

**10 2021**

## **Annex to the GCF Concept Note**

Scaling up the implementation of the Lao PDR Emission Reductions Program through improved governance and sustainable forest landscape management (Projects 2)

### **COMPARISION OF PROJECT 1 and 2 OUTPUTS AND ACTIVITIES**

## COMPARISON OF PROJECT OUTPUTS AND ACTIVITIES

The table below introduces current status, lessons learnt from Project 1 and respective main changes between outputs and activities under the design of Project 1 and Project 2.

Output		Activity			
Project 1	Project 2	Project 1	Current Status	Lessons Learnt	Project 2
<b>Output 1:</b> Enabling environment for REDD+ implementation	<b>Output 1:</b> Creation of an enabling environment for REDD+ implementation	<b>Activity 1.1:</b> REDD+ Funding Window and sustainable finance	<b>Started and on-going:</b> <ul style="list-style-type: none"> <li>- First actions in assisting the Government of Laos (GoL) in <b>developing a strategy for long-term REDD+ financing</b> have been taken. This included supporting the development of implementation arrangements for the Emission Reductions Program, which enables GoL to access result-based payments from the FCPF Carbon Fund. Other actions such as analyzing the situation of forest sector, production, private sector activities and other financing streams to outline recommendations for actions to increase sector financing from other sources, such as timber fees, potential new domestic sources such as payments for ecosystem services (PES) from the</li> </ul>	<ul style="list-style-type: none"> <li>- It is important to continue to raise awareness of the GoL to considering sustainable forest sector financing as a broader and holistic concept, even though there is a strong political will and commitment related to the ER-Program.</li> <li>- In order for the EPF to become a GCF accredited entity and to independently manage and implement future projects, more time is needed and further capacities have to be built (especially related to monitoring and evaluation [M&amp;E]).</li> <li>- In terms of the FPF, while they have made some progress in fulfilling their legal mandate to manage</li> </ul>	<b>Activity 1.1:</b> Climate Change Funding Window and sustainable finance.  <b>Main changes:</b> <ul style="list-style-type: none"> <li>- The former REDD+ Funding Window under Project 1 was renamed to Climate Change Funding Window during the implementation of Project 1 to enable EPF to better position themselves and ensure the consideration of various sources of climate finance, including adaptation and not only finance dedicated for the forestry sector.</li> <li>- It is not yet clear if FPF will be eligible to channel small grants</li> </ul>

Output		Activity			
Project 1	Project 2	Project 1	Current Status	Lessons Learnt	Project 2
			<p>hydropower industry; international climate finance from other donors and market mechanisms are planned under project 1, but have not yet started.</p> <ul style="list-style-type: none"> <li>- <b>Capacity building to strengthen the capacities of domestic (financial) institutions</b>, including the two existing Lao funds, i.e. the Forest Protection Fund (FPF) and the Environment Protection Fund (EPF), is ongoing. So far, the project has supported the EPF in establishing the Climate Change Funding Window to channel funds from GCF and other climate finance. In addition, Project 1 is operating via the EPF, where EPF acts as a national Executing Entity for the project. EPF Operational (Annex 19), Social &amp; Environmental Safeguard as well as Financial and M&amp;E Manuals have been developed.</li> <li>- In terms of supporting the FPF, Project 1 has not yet started to implement capacity building as there is a need to</li> </ul>	<p>forest sector finance, their progress is slower than initially expected and significant time and effort would be required to bring the FPF to an operational stage.</p> <ul style="list-style-type: none"> <li>- Financial management by villagers can be challenging in some villages due to limited capacities. Reporting to the EPF has also shown to be challenging.</li> <li>- The introduction of the Village Forest and Agriculture Grants (VFAGs) approach has not been yet fully adopted by the government (esp. at district level, but also province), since they are used to revolving funds. Therefore, the continuation to work and explain the grant mechanism and the reason, why this has been selected instead of revolving funds, should remain a focus.</li> <li>- To reconsider NAMA facility again as a</li> </ul>	<p>(Village Forest and Agriculture Grants (VFAGs)) to local villages, as planned under Project 1. This will depend on the final outcome of the World Bank due diligence of the operational capacity of FPF in managing advance and results-based payments under the ERPA (where the decision is expected by late 2022/ early 2023). Nevertheless, under Project 2 a contingency plan will be introduced in case the FPF does not meet fiduciary requirements. In this case, VFAGs will continue to be channeled through the EPF.</p> <ul style="list-style-type: none"> <li>- Under Project 2 activity 1.1. will no longer consider the establishment of the Village Forest and Agriculture Grants</li> </ul>

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			<p>closely coordinate first with other donors (World Bank) who conducted a support mission for the implementation of the Readiness Grant and the ERPA. Their findings and planed activities have to be aligned with Project 1 support to avoid activity overlaps. Amongst other findings, the WB found that while there has been some progress, the FPF does not yet meet the required fiduciary standards, and thus World Bank invoked the contingency mechanism for the advance payments. The contingency mechanism may also be invoked for the results-based payments. The final decision will be taken after the next assessment conducted by the WB (expected in late 2022/ early 2023).</p> <ul style="list-style-type: none"> <li>- <b>VFAG guidelines developed.</b> Documents, guidelines and templates for VFAG</li> </ul>	<p>potential fundraising source the project will need to be re-designed according to the lessons learnt and feedback provided by the NAMA Facility. Nevertheless, the project idea presented highly appreciated elements (approaches) which can be used for other project ideas.</p>	<p>(VFAGs) (formerly Village Development Funds (VDFs)<sup>1</sup> as the funds are more closely related to the promotion of sustainable farming models within the “White List” under Output 2. Therefore, this sub-activity can now be found under Output 2 activity 2.2.</p> <ul style="list-style-type: none"> <li>- Some of the highly appreciated elements (approaches) presented in the NAMA Facility project outline (such as engagement with the private sector, the redesign of output 2 and the proposed collaboration of the financial institutions are based on information gathered for the project outline development) have</li> </ul>

<sup>1</sup> The planed approach of establishing or using Village Development Funds (VDFs) under Project 1 to support upland farmers in their transformation of land use towards sustainable and resilient agricultural practices was changed under Project 1 to the establishment of Village Forest and Agriculture Grants (VFAGs) to avoid any confusion since VDFs are often established as revolving funds. However, due to the specific project design in providing investments in innovative, sustainable and permanent production models, it was clear that the project will provide grants in form of ex-ante and ex-post grant payments to village communities. Therefore, the project owner decided to clearly differentiate between VDFs and VFAGs.

Output		Activity			
Project 1	Project 2	Project 1	Current Status	Lessons Learnt	Project 2
			<p>establishment and financial management have been developed. VFAG trainings on VFAG establishment and financial management have been conducted in 15 districts for VFAG technical staff in 3 provinces. As of October 2021:</p> <ul style="list-style-type: none"> <li>○ 62 VFAG committees have been established. In addition,</li> <li>○ VFAG financial management trainings for VFAG committees in 35 villages have been conducted</li> <li>○ VFAG bank accounts have been opened for 18 villages.</li> </ul> <p>- <b>GIZ developed a project outline for the NAMA Facility (submitted during the 7<sup>th</sup> Call in September 2020) in order to mobilize additional finance to structure a green credit line for deforestation-free agriculture value chains, with the aim for the NAMA to be coordinated with the GCF programme. However, the</b></p>		<p>been adapted and integrated in Project 2.</p>

Output		Activity			
Project 1	Project 2	Project 1	Current Status	Lessons Learnt	Project 2
			idea was not selected for further project development.		
		<b>Activity 1.2:</b> Mainstreaming REDD+ into the NDC and socio-economic development plans (SEDPs)	<b>Completed:</b> <ul style="list-style-type: none"> <li>- GIZ CliPAD Project has actively contributed to the revision process of the NDC update.</li> <li>- <b>Provincial SEDPs have been already approved.</b> Provincial REDD+ Office (PRO) and Provincial Project Implementation Office (PPIO) staff have been trained to carry out the integration of the Provincial REDD+ Action Plans (PRAP) into the SEDPs at provincial and district level. The integration has been already completed in 33 districts where respective plans are approved.</li> </ul>	<ul style="list-style-type: none"> <li>- The exercise of integrating concrete planned PRAP activities helped to set realistic targets which also inform higher level goals such as outline in the updated NDC.</li> <li>- It is important to consider the land use and forestry sector while updating the NDC in order to reflect the reality on the ground and to ensure that targets can be achieved.</li> </ul>	Under Project 2 Project 1 activity 1.2 will no longer be implemented since Project 1 has already supported the revision of the NDC and the REDD+ Actions Plans have already been mainstreamed into provincial SEDPs.
		<b>Activity 1.3:</b> Strengthening the regulatory framework	<b>Completed:</b> <ul style="list-style-type: none"> <li>- The <b>Lao Forestry Law was revised and approved in June 2019.</b> The revised law now establishes the legal framework for REDD+ in Lao PDR, and opens the door for the commercial use of timber from village forests, under certain conditions.</li> <li>- Recently, the revision of subsequent regulations and policies have been followed as the project provided technical</li> </ul>	<ul style="list-style-type: none"> <li>- Formulation of legislation and policy can be time-consuming, requires a lot of multi-stakeholder consultations.</li> </ul>	Under Project 2, former activity 1.3 (i.e. from project 1) will no longer be implemented since the support to necessary revisions of the regulatory framework has already been covered under Project 1.

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			<p>inputs to the revision such as <b>the Decree on Protected Areas</b> and the <b>Forestry Strategy 2021-2030</b>.</p> <ul style="list-style-type: none"> <li>- The National REDD+ Strategy was approved by the Minister of MAF, which forms the basis for the development of the national REDD+ programme, particularly addressing issues related to GHG emissions, as well as socio-economic development and livelihood improvement.</li> <li>- Technical guidelines on <b>village forest management planning</b> have been developed and approved by the Department of Forestry (DoF) due to the support of Project 1, in collaboration with Village Forest Management Program (VFMP) (KfW).</li> <li>- The Village Forest Management (VFM) division is working to create a sub-regulation on the Village Forest Management Contract by using the template of Village Forest Management Agreement (ViFoMA) developed by Project 1.</li> </ul>		

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		<b>Project Activity 1.4:</b> Law enforcement and monitoring	<b>Started and on-going:</b> <ul style="list-style-type: none"> <li>- The project's implementation approach for forest cover monitoring through a Provincial Deforestation Monitoring System (PDMS) has been applied in all three target provinces, in close cooperation with F-REDD project (JICA). The monitoring started in April 2021 in 70 villages in Houaphan province (Sam Neua and Houameuang districts), and will be extended to the remaining project villages as long as a proper village land use plans are in place.</li> <li>- Trainings on Provincial Deforestation Monitoring System (PDMS) took place in Houaphan and Sayabouri and will be organized soon for Luang Prabang.</li> </ul>	<ul style="list-style-type: none"> <li>- The activity under Project 1 was well designed, and well-received by government partners at all levels.</li> </ul>	<b>Activity 1.2:</b> Law enforcement and monitoring <b>Main changes</b> <ul style="list-style-type: none"> <li>- Implementation shows the current approach is effective and well-tailored to the local context in the project area. As such, there are no substantial changes</li> </ul>
		<b>Project Activity 1.5:</b> Land use planning and improved tenure security	<b>Started and on-going:</b> <ul style="list-style-type: none"> <li>- A new guideline on Participatory Land Use Planning with Forest Landscape Restoration (FLR) principles mainstreamed was developed by Project 1 - called "PLUP 2.0". In December 2020, "PLUP 2.0" was introduced to relevant</li> </ul>	<ul style="list-style-type: none"> <li>- Due to low capacities, especially at the provincial level hands on support is still required to support the implementation of PLUP.</li> <li>- The Department of Agriculture Land Management (DALAM) shall be directly involved</li> </ul>	<b>Activity 1.3:</b> Land-use planning and improved tenure security <b>Main changes:</b> <ul style="list-style-type: none"> <li>- Implementation shows the current approach is effective and well-tailored to the local context in the project area. As</li> </ul>



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			<p>development partners, provincial LUP authorities and representatives from the NPMU. This was complemented by an exchange regarding previous experiences and lessons learned from LUP implementation in each province. The new guideline will be applied during Land Use Planning in all new target villages.</p> <ul style="list-style-type: none"> <li>- Training on Participatory Land Use Plans (PLUP) have been conducted for PLUP teams in 3 provinces. Up to date, 31 PLUPs (19x in Houaphan, 8x in Sayabouri and 4x in Luang Prabang) have been conducted under the Project 1.</li> <li>- QGIS training was conducted in Sayabouri and will take place soon in Houaphan and Luang Prabang.</li> <li>- Monitoring and enforcement for land use plans is ongoing.</li> </ul>	<p>in the PLUP supervision and coordination at the national level.</p> <ul style="list-style-type: none"> <li>- Integration of PLUP 2.0 monitoring and PDMS (Provincial Deforestation Monitoring System) should be more closely aligned to improve implementation at village level.</li> </ul>	<p>such, there are no substantial changes.</p> <ul style="list-style-type: none"> <li>- Minor recommendations, based on lessons learned, including the need for continued technical support and capacity development are considered and included in Project 2.</li> <li>- However, especially at the national level, for the implementation structure under Project 2, the DALAM will be considered to closely coordinate with the Department of Land (DoL).</li> <li>- Monitoring of PLUP 2.0 will be align with the provincial monitoring system which is already established in 3 of the 6 provinces.</li> </ul>
		<b>Project Activity 1.6:</b> Implementation of the measurement, reporting and	<b>Started and ongoing:</b> <ul style="list-style-type: none"> <li>- <b>The execution of the 4<sup>th</sup> (2020/2021) and 5<sup>th</sup> (2024/2025) National Forest Inventory (NFI)</b> was postponed by the</li> </ul>	<ul style="list-style-type: none"> <li>- Even though the GoL has decided to postpone the execution of the 4<sup>th</sup> and 5<sup>th</sup> NFI, there is still a need to improve the NFI methodology.</li> </ul>	Under Project 2 there is no need to add additional action inputs since JICA is committed to fully support the NFMS and MRV of the Lao PDR. The support

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		verification (MRV) system	<p>Department of Forestry in order to review the methodology and integrate broader objectives and will use its resources and efforts to implement the 1<sup>st</sup> Measurement Monitoring and Reporting .</p> <ul style="list-style-type: none"> <li>- Recently, DoF has initiated a pilot project with SilvaCarbon to <b>test advanced forest mapping approaches</b> in two provinces in Lao PDR including one province in the Emission Reduction (ER) program area. The work focused on improving the accuracy of mapping areas of shifting cultivation and selective logging, both of which are key to mapping forest degradation.</li> <li>- Since DoF decided to postpone the 4<sup>th</sup> NFI, the data of the 3<sup>rd</sup> NFI will be used and the assessment of the <b>forest type map</b> will start in January 2022.</li> <li>- The data of the 3<sup>rd</sup> NFI will be used for the calculations of <b>emission and removal factor</b> and the process will be carried out in mid-2022.</li> </ul>		needed from GCF is already covered under Project 1 activity 1.6.

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			<ul style="list-style-type: none"> <li>- The reporting on <b>reduced GHG emissions and enhanced carbon stocks</b> process will start in the end of 2022.</li> <li>- The National Forest Monitoring System (NFMS), a harmonized and transparent monitoring system for REDD+, has been developed in collaboration with F-REDD project (JICA) and in the meantime, a Technical Working Group under DoF has been supporting the mentioned development and its strategic roadmap.</li> <li>- Activities related to digital solutions for community-based monitoring have not started yet.</li> </ul>		
		<b>Project Activity 1.7:</b> Knowledge management, Free, prior and informed consent (FPIC), safeguards and gender	<b>Started and ongoing:</b> <ul style="list-style-type: none"> <li>- <b>FPIC 1</b> has been completed in all new 170 villages plus the 70 previous CliPAD villages, out of which 1 village rejected being included in the project. <b>FPIC 2 and 3</b> trainings for the provincial FPIC team have been completed. Implementation of FPIC 2 and 3 for 169 villages is delayed due to COVID 19, and related restrictions.</li> </ul>	<ul style="list-style-type: none"> <li>- The fact that only 1 village in Phonethong district, Luang Prabang province did not agree to join the project shows that the FPIC approach introduced by the GIZ Project Climate Protection through Avoided Deforestation (CliPAD) and adopted by Project 1 is functional.</li> <li>- Lao Women's Union involvement to include</li> </ul>	<b>Activity 1.4:</b> Knowledge management, adaptation impact reporting, FPIC, safeguards and gender <b>Main changes:</b> <ul style="list-style-type: none"> <li>- Implementation shows the current approach is effective and well-tailored to the local context in the project area. As such, there are no substantial changes within project 2.</li> </ul>

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			<ul style="list-style-type: none"> <li>- The <b>Grievance Redress Mechanism</b> has been fully conceptualized, all respective tools (handbook, training materials, posters) finalized and approval from the Lao Front for National Development (LFND) obtained.</li> <li>- Relevant stakeholders are being trained on applying the system in practice. The Project Owners will soon inform the beneficiaries about the mechanisms to file a grievance, and display the durable "GRM" posters in all I-GFLL target villages.</li> <li>- A consulting team was hired to <b>ensure that environmental and social safeguards</b> are enforced, and <b>gender is mainstreamed</b>.</li> <li>- The main ESMP topics have been included into trainings for Project Owners; all major guidelines have been reviewed and it has been ensured that gender is fundamentally embedded into the approaches of all village level activities through specific processes and quotas. Project Owners are advised to</li> </ul>	gender has shown to be useful.	

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			<p>include as many women as possible into their implementation teams. Women are included in all respective committees and women's participation is promoted in all village meetings. The respective numbers of women vs. men participants/members are included into the monitoring system and regularly analyzed. (for example, for FPIC1, 54% of the 15000 participants in the consultations were women).</p> <ul style="list-style-type: none"> <li>- In addition, the <b>Lao Women's Union and/or the Lao Front for the National Development</b> are part of the implementing teams in most of the main implementation approaches of the project (FPIC, PLUP, VFM, PSAP).</li> </ul>		
<b>Output 2:</b> Market solutions for agricultural drivers of deforestation	<b>Output 2:</b> Market solutions for agricultural drivers of deforestation: Implementation of sustainable and deforestation-free agricultural practices (on	<b>Activity 2.1:</b> Local incentives for good agricultural practices (GAP) and agroforestry	<b>Started and ongoing:</b> <ul style="list-style-type: none"> <li>- <b>The Good Agricultural Practices concepts</b> have been integrated in the Promotion of Sustainable and Deforestation-free Agricultural Practices and Value Chains (PSAP) approach.</li> </ul>	<ul style="list-style-type: none"> <li>- In the original concept for Project 1, Output 2 focused on the promotion of Good Agricultural Practices (GAP) according to the FAO approach. Intensive training of farmers on the GAP methodologies was to be undertaken.</li> </ul>	<b>Activity 2.1:</b> Upscaling of sustainable, climate resilient and deforestation-free agricultural practices (PSAP) and technologies based on the existing guidelines.  <b>Main changes:</b>

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	<p>17,400 ha and targeting at least 17,400 households)</p> <p><b>Main changes:</b></p> <ul style="list-style-type: none"> <li>Project 2 will have greater focus on market solutions for agricultural drivers of deforestation.</li> <li>Under Project 1 the private sector was supported with a limited financial volume of EUR 0.3 million through the EPF. As a lesson learned Project 2 will include a new EE (domestic financial institution) to</li> </ul>		<ul style="list-style-type: none"> <li><b>PSAP guidelines</b> have been developed, the whitelisted products identified, and their respective technical factsheets written. All Provincial and District staff have been trained on the implementation of the PSAP process in the field. Proper implementation of PSAP is now ongoing and has been completed in 18 villages, with more than 488 households participating.</li> <li><b>As far as “Investment in good agricultural practices and agroforestry”</b> are concerned, on the Farmers’ side, the 488 households that have registered for PSAP activities have already developed their investment plans with the help of the District Officers. On the Private Sector’s side, the Agro-Forestry Matching Grants (under 2.1.) will be organized by the consultants hired under Activity 2.2 (ongoing process).</li> </ul>	<p>Funding for the promotion of GAP activities was to be provided under the existing Village Development Fund (VDF) System with additional grant funding through Project 1.</p> <ul style="list-style-type: none"> <li>However, early assessments and review of experiences showed that this originally intended approach was no longer feasible and required further adaptation to achieve the project objectives. The GAP approach, while still relevant for many crops cultivated in Lao PDR, needed to be complemented by a specific definition of deforestation-free agricultural practices which the project would directly support. Furthermore, the real target groups for Output 2 needed to be better defined (upland farmers, mostly practicing rotational shifting</li> </ul>	<ul style="list-style-type: none"> <li>The project will support both extension staff and farmers to engage in sustainable, climate resilient and deforestation-free agricultural practices.</li> <li>Project 2 will replicate and scale up the PSAP and “White List” approach, based on the lessons learned from the implementation of Project 1.</li> </ul>

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	channel matching grants (for more information please see activity 2.3 under Project 2) to eligible agri-MSMEs and support the development of a green credit line.			<p>cultivation). Consequently, a more specific approach to promote sustainable agricultural practices (PSAP) and a “White List” defining all technical deforestation-free models to be promoted by the project was developed.</p> <ul style="list-style-type: none"> <li>- Please note that as the implementation has just started and as currently focusing on three provinces only it is too early to draw lessons learned taking into consideration that the new three provinces slightly differ in terms of suitability and selection of agricultural products.</li> </ul>	
		<b>Activity 2.2:</b> Catalysing private sector investment in value chains.	<b>Started and ongoing:</b> <ul style="list-style-type: none"> <li>- A <b>Private Sector Analysis</b> was conducted in 3 provinces, where interviews with around 146 companies/trader were conducted. As a result, 14 products were identified that matched with the under Project 1 developed “White List” (including broom grass, job's tear, maize, paper</li> </ul>	<ul style="list-style-type: none"> <li>- The Private Sector Analysis conducted under Project 1 resulted in the identification of potential private sector partners of various types and sizes, from simple traders to more established companies. The upcoming Provincial Private Sector meetings</li> </ul>	<b>Activity 2.2:</b> Investments in sustainable, climate resilient and deforestation-free agricultural practices and agroforestry <b>Main changes:</b> <ul style="list-style-type: none"> <li>- Under Project 2 the under Project 1 activity 2.2 is activity 2.3 (see more detailed</li> </ul>

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			<p>mulberry, rice, cardamom, teak, rattan, cassava, red bean, bamboo, tea, coffee and sesame).</p> <ul style="list-style-type: none"> <li>- The establishment of a <b>Multi-Stakeholder Platforms (MSPs)</b> on value chain development is ongoing. Provincial Private Sector meetings are about to take place with private sector companies, which will be used to introduce the concepts and objectives of the match-making to potential future partner companies.</li> <li>- As a next step, the project will <b>select Agribusiness MSMEs for training and business</b> development support. Details on the future collaboration with the private sector will be clarified in an upcoming comprehensive study.</li> </ul>	<p>will introduce the concept match-making to the selected stakeholders to establish a match-making platform and detail the criteria and benefits inherent to the PSAP producers.</p> <ul style="list-style-type: none"> <li>- Under Project 1, it became clear that the cooperation with local agribusinesses needed to be further defined. While the idea of working towards fair and lasting marketing agreements with the private sector and their involvement in training and extension activities was already there, the issue of providing clearly defined incentives for agribusinesses to get involved with the project needed to be further strengthened. It quickly became clear that a more comprehensive approach was needed towards establishing sustainable value chains for the main commodities under the</li> </ul>	<p>description in the cell below).</p> <ul style="list-style-type: none"> <li>- Under Project 2 this is a new activity which includes the provision of financial resources to village communities, i.e. providing funds via VFAGs.</li> </ul>



Output		Activity			
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				<p>"White List" (see also below, and the creation of a new Activity 2.3 under Project 2).</p> <p>-</p>	
		<b>Activity 2.3:</b> Sustainable rural infrastructure watershed management	<b>Started and ongoing</b> <ul style="list-style-type: none"> <li>- <b>ADB activities</b> have started as planned, and tender processes are ongoing.</li> <li>- <b>Market assessments are being conducted</b> in NamPua Houaphan province.</li> <li>- Loan implementation consultants (LIC) have recently joined the Provincial Agriculture and Forestry Office (PAFO) to support the provincial Land Use Planning teams in order to gather information necessary for planning processes.</li> <li>- LICs and Department of Irrigation (LIC-DOI) safeguard teams are completing updates on the land acquisition and resettlement survey (LARs) and environmental management plans (EMPs), and will train social safeguard counterparts in Land Acquisition and Resettlement Plans (LARPs), the grievance management and other safeguard</li> </ul>	<ul style="list-style-type: none"> <li>- So far there are no lessons learned, as the implementation of this activity is just beginning.</li> </ul>	<b>Activity 2.3:</b> Catalysing private sector investments in sustainable, climate resilient and deforestation-free value chains  <b>Main changes</b> <ul style="list-style-type: none"> <li>- Under Project 2, former activity 2.2 (i.e. under Project 1) is now covered under activity 2.3. This activity will be executed by the domestic financial institution (LDB or ACLEDA) and focus on providing matching grants to agri-MSMEs as well as the support to the development of green credit lines (for more information please see activity 2.3 in the revised Concept Note).</li> <li>- Former Activity 2.3 (i.e. under Project 1)</li> </ul>

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			<p>measures, and on the environmental side they will train counterparts to implement and monitor the EMPs.</p> <ul style="list-style-type: none"> <li>- All preparatory activities for <b>the start of nutrition related activities</b> have been completed. A detailed workplan is being finalized for the implementation of “phase 1” and a standard approach has been developed to ensure a consistent delivery of support across the 9 selected districts. Coordination with relevant nutrition related committees at the national, provincial and district level are ongoing.</li> <li>- <b>Initial mapping of all active nutrition</b> projects has been done for Sayabouri and Luang Prabang, in order to avoid duplication with PICSA interventions.</li> <li>- IFAD activities have been initiated as planned, and tender processes for the Knowledge, Attitude and Practice (KAP) survey has started.</li> <li>- A Nutrition Specialist has been recruited in August.</li> </ul>		<p>will continue to be implemented, although under activity 2.4 in Project 2, through ADB co-financing.</p>

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			<ul style="list-style-type: none"> <li>- Once the KAP survey is completed, the Program Governance Team (PGT) will further review the selection of priority villages and align the standard PICSA methodology (I,e, Picsa nutrition guidelines) to the results of the survey. The proper implementation of activities to improve nutritional status will start during the first quarter of 2022.</li> <li>- The (LIC-DOI) team has met on numerous occasions with the 4 Northern Provinces' (NP) PAFO coordinators to discuss both planning and implementation requirements related to project management, where a main topic has been the use and integration of various management systems within PAFO.</li> </ul>		
<b>Output 3:</b> Climate change mitigation through forestry	<b>Output 3:</b> Climate change mitigation and adaptation action through forestry  <b>Main changes:</b>	<b>Activity 3.1:</b> Village forest management	<b>Started and ongoing:</b> <ul style="list-style-type: none"> <li>- The Department of Forestry (DoF) has agreed to scale up <b>ClipAD Village Forest Management Planning (VFMP)</b> and Implementation Guidelines to all project villages.</li> </ul>	<ul style="list-style-type: none"> <li>- Keep a regular exchange between the KfW and GCF Project.</li> <li>- Target villages in Houaphan are still implementing VFMPs and have revised Annual Action Plans. Soon their money from the 1st</li> </ul>	<b>Activity 3.1:</b> Village forest management <ul style="list-style-type: none"> <li>- Implementation shows the current approach is effective and well-tailored to the local context in the project area. As</li> </ul>

Output		Activity			
Project 1	Project 2	Project 1	Current Status	Lessons Learnt	Project 2
	<ul style="list-style-type: none"> <li>As Project 2 was re-framed as a cross-cutting project, Output 3 will, in addition to climate change mitigation, also consider adaptation actions through forestry.</li> </ul>		<ul style="list-style-type: none"> <li>Training on Village Forest Management Planning for Provincial and District foresters completed in Houaphan and Luang Prabang and will be taken place soon in Sayabouri. Up to date, the VFMPs have completed in 17 new project villages (16x in Houaphan and 1x in Luang Prabang). Furthermore, 70 existing project villages started revising their VFMPs for the upcoming year.</li> <li><b>KfW</b> has started transferring upfront payments to villages</li> <li>An Interface-Paper between CliPAD and VFMP (KfW) has been written.</li> <li>All 70 project villages in Sam Neua and Houameuang District have received 100% of the bonus payments, for maintaining their village forestry area, as agreed in the <b>Village Forest Management Agreements</b>, signed between villagers and district</li> </ul>	<ul style="list-style-type: none"> <li>bonus payment will be used up. They will then receive funds from I-GFLL for the revision of plans.</li> <li>It is recommended to continue to provide technical and extension support by District Agriculture and Forestry Office (DAFO) and PAFO staff in the existing target villages to secure the sustainability of Project 1, as it runs for 4 years only. The continuation of activities for an additional 30 months will ensure the implementation of a coordinated exit strategy across the 17 districts.</li> </ul>	<p>such, there are no substantial changes.</p> <ul style="list-style-type: none"> <li>Project 2 will also provide continued technical and extension support by PAFO and DAFO in villages covered under Project 1, to ensure a coordinated exit strategy.<sup>2</sup></li> </ul>

<sup>2</sup> Continuation in existing target villages of Project 1 will support technical backstopping, including e.g. implementation of annual activity plans, monitoring of land use plans and changes in forest cover, and strengthening of linkages to private sector companies for sustainable value chain development of select commodities (considering many crops selected from the “White List” will only enter production stage 2-4 years after establishment). However, those villages will not receive any additional budget support after having received the initial investment into VFAG and the bonus payment after 2 years of successful sustainable forest management.

Output		Activity			
Project 1	Project 2	Project 1	Current Status	Lessons Learnt	Project 2
			authorities. Those former CiPAD villages are also part of Project 1 to implement annual village forest management plans.		
		<b>Activity 3.2:</b> Sustainable management of production forests	<b>Started and ongoing:</b> <ul style="list-style-type: none"> <li>- In contrast to the original planning, although without any negative effect, the activity will also be supported as part of a specific <b>Village Forest Management</b> approach for PFAs by Project 1 in the districts of Hongsa and Sayabouri, as well as through the KfW financed Village Forest Management Program (VFMP) in the district Phiang. This focuses on villages located in or adjacent to production forest areas in these districts.</li> <li>- The existing management plans of production forests in Sayabouri and Hongsa districts have been collected and are under the review process.</li> </ul>	<ul style="list-style-type: none"> <li>- In general, management activities within production forests have been put on hold as the logging ban is still enforced, and will likely not be lifted in the near future, limiting the relevance and effectiveness of interventions in production forest areas.</li> <li>- Existing inventory data is fragmented but indicates low timber volumes (especially considering inventory data from the SUFORD Project), hence there is limited to no potential for sustainable timber use within these production forest areas (except for an area in Hongsa, Sayabouri, which was considered the most promising production forest area in the 3 provinces under Project 1).</li> </ul>	Under Project 2, interventions in production forests (i.e. activity 3.2 under Project 1 will no longer be implemented since the only relevant Production Forest is already covered under Project 1.

Output		Activity			
Project 1	Project 2	Project 1	Current Status	Lessons Learnt	Project 2
		<b>Activity 3.3:</b> National Protected Area management	<b>Started and ongoing:</b> <ul style="list-style-type: none"> <li>- The <b>development of management plans</b> of Nam Xam National Protected Area (NPA) (Houaphan) and Nam Pouy NPA (Sayabouri), which was planned to be financed by Project 1, is covered now by LENS2 (World Bank Project) for Nam Xam NPA and through the Biodiversity Conservation and Management of Protected Areas in ASEAN (BCAMP) Project of the ASEAN Centre for Biodiversity (ACB), with the support of the European Union (EU) for Nam Pouy NPA.</li> <li>- Out of 170 new villages under Project 1, 37 villages are located in or adjacent to NPAs, and are identified as so-called '<i>guardian villages</i>'. The implementation approaches for conservation utilized by the Integrated Conservation of Biodiversity and Forests (ICBF) KfW Project and LENS2 project have been reviewed by Project 1 staff, and an agreed concept, considering lessons learned and best practices, has been developed</li> </ul>	<ul style="list-style-type: none"> <li>- Drawing on the experience from ICBF and LENS2 projects for implementing conservation agreements ensured Project 1 applied a consistent approach, especially for 'guardian villages'. This approach has been effective, and should be continued.</li> <li>- Harmonizing of approaches to Law Enforcement is needed as so far, each NPA applied different procedures on.</li> </ul>	<b>Activity 3.2:</b> National Protected Area management <ul style="list-style-type: none"> <li>- Implementation shows the current approach is effective and well-tailored to the local context in the project area. As such, there are no substantial changes.</li> <li>- Project 2 will include support for 2 NPAs in the 3 new provinces included under Project 2 (i.e. Luang Namtha, Bokeo and Oudomxay).</li> </ul>

Output		Activity			
Project 1	Project 2	Project 1	Current Status	Lessons Learnt	Project 2
			<p>and applied in the mentioned guardian villages.</p> <ul style="list-style-type: none"> <li>- <b>Interagency meetings</b> between NPA, PAFO, DAFO, the Lao military, police, and prosecution staff took place in three provinces to improve forest law enforcement in NPAs.</li> <li>- Management plans of two NPAs and one National Park have been reviewed, and the implementation of activities under the revised management plans have begun under Project 1.</li> </ul>		
<b>Output 4:</b> Project Management, coordination		<b>Activity 4.1:</b> Project management, coordination, monitoring and reporting by the NPMU and PPMU	<p><b>Started and ongoing:</b></p> <ul style="list-style-type: none"> <li>- <b>The monitoring and reporting system</b> has been fully conceptualized and is operational. The Cloud Database is in functional and is operated by officers and implementors in all 22 Project Owner agencies. Quarterly Reporting mechanisms have been designed and are to be applied by Project Owners for their Q3 reporting.</li> </ul>	<ul style="list-style-type: none"> <li>- Relying on Government of Lao PDR staff to carry out the reporting systematically and completely requires a lot of follow-up and strict enforcement mechanisms.</li> </ul>	Project Management and coordination will no longer be a separate output under Project 2.