sup> have received no training (or, in rare cases, limited training) in gender issues pertaining to REDD+	5 'REDD+ and gender' training workshops held for DAFO, DOFI and LWU staff, 1 at the national level and 2 in each province, with approximately 16 participants. <sup>2</sup>	Y: 1	GIZ/ CSO training provider	9,000	Participants: 5 trainings x 2 days x 16 persons per training / 2x districts (incl. DSA/NA)  Trainers: 10 trainings days + 21 travel days + transport for 2x trainers (trainer fee, DSA, NA, vehicle)
2	All (cross-cutting)	Encourage the active and effective participation of women in community meetings.	Percent (%) female participants in community meetings	Participation rates of women in community meetings are often below 40%.	40% participation of women in community meetings.	Y: 1-4	DAFO	-	Included within the budget of Activity 1.7 and Output 4
3		Time and locate trainings taking into account women's work schedules and accessibility to	Percent of respondents that state they felt actively included in REDD+ related	Baseline survey to be conducted during year 1	50% of women in target communities state that they felt actively included in REDD+ related	Y: 1, 4	DoF / MAF & REDD+ Desk & GIZ	8,000	Baseline survey, and two follow-up surveys (mid-term and programme end)

<sup>3</sup> Lao Women's Union

No.	Activity/ Output	Measures and Actions	GAP indicator	Baseline	Target	Project 1 Timeline (years)	Responsibilities	Budget (EUR)	Comments
		ensure maximum participation and outreach, coordinate with LWU, LNFC, and local women's organizations to build on existing networks and best practices for outreach.	village meetings.		village meetings.				
4	All	Support the capacity development of female staff for all implementing Government agencies at all levels to improve the gender balance within the forest sector.	Percent increase (%) in the number of women implementing actions.	Baseline survey to be conducted during year 1	Number of women implementing actions has increased by at least 10%.	Y: 1, 4	MAF / DoF	5,166	Workshops and trainings to build the capacity of female staff within implementing government agencies
<b>Output 1: Creation of an enabling environment for REDD+ implementation</b>									
<i>GAP Objective: Creation of an enabling environment for improving gender equality within the REDD+ framework</i>									
5	1.2, 1.3	Gender-sensitive future regulations and guidelines to implement SFM, FLR and village forestry under the revised Forestry Law and the PRAPs. The program's safeguard,	New regulations and guidelines consider gender as a crucial factor in forest protection, monitoring, equal user rights and benefit sharing, as well as resource management.	Laws, regulations and guidelines do not consider gender as an explicit factor in forest protection, user-rights and benefit-sharing	New/revised laws, regulations and guidelines explicitly consider gender (e.g. in the context of stakeholder roles, institutional responsibilities, resource	Y: 1-4	DoF/MAF REDD+ Desk	-	Included within the budget of Activities 1.2 and 1.7 (revision by program safeguard, gender and M&E specialist)

No.	Activity/ Output	Measures and Actions	GAP indicator	Baseline	Target	Project 1 Timeline (years)	Responsibilities	Budget (EUR)	Comments
		gender and M&E specialist and if necessary other gender experts will revise the regulations and guidelines.			access and benefit-sharing)				
6	1.4, 3.1, 3.2, 3.3	Review the potential for community-based women-led patrolling groups, and support their creation with capacity development and awareness raising.	No. of assessments conducted on women-led patrolling groups in the target area	0 - no analysis of the potential for women-led patrolling groups in the target areas	A short assessment has clarified the interest in local women-led patrolling groups in the target areas.	Y: 2	DOFI, supported by REDD+ Desk and GIZ	2,000	1x Assessment
7			No. of women-led <sup>4</sup> patrolling groups trained	0	DOFI has trained at least five women patrolling groups.	Y: 3		2,000	Participants : 5 trainings x 2 days x 10 persons / village  Trainers: 10 trainings days + 10 travel days + transport for 2x trainers (trainer fee, DSA, NA, vehicle)
8	1.5	Ensure fully inclusive land use planning processes in the target communities	Response to a survey question stating if villagers felt actively included in LUP processes.	Baseline survey to be conducted during year 1	In a survey amongst target communities, at least 70% of all villagers state that they felt actively	Y: 4	PAFO / DAFO	14,000	Baseline survey, and 1 additional survey at programme end

<sup>4</sup> Women-led implies that the groups are organized and led by women, however it does not mean that the participation is only women. These groups can be mixed patrolling groups, however, majority of the leaders and organizers of the group should be women.

No.	Activity/ Output	Measures and Actions	GAP indicator	Baseline	Target	Project 1 Timeline (years)	Responsibilities	Budget (EUR)	Comments
					included in the LUP processes.				
9	1.6	Capitalize on local women's extensive knowledge about community forests in making them an integral part of community contributions to the National Forest Monitoring System.	Inclusion of gender-responsive mechanisms for community monitoring within the National Forest Monitoring system.	N/A (system not fully developed)	The developed National Forest Monitoring system features effective gender-responsive mechanisms for community monitoring.	Y:4	JICA	-	Included in the budget of Activity 1.6
<b>Output 2: Market solutions for agricultural drivers of deforestation</b>									
<i>GAP Objective: Ensure women's equal and equitable access, to and benefit from, the promotion of new agricultural practices and value chains</i>									
10	2.1, 2.2	Integrate a gender assessment in every analysis for potential new agricultural practices and value chains.  All feasibility studies for the development of new value chains or agricultural practices should review the estimated	Integration of gender into value chain assessments.	Agricultural value chains have not been assessed from a gender perspective	Mid-term: Value chain assessments of 3 key existing and alternative agricultural commodities include reviews of the gendered impact of the desired change (access, needs, barriers, potentials, workload, benefits) Final: Value chain	Y: 2 (mid-term),4 (final)	DoF, PAFOs, DAFOs, REDD+ Desk	9,334	3 value chain studies are produced (one for each project province), each addressing 3 relevant commodity value chains

No.	Activity/ Output	Measures and Actions	GAP indicator	Baseline	Target	Project 1 Timeline (years)	Responsibilities	Budget (EUR)	Comments
		gendered impact of the desired change (access, needs, barriers, potentials, work load, benefits).			assessments of 9 key existing and alternative agricultural commodities include reviews of the gendered impact of the desired change (access, needs, barriers, potentials, workload, benefits)				
11	2.1	Development of women's capacities to adopt sustainable land use practices, and venture into the production, processing and marketing of new value chains.	Gender expert reviews all training modules (materials, coursework, etc.)  PMU's safeguard, gender and M&E specialist trains all extension workers and trainers on gender-sensitive extension, and social inclusion	0	All training modules developed by the program are reviewed by the program's safeguard, gender and M&E specialist prior to implementation.  All extension staff are trained by the program's safeguard, gender and M&E specialist on gender equality and social inclusion.	Y:2	MAF and PMU safeguard, gender and M&E specialist	11,200	
12	2.2	Support local women to develop		0	28 business skills training	Y: 1-4	GIZ/ (D)LWU	44,800	100, 7 villages per kumban,

No.	Activity/ Output	Measures and Actions	GAP indicator	Baseline	Target	Project 1 Timeline (years)	Responsibilities	Budget (EUR)	Comments
		practical business skills to enhance their participation in businesses supporting sustainable land management.	No. of business skills training courses conducted		courses conducted				28 kumbans trained per year, EUR 1,600/ kumban
<b>Output 3: Climate mitigation action through forestry</b>									
<i>GAP Objective: Women are an active and equitable part of village forest management and watershed management</i>									
13	3.1	Empower women to become members of Village Forest Management Committees and other forestry decision-making bodies at the local level.	Guidelines for the creation of local village forest management committees set standards of requirements accessible for women and the poor, and a quota of at least 30% of female members per committee.	0 - No gender requirements associated with the establishment or operation of village forest management committees	Village forest management committee guidelines developed by the project set standards of accessibility for women, with a quota of at least 30% female committee members	Y: 2	MAF/ DoF	2,000	1x workshop to sensitize authors of guidelines
14	3.1		Percentage (%) of Forest Management Committees that consist of at least 30% women.	0	65% of village forest management committees supported by or engaging with the project consist of at least 30% women	Y: 4		-	Included within the budget of Activity 1.7 and Output 4
15	3.2	Ensure that village consultations	Percent of target community	-	70% of women from	Y: 4	Ministry of Industry and Commerce	3,000	Survey

No.	Activity/ Output	Measures and Actions	GAP indicator	Baseline	Target	Project 1 Timeline (years)	Responsibilities	Budget (EUR)	Comments
		regarding potential private sector investments in community-based agroforestry enable all villagers equally to participate in the investment decisions.	members (disaggregated by gender) who state that they felt actively included in the investment decision-making processes		participating communities state they felt actively included in the investment decision-making process		supported by MAF and FAO		
<b>Output 4: Project management, contingencies, coordination, monitoring and reporting</b>									
<i>GAP Objective: Ensure a gender-sensitive and gender-responsive M&amp;E system</i>									
16	All/ cross-cutting	Collect and analyze sex-disaggregated data used for steering and correction of measures aiming to hold all partners accountable to gender equality and effective gender mainstreaming.	The indicators of the GAP are fully integrated into the M&E system and are reviewed regularly.	-	Annual reports, mid-term reports, and final reports all contain a chapter on gender.	Y: 1-4	MAF, REDD+ Fund Management	-	Included within the budget of Activity 1.7 and Output 4

No.	Activity/ Output	Measures and Actions	GAP indicator	Baseline	Target	Project 1 Timeline (years)	Responsibilities	Budget (EUR)	Comments
17	All/ cross-cutting	Promote gender aspects of all activities through targeted and culturally-sensitive awareness-raising and campaigning.	All major communication materials and awareness-raising campaigns are reviewed by the program's safeguard, gender and M&E specialist	-	All major communication materials and awareness-raising campaigns are reviewed and approved by the program's safeguard, gender and M&E specialist	Y: 1-4	REDD+ Fund Management, supported by implementing partners	12,000	Review and update, if necessary, all existing materials and reprint; address for all new developed communication material (workshops, printing: €3000 /year)
<b>TOTAL Budget for the Gender Action Plan (including all measures within Activity 1.7's gender action plan budget)</b>								<b>122,500</b>	

## Gender Action Plan: Monitoring, evaluation and reporting

A long-term safeguard, gender and M&E specialist as well as a national expert who will support the safeguard, gender and M&E specialist, will be embedded within the NPMU. They will oversee, guide and coordinate gender-related measures within the programme, and ensure the successful implementation of the GAP and ESMP. They will be responsible for monitoring, evaluation and reporting for the GAP.

With a focus on gender, their responsibilities will include (among others):

- Liaison with all program stakeholders
  - Responsibility for overseeing program communication and stakeholder engagement on topics related to gender
  - Revision of program documents/ publications/ guidelines/ policies to ensure effective gender-mainstreaming, and that information is gender-sensitive
  - Close cooperation with the LWU and LFNC on topics related to gender, building on best practices
  - Identification of local and provincial CSOs and women's groups for collaboration on community outreach, information dissemination and other program activities
  - Dissemination of information about the grievance mechanism to program partners, local communities, CSOs, among others
  - Overseeing (implementing, monitoring and reporting) the gender action plan
  - Monitoring program progress, including in achieving the ESMP and gender action plan targets, and ensuring adaptive management (as needed).
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