

General Template of the Annual Performance Report (APR)

Reference Number (FP117): Implementation of the Lao PDR Emission Reductions Program through improved governance and sustainable forest landscape management

Accredited Entity Name: Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

**Annual Reporting Period Covered in this Report:
(From 19-05-2020 to 31-12-2020)**

ARP due to: 01.March 2021

Sections in this report:

- Section 1: General Information
- Section 2: Implementation Progress
- Section 3: Financial Information¹ (Excel worksheet attached).
- Section 4: Report on Environmental and Social Safeguards & Gender
- Section 5: Annexes
- Section 6: Attachments

Please submit the APR to opm@gcfund.org

SUBMITTED BY	
Dr. Nana Künkel, Head of Oversight at GIZ <i>Name and title</i>	26.02.2021 <i>Date</i>
Please indicate if this report has been shared with the relevant NDA(s) for this Funded Activity (Yes/No)	Date of submission to NDA

¹ Please refer to excel worksheet attached "APR Section 3 (Financial Information)". Provide as attachments to this report any detailed additional financial information if required in the Funded Activity Agreement.

SECTION 1: GENERAL INFORMATION

This section provides general information on the funded activity.

1. Funded Activity Title:	Implementation of the Lao PDR Emission Reductions Programme through improved governance and sustainable forest landscape management ((I-GFLL) (Project 1 in the FP))
2. Funding Proposal Number:	FP117
3. Date of Board approval - Board Meeting Number:	14.11.2019 at B.24
4. Accredited Entity:	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
5. Focal Point of the Accredited Entity for this Project:	Dr. Nana Künkel Head of GCF Oversight Unit + 49 (0)30 338 424- 585 nana.kuenkel@giz.de
6. Executing Entity(ies):	1) The Government of Lao PDR, represented by the Ministry of Agriculture and Forestry (MAF) and the Ministry of Natural Resources and Environment (MoNRE) 2) Japan International Cooperation Agency (JICA) 3) GIZ in Laos
7. Implementation Period:	From: 5/19/2020 To: 5/18/2024
8. Current year of Implementation:	Year 1
9. Date of Submission of the Report:	02/26/2021
10. Annual Reporting period covered in this report:	From: 5/21/2020 To: 12/31/2020
11. Total Project Budget ² :	(e.g. Loan: USD 25,000,000 Grant: USD 5,000,000)
12. Total amount of GCF Proceeds Approved:	(e.g. Loan: USD 20,000,000 Grant: USD 2,500,000)
13. Total amount of GCF Proceeds disbursed (cumulative) to the Accredited Entity:	(e.g. Loan: USD 2,000,000 Grant: USD 500,000)

² Total project budget including co-financing as reflected in the relevant Funded Activity Agreement.

SECTION 2: IMPLEMENTATION PROGRESS

2.1 OVERALL (SUMMARY) PROJECT PROGRESS *(less than one (1) page).*

Implementation achievements, delays, and challenges

The I-GFLL (Project 1) reached effectiveness on 19th May 2020. Since then, significant progress has been made. The following are key milestones reached in terms of each of the 3 project outputs:

- **Output 1 Enabling environment for REDD+ implementation:** The Emission Reductions Payment Agreement (ER-PA) between the World Bank and GoL was signed in Jan 2021. The EPF established the Climate Change Funding Window on 30 April 2019 to be able to receive funds from GCF and related climate change funds, meaning the I-GFLL (Project 1) is operated under the EPF Climate Change Funding Window. Village Forest and Agriculture Grants (VFAGs) guidelines have been developed. A new guideline on Participatory Land Use Planning by mainstreaming Forest Landscape Restoration (FLR) principles was composed. As of December 2020, all action Inputs included in the project's Master Budget have been thoroughly checked for risks associated with gender, ethnic minority status, disability status, literacy, and other axes of vulnerability, with mitigation measures proposed for individual action inputs where risks have been identified. These risks have been integrated into the Quarterly Plans of all 22 Project Owners and rated for their probability and impact potential by implementing agencies.
- **Output 2 Market solutions for agricultural drivers of deforestation:** The Project has developed guidelines for the "Promotion of Sustainable and Deforestation-free Agricultural Practices and Value Chains" (PSAP) approach in Dec 2020. The PSAP approach aims at widely promoting sustainable agricultural practices with upland farmers in the three project provinces of Sayaboury, Luang Prabang and Houaphan. PSAP is based on the results of Participatory Land Use Planning 2.0 (PLUP 2.0) to be conducted in each target village. PSAP will be guided by a so-called "White List", a comprehensive list of thirty-five (35) sustainable agricultural practices and crops to be promoted. The PSAP teams are establishing comprehensive private sector analysis for their district, including companies from the provincial or national level, which are active in their district.
- **Output 3 Climate change mitigation action through forestry:** The Department of Forestry (DoF) regulation on Village-Driven Forest Management is largely based on the steps, outlined in the previously developed and successfully piloted CliPAD "Village Forest Management and Implementation Guidelines" and will now be applied in the 170 new Project 1 target villages. Out of 170 new villages, 37 villages are located in/adjacent to NPAs and are identified as so-called guardian villages. Nam Et-Phou Louey National Protected Area (NPA) was upgraded in 2019 to a National Park, requiring a stronger administration and stricter law enforcement. By December 2020, the final selection of target areas has defined 15 districts and a total of 240 target villages have been selected based on the defined criteria and clustered by taking into account Forest Landscape Management Approach. This constitutes an increase of 40 villages as compared to the 200 villages as defined in the Funding Proposal (see 2.2.3). As result of the increased number of target villages, also the number of direct and indirect beneficiaries is expected to increase to 135.000 and 253.700 respectively.

The Lao Forestry Law, the amendment of the Land Law, was revised and approved by the National Assembly and establishes the legal framework for REDD+ in Lao PDR.

BMZ has commissioned CliPAD IV / I-GFLL based on the amended offer for the ongoing module on 22 April 2020 and increased its funding by EUR 5,200,000.

Impact of challenges (section 2.6)

In the past reporting year, a number of challenges have been identified and mitigation measures have been developed to address them. Most of the challenges faced were implementation challenges, including some minor challenges easily mitigated or solved, while others are considered moderate challenges of the Project. The key challenges faced by the Project and its impact and mitigation is outlined below:

Institutional

- The EPF established the Climate Change Funding Window, dated 30 April 2019 to adopt funds from Green Climate Fund and related climate change funds, meaning the Project 1 is operated under the EPF Climate Change Funding Window. The Forest and Forest Resource Development Fund (FFRDF) has been renamed to Forest Protection Fund (FPF). The GoL-led Governance of Forest Landscapes and Livelihoods (GFLL) program has designated the FPF as REDD+ Fund. The FPF lacks currently the institutional capacity, which is required to act as REDD+ Fund; hence, the FPF is not able to handle the Project 1 GCF Grant, as the center-piece of the Funded Activity. Project 1 will made lessons learned from the establishment of the climate funding window at the EPF fully available to the FPF the establishment of the REDD+ funding window at the FPF.
- The set-up of Project Management Units PMUs (NPMU, PPMUs and DPMUs) were initiated in June 2020 but only concluded in December 2020. Similarly, the opening of bank accounts by the project owners took 3 months. Also, other initial processes have been relatively slow.
- Projects by different cooperation partners within the Funded Activity (KfW, JICA/F-REDD, ADB, IFAD) have different implementation schedules and procedures.

Implementation

- COVID-19 impact: International project staff had partly to be repatriated (GIZ company policy for a certain age and health-risk group, leading to 6-months-absence and remote work). The recruitment and deployment of new international staff is delayed by almost one year. Due to a country-wide lockdown in April and May 2020, including restricted movement between provinces, the start of the project was delayed. Recruitment of additional staff (national personal) had to be delayed.
- The Feasibility study (and consequently the Funding Proposal) was not detailed enough for the agricultural component. Fine-tuning of the agricultural component necessary.

2.2 Performance against the GCF Investment Criteria (summary) (max two (2) pages).

In terms of the Project's impact potential, the intended impact is to be achieved by a well-balanced combination of changed land use patterns through Land Use Planning, Village Forest Management, support to alternative livelihoods/income as well as Law Enforcement. A new guideline on PLUP with FLR principles mainstreamed was developed. The VFMA has been successful in the KfW supported Project CliPAD FC, in which all 70 project villages have received 100% of the possible bonus payments. The final selection of target areas has defined 15 districts and a total of 240 target villages have been selected. Since the project will continue working in the 70 CliPAD FC target villages, and those villages have just received the results-based payment from KfW, it has been decided that these villages will not receive investment payments by Project 1. The thereby freed up budget is used to increase the number of target villages by 40 to 240 villages.

The integration of REDD+ into national and provincial development planning will contribute to the mainstreaming, and hence intrinsic scaling-up and replication, of the program interventions. The Provincial REDD+ Action Plan (PRAP) activity has been integrated into the 8th Provincial 5-Year Socio-economic Development plan (2016-2020) of Luang Namtha and Houaphan provinces. On the other hand, capacities will be built in the main environmental funds, which will facilitate the replication and scale-up of the project as well as the broader distribution of REDD+ finance beyond the GCF project target groups. The Lao Forestry Law was revised and approved by the National Assembly in June 2019. The revised law now establishes the legal framework for REDD+ in Lao PDR and has finally opened the door for the commercial use of timber from village forests under certain conditions. A significant decision made by GoL was the designation of the FPF as the REDD+ Fund. GoL has now one-year time to build the capacity of the FPF, in order to pass World Bank due diligence and thereby prepare the FPF for GCF Project Laos 2 (Project 2).

Economically, the project aims for improved livelihoods and income for rural poor population groups; support to SMEs; and strengthened domestic resource mobilisation. Focus on improving access to deforestation-free agriculture, the development of PSAP and funds through VFAGs are all examples of the Project's contribution to sustainable economic activities in target areas. From a social perspective, the project aims at 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. The Lao Women's Union will participate in all key village-level activities to make sure, that the gender perspective is put into practice. Also, the FPIC approach and the Grievance Redress Mechanism ensures that both sexes and all ethnic groups can raise their voices.

Lao PDR's COVID-19 response has centered around border controls, with limited surveillance testing of the population. From a project perspective, the impacts of COVID-19 mean that vulnerable communities in the project's target areas will be even more vulnerable than they were at the time of the project's conception, as subsistence agriculture smallholders and small-scale foresters lose access to other options for economic resilience. 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. Some examples of these include easing the government budget's constraint by building capacities of Government entities (EPF and FPF) to collect forest fees and taxes to diversify revenue sources and channeling grant resources to rural beneficiaries and building their capacities to apply for, deploy and report on financial resources.

The establishment of the Project Management Units on all 3 levels, national, provincial and district has been completed and all appointed staff are mandated and have initiated their assignments. Project Owners have been defined and officially appointed as key implementing agencies, responsible for implementing Project 1 activities, including planning, financial management, monitoring and reporting. The project engages the NDA who is frequently updated about the progress of Project 1, which is also reflected in the updated GCF Country Pipeline. CSOs and the private sector have actively participated in the Inception Workshops. CSOs are now involved in village-level activities, including, for example, Free, Prior, and Informed Consent (FPIC), Participatory Land Use Plans (PLUPs) and Village Forest Management Agreements (VFMAs), which will be subject to prior village-level discussion and agreement, with full CSO participation encouraged and facilitated.

The co-financing of the project has generally remained unchanged from the Funding Proposal approved in May 2019. As of December 2020, the contributions of the beneficiaries of Project 1, BMZ, ADB, EU, and IFAD remains the same. The Government of Lao PDR is supposed to contribute co-finance of EUR 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 EUR 330/month. However, it is becoming obvious that the GoL contribution has been overestimated during the project design phase. While the number of GoL staff and time allocated for Project 1 largely remains as expected, as a result of the current debt crisis, which led to a GoL budget cut, the monthly salaries are lower than the 330 EUR per month with which the contribution amount was estimated. As of December 2020, it is now clear that JICA contributions foreseen for Activities 1.5, 2.1 and 3.1 have been cancelled. However: 1) the provincial activities planned for JICA will be taken over, without any negative impact, by GIZ and carried out as planned and 2) activities at national level will only be conducted in 2025 and are therefore beyond the project lifetime. As a result, JICA's contribution and co-financing through its F-REDD II project, is envisaged to decrease from EUR 1.6 million to EUR 1.2 million.

2.2.1 Impact Potential (max one (1) page).

As per the initial assessment against the investment criteria provided in the Funding Proposal approved by the GCF Board, please provide an assessment of the performance of the funded activity during the relevant reporting period against the investment criteria "Impact Potential".

The project aims to mitigate GHG emissions through REDD+. In its 4-year lifetime, the Project expects to reduce or avoid 1.4 million t CO₂eq annually and 5.6 million t CO₂eq in total. 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)**) and the FCPF Carbon Fund (the Reference Level (RL) of the ER-P). A total of 135,000 people benefit directly, and 253,700 people benefit indirectly from the Project, in which 50% of each are female.

The **Project also aims to** achieve a reduction of deforestation by 6%, equivalent to 9,900 ha, reduce forest degradation by 10%, equivalent to 9,030 ha, and an increase of restoration and reforestation by 8% and 1% respectively, equivalent to 3,160 ha of forest restoration and 1,850 ha of reforestation.

FREL report has been submitted by DoF to UNFCCC. The Technical Assessment of the FREL has been completed, and the final FREL report and the Technical Assessment report were disclosed on UNFCCC's website in 2019. DoF has also completed the 1st national MRV (2015-2018) against the FREL in 2020, and the results are being assessed by the UNFCCC. The National Forest Monitoring System (NFMS), a harmonised 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.

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. This Project addresses the three provinces of Houaphan, Sayaboury and Luang Prabang 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.

By December 2020, the final selection of **target areas** has defined 15 districts and a total of **240 target villages** have been selected based on the defined criteria and clustered by taking into account Forest Landscape Management Approach. This constitutes an **increase of 40 villages** as compared to the 200 villages as defined in the Funding Proposal (see 2.2.3). As result of the increased number of target villages, also the number of direct and indirect **beneficiaries** is expected to increase to 135.000 and 253.700 respectively. Additionally, initial information collection suggests that the area under sustainable forest management will increase significantly (but no precise data is available yet. The final target districts are: (1) Houaphan Province: Hiem, Houameuang, Viengxai, Xam Neua, Xamtai, Xone, Sopbao, (2)

Sayaboury Province: Hongsa, Phaklai, Sayaboury, Thongmixai and (3) Luang Prabang Province: Nan, Phonthong, Viengkham, Xieng Ngeun.

In the **previous CliPAD target districts** of Houameuang and Xam Neua, there are a total of 70 target villages, which are continued to be served in Project 1, however only for Village Forest Management activities. The Additional 170 target villages are equally distributed over the remaining districts, amounting to 13 villages per district in average. Another 70 target villages in 2 districts in Sayaboury and Luang Prabang province are addressed by Project 1's KfW Village Forest Management Project, as part of the Funded Activity. Out of 170 new villages, 37 villages are located in/adjacent to NPAs and are identified as so-called guardian villages. The Integrated Conservation of Biodiversity and Forests (ICBF, KfW) and Second Lao Environment and Social Project (LENS2, WB) projects implementation approaches for conservation agreements have been reviewed by the Project 1 and an agreed concept will be applied in the mentioned guardian villages.

The intended **impact** (mitigation of GHG emissions as well as reduction of deforestation and forest degradation) is to be **achieved by** a well-balanced combination of changed land use patterns through Land Use Planning, Village Forest Management, support to alternative livelihoods/income as well as Law Enforcement.

A new guideline on **Participatory Land Use Planning** with Forest Landscape Restoration (FLR) principles mainstreamed was developed. In December 2020, "PLUP 2.0" was introduced to relevant development partners, provincial LUP authorities and representatives from the NPMU and completed through an exchange about previous experiences made regarding LUP implementation in each province. The new guideline will be applied during Land Use Planning in all new target villages.

The KfW supported Project CliPAD FC (cooperation Project of GIZ CliPAD) has been successfully completed after 10 years. All 70 project villages in Sam Neua and Houameuang District have received 100% of the possible bonus payments, for maintaining their village forestry area, as agreed in the **Village Forest Management** Agreements, signed between villagers and district authorities. Furthermore, DoF has agreed to scale up the application of the CliPAD Village Forest Management Planning (VFMP) and Implementation Guidelines to all project villages, which were developed by CliPAD in the past (2009 – 2019).

The concept to support deforestation-free **agriculture** has been revised and guidelines for the "Promotion of Sustainable and Deforestation-free Agricultural Practices and Value Chains" (PSAP) have been developed, providing villagers with alternative income opportunities while protecting the forest.

Strengthened **law enforcement** is a key measure needed to support Lao PDR's commitment to REDD+. 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.

An implementation approach for **forest cover monitoring** through a Provincial Deforestation Monitoring System (PDMS), which will be used in all three target provinces, is ready to apply in cooperation with Projects 1's F-REDD project (JICA). The monitoring will start from February 2021 onwards in 70 villages in the Province of Houaphan (Districts Sam Neua and Houameuang) and will be extended to the remaining project villages according to the workplan.

2.2.2 Paradigm shift potential (max one (1) page).

As per the initial assessment against the investment criteria provided in the Funding Proposal approved by the GCF Board, please provide an assessment of the performance of the funded activity during the relevant reporting period against the investment criteria "Paradigm shift potential".

Potential for scaling-up and replicating activities:

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. Social and Environmental Developments Plans (**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. The Provincial REDD+

Action Plan (PRAP) activity has been integrated into the 8th Provincial 5-Year Socio-economic Development plan (2016-2020) of Luang Namtha and Houaphan provinces. PRAP activities are planned to be integrated into the first quarterly plan of 2021 in 7 districts of Houaphan and 2 districts of Luang Prabang provinces. Originally, the PRAP activity should have been integrated into the 9th Provincial and District 5-Year Socio-economic development plan (2021-2025), however, this was not possible due to delay in PRAP process. Therefore, PRAP activities will be integrated into Provincial and District Annual development plans.

The Project 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. The Project has developed guidelines for the “Promotion of Sustainable and Deforestation-free Agricultural Practices and Value Chains” (PSAP) approach in December 2020. The PSAP approach aims at widely promoting sustainable agricultural practices with upland farmers in the project provinces.

In order to access international climate financing, capacities will be built in the main **environmental funds**, which will facilitate the replication and scale-up of the project as well as the broader distribution of REDD+ finance beyond the GCF project target groups as the funds’ capacities are built and they become fully operational and capable of managing funds for REDD+. The Environment Protection Fund (EPF) has been supported in various institutional aspects, e.g., financial management, M&E, Environmental and Social Safeguards, Project Development and Management. A significant decision made by GoL was the designation of the FPF as the REDD+ Fund. GoL has now one year time to build the capacity of the FPF, in order to pass World Bank due diligence and thereby prepare the FPF for Project GCF Laos 2. GIZ still maintains the Climate Change Window under the EPF to channel the GCF proceeds to the final recipient, as stipulated in the Funding Proposal and the Grant Agreement One aspect of project 1 is on capacity building of the FPF first, before the Fund is able to channel REDD+ funds within 1 year.

Contribution to the creation of an enabling environment and regulatory framework and policies:

The Project contains a strong enabling environment element, including policy and regulatory reform (Mainstreaming REDD+ into Socio-Economic Development Planning and Forest Legislation, support to regulatory enforcement and improved land use planning, as well as community-level support in the form of capacity building and strengthening of the DAFO agricultural extension system.)

The **Lao Forestry Law** was revised and approved by the National Assembly in June 2019. The revised law now establishes the legal framework for REDD+ in Lao PDR and has finally opened the door for the commercial use of timber from village forests under certain conditions. Article 39 gives villagers now the mandate for the management and protection of forests within the management area of their village. This Article also stipulates that village forest management planning shall be regulated by a separate specific regulation to be developed by DoF. In meantime, the mentioned regulation or the so called “Common Approach for Village Driven Forest Management Planning” is drafted by the Village Forestry and Non-Timber Forest Product Division of the Department of Forestry and is foreseen to be applied soon nationwide. Due to close cooperation, relevant lessons learned by Project 1 are incorporated in the regulation and the project gave support to the formulation. Article 65 governs the use of village forest timber and Non-Timber Forest Products (NTFPs) for commercial purposes by individuals, legal entities, or organization to which the state has given rights for legal use. Such uses of the forest include timber, NTFPs, tourism, recreation, forest ecosystem services, carbon trading and the supply of timber to the wood processing industry. This is the first time that commercial timber use from village forests is permitted and has thereby the potential to provide economic sustainability for village forestry in the country based on timber.

The Project seeks to support the financing environment for REDD+ by helping to establish, operationalise and finance a **REDD+ Funding Window** (as described above). The project also explicitly aims to ‘enable’ REDD+ results-based payments through support to the FCPF Emission Reductions Programme. In Januar 2020, GoL has signed the Emission Reductions Payment Agreement (ER-PA) by the World Bank.

The project will strengthen **law enforcement and compliance monitoring**. An implementation approach for forest cover monitoring through a Provincial Deforestation Monitoring System (PDMS), which will be used in all three target provinces, is ready to apply. The monitoring will start from February 2021 onwards

in 70 villages in the Province of Houaphan (Districts Sam Neua and Houameuang) and will be extended to the remaining project villages according to the workplan.

The project will also support **land use planning** and measures to improve tenure security (PLUP guidelines have been developed, mainstreaming Forest Landscape Restoration) and will strengthen the forest and forest carbon **MRV system** (Technical Assessment of the FREL completed and submitted by DoF to UNFCCC, National Forest Monitoring System (NFMS), developed in collaboration with F-REDD project (JICA).

2.2.3 Sustainable development potential (max one (1) page).

As per the initial assessment against the investment criteria provided in the Funding Proposal approved by the GCF Board, please provide an assessment of the performance of the funded activity during the relevant reporting period against the investment criteria "Sustainable development potential".

The Project contributes to the 3 pillars of sustainable development:

Economic pillar

The project aims for improved **livelihoods** and income for rural poor population groups (addressing SDG-1: No Poverty and SDG-2: Zero Hunger); support to SMEs (addressing SDG-6: Decent Work and Economic Growth); and strengthened domestic resource mobilisation (all addressing SDG-12: Sustainable Production and Consumption and SDG-17: Partnerships for the Goals).

Output 2 of the project targets 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 15 districts of the Project 1) to reduce expansion pressure into forested landscape.

In the past year, the Project has developed guidelines for the "**Promotion of Sustainable and Deforestation-free Agricultural Practices and Value Chains**" (PSAP) approach in Dec 2020. The PSAP approach aims at widely promoting sustainable agricultural practices with upland farmers in the three project provinces of Sayaboury, Luang Prabang and Houaphan. PSAP is based on the results of Participatory Land Use Planning 2.0 (PLUP 2.0) to be conducted in each target village. PSAP will be guided by a so-called "White List", a comprehensive list of thirty-five (35) sustainable agricultural practices and crops to be promoted. The PSAP teams are establishing comprehensive **private sector analysis** for their district, including companies from the provincial or national level, which are active in their district. In order to do this, they identify and collect information on all private or state companies involved in marketing agricultural products from the district area.

Community-managed financial institutions offer considerable potential for outreach and financial inclusion. 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 target villages will, upon request, be supported in starting and operating a Village Development Fund. An approach has been formulated to address current needs and to outline suitable approaches to channel funding to villages. (addressing SDG-1: No Poverty)

In the past year, the name and concept of Village Development Funds (VDFs) was fine-tuned to **Village Forest and Agriculture Grants (VFAGs)**. VFAG guidelines have been updated in October 2020 to ensure consistency with GIZ and EPF financial guidelines. Currently 170 villages are selected in 13 districts in which villagers are eligible for three types of VFAG funds: (1) cash for work (average EUR 1,500 per year), (2) up-front payments (investment payment, EUR 7,500), and (3) performance-based (Bonus payments, up to EUR 10,000).

Village forest management is 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. (addressing SDG-15: Life on Land). In the past year, through a participatory approach with National Project Management Unit (NPMU), Provincial National Project Management Unit (PPMU) and District Project Management Unit (DPMU) and according to agreed selection criteria for Project 1 villages (e.g., adequate forest area, ecosystem services for ADB's SRIWMS irrigation systems, road access, low or no occurrence of Unexploded Ordnance (UXO)) 170 new project villages were selected.

The KfW supported Project CliPAD FC (cooperation Project of GIZ CliPAD) has been successfully completed. All 70 project villages in Sam Neua and Houameuang District, which are now Project 1 target villages, have received **100%** of the possible **bonus payments** of an average of 12,000 EUR, for maintaining their village forestry area, as agreed in the Village Forest Management Agreements, signed between villagers and district authorities. Those former CliPAD villages are also part of Project 1 but will not receive a second time the so-called bonus payment (only cash for work payments, to implement annual village forest management plans).

Social pillar

The project aims at 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.

Women and men have equal opportunities to participate in all Project 1 activities (addressing SDG-5: Gender Equality). In order to ensure this, GIZ has tasked an international consultant to review the **Gender** Action Plan and to review the project's Master Budget at the level of action inputs from a safeguards' perspective, with a specific focus on potentially negative effects along gender lines for vulnerable populations living in the project's target village clusters. As such, gender has been included as a component within the ESMP Checklist, to be used by all project staff and implementing partners before project activities. With accompanied training materials, implementing partners and project staff are instructed to consider whether the project's activities would have negative effects, along a gender lens, and if planned activities are determined likely to have negative gender-based effects, it is strongly recommended that activities and implementation plans be revised to mitigate negative gender-based impacts. Importantly, the Lao Women's Union will participate in all key village-level activities to make sure, that the gender perspective is put into practice. Also, the FPIC approach and the Grievance Redress Mechanism ensures that both sexes and all ethnic groups can raise their voices.

Environmental pillar:

The project aims at reduced GHG emissions from the forestry sector and increased carbon sequestration from the atmosphere; and sustainable management and efficient use of natural re-sources (notably, forests and land).

Project 1's paradigm shift objective is to reduce GHG emissions and enhancing removals from Lao PDR's Forest. Hence, all project's activities directly or indirectly aim at GHG emissions reductions (addressing SDG-13: Climate Action).

2.2.4 Needs of the recipient (max one (1) page).

As per the initial assessment against the investment criteria provided in the Funding Proposal approved by the GCF Board, please provide an assessment of the performance of the funded activity during the relevant reporting period against the investment criteria "Needs of the recipient".

Financial, economic, social and institutional needs

Lao PDR is a landlocked least developed country (LLDC) that is ranked 139th out of 189 on the Human Development Index. Northern Lao PDR has historically been the poorest and most rural region of the country. Lao PDR's COVID-19 response has centered around border controls, with limited surveillance testing of the population. The World Bank and other financial institutions predict that the economic impacts of the border closures will be significant and long-lasting. As of Q3 2020, the unemployment rate had already surpassed 25%, and the return of approximately 100,000 Lao migrant workers has resulted in an estimated \$125 million in lost remittances throughout 2020 (a reduction of more than 50% compared to 2019).

Overall Financial Situation

The government's ability to assume additional debt obligations is severely constrained by the Lao fiscal and debt situation. Lao PDR 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.

Institutional Concerns

As identified by The World Bank Group, Laos' potential for sustainable economic development remains limited by low human resource capacity, as well as weak transportation infrastructure. Additionally, the justice sector remains highly politicized and subject to central control, with weak regulatory capacity endemic at all levels of government. What regulatory capacity exists is often hindered by widespread corruption, which becomes a significant hurdle for external investors seeking entry to what could be a dynamic and fast-growing economy.

Laws are often written with extensive guidance from foreign donors and advisors, and as such often lack necessary implementing regulations at a granular level, a problem further exacerbated by the low level of technical understanding from government officials and relatively low levels of commitment to following through on the laws and implementing regulations which do exist. Although some improvements have been made on indices such as The World Bank's "Ease of Doing Business" ranking and Transparency International's "Corruption Perceptions Index," Laos remains a difficult operating environment for foreign investors, with significant physical and legal impediments to further investment.

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: Project 1 will build the legal/regulatory, enforcement and institutional capabilities of Government entities – notably the EPF and FPF– 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.
In the last year the Environment Protection Fund (EPF) has been supported in various institutional aspects, e.g., financial management, M&E, Environmental and Social Safeguards, Project Development and Management. For the Forest Protection Fund (FPF), a comprehensive Capacity Needs and Gap Assessment has been conducted within the framework of the Feasibility Study for the GCF project. ToR for capacity building of the FPF have been developed and substantial budget allocated by the World Bank and the Department of Forestry.
- **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.
Response: Project 1 channels considerable co-finance to the forestry sector, including grant support from the Governments of Germany and Japan, and concessional loans from ADB and IFAD.
In the last year the GCF grant (for project 1) was approved, BMZ funds have been commissioned and ADB, IFAD and KfW Loan Agreements have been agreed upon and signed, totalling the amount of the Funded Activity to EUR 66 million. These funds are now available to sustainably develop the Forestry- and Land-use sector of Lao PDR.
- **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: Project 1 will channel grant resources to rural beneficiaries and will build their capacities to apply for, deploy and report on financial resources.
In the past year Village Forest and Agriculture Grants (VFAGs) have been conceptualized and are being set up. 170 villages have been selected in which villagers are eligible for three types of VFAG funds: (1) cash for work (average EUR 1,500 per year), (2) up-front payments (investment

payment, EUR 7,500), and (3) performance-based (Bonus payments, up to EUR 10,000). These funds are to be used for sustainable forest management, agricultural activities and to reward villages for protecting their forest areas.

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

Response: Project 1 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 FPF, thereby building their capacities and exposure to climate finance.

In the last year, the Climate Finance funding window has been set up in the EPF and the EPF is being supported in its endeavour to become the first national accredited entity (AE) to the GCF in Lao PDR. Moreover, for the Forest Protection Fund (FPF), capacity development support has been conceptualized and is now being implemented.

2.2.5 Country Ownership (max one (1) page).

As per the initial assessment against the investment criteria provided in the Funding Proposal approved by the GCF Board, please provide an assessment of the performance of the funded activity during the relevant reporting period against the investment criteria "Country Ownership".

Coherence with national climate strategy and plans and policies

The GCF project remains aligned with, and supportive of, Lao PDR's climate policies, including the elements contained within the 9th **National Socio-Economic Development Plan** (9th NSEDP, 2021-2025), including a heightened commitment to reduce greenhouse gas emissions to a net zero. The revised **Forestry Law** was approved by the National Assembly in June 2019. The Forestry Law now takes into account the right of local communities to use forest resources (including commercial timber use from Village Use Forests). Since Dec 2019, the **Forest Strategy 2020** (FS 2020) has been updated in line with Government's Vision 2030 and international initiatives is one of the top priorities for the Forestry Sector of Lao PDR. The Lao PDR 2020 **Nationally Determined Contribution** Update shows 3 national GHG emissions scenarios: Baseline; unconditional mitigation 2030; conditional mitigation 2030 towards net zero 2050. It also gives updated and extended mitigation and adaptation targets and aims at increased transparency and consistency as well as strengthened monitoring and reporting and verification. The **Emission Reductions Payment Agreement** (ER-PA) between the World Bank and GoL was signed in Jan 2021, finalizing the process of REDD+ Readiness.

Coherence with GCF country programme

"Supporting an increase and maintenance of national forest cover through forest restoration, conservation, improved forest governance and private sector investment" remains a priority area in the updated 2020-23 Lao PDR GCF country program. The Project 2 in the I-GFLL program is part of the GCF country pipeline.

Capacity of Executing Entities to deliver

The establishment of the **Project Management Units** on all 3 levels, national, provincial and district has been completed and all appointed staff are mandated and have initiated their assignments. National Project Management Unit (NPMU) has been established in the REDD+ Division, Department of Forestry by MAF Minister Decision (September 2020). In the framework of the drafting of the Operation Manual, **Project Owners** have been defined and officially appointed as key implementing agencies, responsible for implementing Project 1 activities, including planning, financial management, monitoring and reporting. A total of 22 Project Owners have been listed and cover relevant aspects of Project 1: (1) National Level: Department of Forestry (MAF), Department of Forest Inspection (MAF), Department of Land (MoNRE), Lao Front for National Development. (2) Provincial Level, each in Luang Prabang, Sayaboury and Houaphan: Provincial Agriculture and Forestry Offices (PAFOs) (3) District Level, in each of the 15 Districts: District Agriculture and Forestry Offices (DAFOs). Planning and training workshops have been held with all Provincial Project Owners (PPMUs and DPMUs). Workplans for Q4 of 2020 have been agreed on and Project Owners have been agreed by the EPF, regarding financial guidelines, procurement procedures and other relevant issues. The opening of the bank accounts by all Project Owners has been

completed. The **EPF** is mandated by the GoL to act as the national Executing Entity of Project 1. Based on the GoL-GIZ Grant Agreement signed by MAF Minister Dr. Liane Thykeo and MoNRE Vice Minister Mme. Bounkham Vorachit on 15.05.2020, the EPF administers EUR 11.1 million out of the GCF grant.

Engagement with the NDA, civil society organisations and other relevant stakeholders

In June and July 2020, National and 3 Provincial **Inception Workshops** were organized to officially launch the I-GFLL Program (Project 1) funded by GCF and BMZ through GIZ-CLIPAD, and co-financed by ADB, IFAD, JICA and KfW to implement the ER Program. Participants included members of the National REDD+ Task Force (which assumes the function as the Project Steering Committee), members of relevant ministries, departments, and divisions at national and provincial levels, Development Partners, Private Sector individuals, NGOs, and the German Development Cooperation. The National level workshop was chaired by H.E. Thongpath Vongmany, Vice Minister of Agriculture and Forestry, H.E. Bounkham Vorachit, Vice Minister to Ministry of Natural Resources and Environment and co-chaired by the head of Development Cooperation of the German Embassy, Dr. Christina Seeberg-Elverfeldt. The Inception Workshop series was designed in a multi-stakeholder approach, comprising information and sensitisation sessions as well as moderated question and answer rounds to ensure full understanding of the project by all participants. Interactive work sessions in break-out groups and presentation of results in an open forum helped to develop a joint understanding and agreement on the way forward.

The **NDA** is frequently updated about the progress of Project 1, which is also reflected in the updated GCF Country Pipeline. The government REDD+ Focal Point is a member of the project steering committee and part of the project steering structure.

The **CSOs and private sector**, which have been consulted during the project preparation process have actively participated in the Inception Workshops. CSOs are now involved in village-level activities, including, for example, Free, Prior, and Informed Consent (FPIC), Participatory Land Use Plans (PLUPs) and Village Forest Management Agreements (VFMA), which will be subject to prior village-level discussion and agreement, with full CSO participation encouraged and facilitated. Village contracts will not be signed by Project 1 before at least 3 village-level consultation meetings have been held.

2.2.6 Efficiency and Effectiveness (max one (1) page).

As per the initial assessment against the investment criteria provided in the Funding Proposal approved by the GCF Board, please provide an assessment of the performance of the funded activity during the relevant reporting period against the investment criteria "Efficiency and Effectiveness".

The project will result in 5.6 million tCO₂eq of emission reductions (i.e., effectiveness) over the 4-year project implementation period with an **investment by the GCF** of EUR 15,160,596. This equates to a mitigation cost to the GCF of EUR 2.7 per tonne of CO₂eq (i.e., efficiency).

Co-Financiers for the Project:

According to the Funding Proposal, the **Government of Lao PDR** is supposed to contribute co-finance of EUR 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 EUR 330/month. The government co-financing contribution also includes EUR 2 million to implement land registration and land titling.

It is becoming obvious that the GoL contribution has been overestimated during the project design phase. While the number of GoL staff and time allocated for Project 1 largely remains as expected, as a result of the current debt crisis, which led to a GoL budget cut, the monthly salaries are lower than the 330 EUR per month with which the contribution amount was estimated.

According to the Funding Proposal, the **beneficiaries of Project 1** (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 EUR 2.6/day rate. This equates to a total labour input of approximately EUR 980,000 to Project 1. SME inputs equate to EUR 5.7 million. In total, therefore, beneficiary inputs amount to EUR 6.6 million.

At this point of time, no further information on these contributions is available.

According to the Funding Proposal, the total **BMZ financing** for the project amounts to EUR 10.0 million. Of this, EUR 5,200,000 will be implemented through GIZ as an Executing Entity in Lao PDR. The remaining EUR 4,800,000 of BMZ financing will be implemented by KfW through its Village Forest Management Programme (VFMP) in 2 districts of two Project 1 target provinces (Sayaboury and Luang Prabang).

As of now, BMZ has commissioned CiPAD IV / I-GFLL (Project 1) based on the amended offer for the ongoing module on 22 April 2020 and increased its funding by EUR 5,200,000. The new total budget of the BMZ commission is EUR 22,641,896 which includes EUR 1,300,000 (ongoing module), EUR 5,200,000 (increased BMZ funds) and EUR 16,141,896 (GCF Proceeds, incl. AE Fee). The KfW Village Forest Management Programme (VFMP) has been commissioned as planned.

According to the Funding Proposal, **JICA** should provide EUR 1,600,000 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.

It is now clear, that JICA contributions foreseen for Activities 1.5, 2.1 and 3.1 have been cancelled. 1) the provincial activities (1.5, 2.1 and 3.1) planned for JICA will be taken over, by GIZ and carried out as planned as part of ongoing activities and without causing additional costs 2) activities at national level (National Forestry Inventory, financed by JICA) will only be conducted in 2025 and are therefore beyond the project lifetime. As a result, JICA's contribution and co-financing through its F-REDD II project, is envisaged to decrease EUR to EUR 1,200,000.

ADB will provide co-financing of EUR 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, Sayaboury and Luang Prabang), where the project and SRIWSM will work together. However, the implementation is yet to start.

The **IFAD** PICSA loan project with the Government of Lao PDR will co-finance Project 1 with EUR 7,700,000 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. However, the implementation is yet to start.

As of now, the commitment by ADB and IFAD remain unchanged.

The co-finance Summary:

- GCF budget: EUR 15,160,596
- co-finance: EUR 48,830,495
- co-finance ratio: 3.2

2.3 PROJECT OUTPUTS IMPLEMENTATION STATUS

Project Output	Project Activity	Status ³	Implementation progress (%)
Output 1: Enabling environment for REDD+ implementation	<i>Activity 1.1: REDD+ Funding Window and sustainable finance.</i>	<i>Activity Started - progress on track</i>	50%
	<p><i>Provide an updated progress on this project activity for the relevant reporting period, including delays and issues encountered, key milestones reached and lessons learned, including issues related to non-compliance with GCF standards or conditions, vis-à-vis expectations, if any. In parallel, include positive achievements and better-than-expected results.</i></p> <p>The EPF established the Climate Change Funding Window, on 30 April 2019 to adopt funds from Green Climate Fund and related climate change funds, meaning the Project 1 is operated under the EPF Climate Change Funding Window. As stated before, the Forest and Forest Resource Development Fund (FFRDF) has been renamed to Forest Protection Fund (FPF). The GoL-led Governance of Forest Landscapes and Livelihoods (GFLL) program has designated the FPF as REDD+ Fund. The FPF lacks currently the institutional capacity, which is required to act as REDD+ Fund; hence, the FPF is not able to handle the Project 1 GCF Grant, as the center piece of the Funded Activity. As agreed in the Emission Reductions Program Agreement (ER-PA) between GoL and the World Bank, GoL has now one year time to build the capacity of the FPF, in order to pass World Bank due diligence. This will be of relevance for Project 2; however, not for the current Project 1. Therefore, the focus of project 1 is on capacity building of the FPF first, before the Fund is able to channel REDD+ funds within 1 year.</p> <p>The name and concept of Village Development Funds (VDFs) was changed to Village Forest and Agriculture Grants (VFAGs). VFAG guidelines have been updated in October 2020 to ensure consistency with GIZ and EPF financial guidelines. Currently 170 villages are selected in 13 districts in which villagers are eligible for three types of VFAG funds: (1) cash for works, (2) up-front payments (investment payment), and (3) performance-based (Bonus payments). The 70 former CliPAD TC/FC villages are eligible for cash for work funds only.</p> <p><i>Please include a list of key milestones and deliverables expected to be executed in the next reporting period.</i></p> <p>For details check the Annex 1: Implementation plan (updated). REDD+ Funding Window is operational according to developed SOPs</p>		

³ Activity Not Yet Due; Activity Started -ahead of schedule; Activity started – progress on track; Activity started but progress delayed; Activity start is delayed.

	<i>Project Activity 1.2 Mainstreaming REDD+ into the NDC and socio-economic development plans (SEDPs).</i>	<i>Activity Started - progress on track</i>	<i>10%</i>
	<p><i>Provide an updated progress on this project activity for the relevant reporting period, including delays and issues encountered, key milestones reached and lessons learned, including issues related to non-compliance with GCF standards or conditions, vis-à-vis expectations, if any. In parallel, include positive achievements and better-than-expected results.</i></p> <p>The Provincial REDD+ Action Plan (PRAP) activity has been integrated into the 8th Provincial 5-Year Socio-economic Development plan (SEDP 2016-2020) of Luang Namtha and Houaphan provinces. PRAP activities are planned to be integrated into the first quarterly plan of 2021 in 7 districts of Houaphan and 2 districts of Luang Prabang provinces. For 2 districts in Luang Prabang and 4 districts in Sayaboury, the PRAP activities will be incorporated into Q2 quarterly plan of the respective provinces.</p> <p>Originally, the PRAP activity should have been integrated into the 9th Provincial and District 5-Year Socio-economic development plan (2021-2025), however, this was not possible due to delay in PRAP process. Therefore, PRAP activities will be integrated into Provincial and District Annual development plans.</p> <p>The risk is that the PRAP activities might not be considered for the Annual plan if its justification is not sufficient. PRAP activities, among other development activities to be included in the Annual Development Plan, requires justification. That may have an effect on REDD+ mainstreaming into development plans.</p> <p><i>Please include a list of key milestones and deliverables expected to be executed in the next reporting period.</i></p> <p>For details check the Annex 1: Implementation plan (updated).</p> <ul style="list-style-type: none"> - REDD+ mainstreamed into SEDPs 2021-2025 - Provincial and district -level workshops implemented - PRAP Activities are mainstreamed into District and Provincial Annual Plan 		

	<p><i>Project Activity 1.3 Strengthening the regulatory framework</i></p>	<p>Activity Started - progress on track</p>	<p>80%</p>
	<p><i>Provide an updated progress on this project activity for the relevant reporting period, including delays and issues encountered, key milestones reached and lessons learned, including issues related to non-compliance with GCF standards or conditions, vis-à-vis expectations, if any. In parallel, include positive achievements and better-than-expected results.</i></p> <p>The Lao Forestry Law was revised and approved by the National Assembly in June 2019. Followed by the President's signature, it became effective on 25th of July 2019. The revision process was supported intensively by the previous CliPAD project through their active involvement in the international working group that provided advice to the Government of Lao's drafting committee.</p> <p>The revised law now establishes the legal framework for REDD+ in Lao PDR and has finally opened the door for the commercial use of timber from village forests under certain conditions. Article 39 gives villagers now the mandate for the management and protection of forests within the management area of their village. This Article also stipulates that village forest management planning shall be regulated by a separate specific regulation to be developed by DoF. In meantime, the mentioned regulation or the so called "Common Approach for Village Driven Forest Management Planning" is drafted by the Village Forestry and Non-Timber Forest Product Division of the Department of Forestry and is foreseen to be applied soon nationwide. Due to close cooperation, relevant lessons learned by Project 1 are incorporated in the regulation and the project gave support to the formulation.</p> <p>Article 65 governs the use of village forest timber and Non-Timber Forest Products (NTFPs) for commercial purposes by individuals, legal entities, or organization to which the state has given rights for legal use. Such uses of the forest include timber, NTFPs, tourism, recreation, forest ecosystem services, carbon trading and the supply of timber to the wood processing industry. This is the first time that commercial timber use from village forests is permitted and has thereby the potential to provide economic sustainability for village forestry in the country based on timber.</p> <p>Regarding the revision of sub-sequent regulations and policies, the project provided technical inputs to the revision of the <i>Decree on Protected Areas</i> and the <i>Forestry Strategy 2021-2030</i>.</p> <p>Risks: To be in line with the revised forestry law, the revision of sub-sequent national regulations and policies is needed and might take time. (e.g., detailed regulations regarding the commercial use of timber from village use forests). Consequently, this may lead to a later availability of expected income from timber revenues for villagers and to legal uncertainties. The latter one could be, at least partly, but with additional efforts, addressed through the development of appropriated rules for each province as an interim solution.</p> <p><i>Please include a list of key milestones and deliverables expected to be executed in the next reporting period.</i></p>		

	<p>For details check the Annex 1: Implementation plan (updated).</p> <p>-Meetings with Government officials to facilitate cross-sectoral coordination</p>		
	Project Activity 1.4 Law enforcement and monitoring	Activity Started - progress on track	5%
	<p><i>Provide an updated progress on this project activity for the relevant reporting period, including delays and issues encountered, key milestones reached and lessons learned, including issues related to non-compliance with GCF standards or conditions, vis-à-vis expectations, if any. In parallel, include positive achievements and better-than-expected results.</i></p> <p>An implementation approach for forest cover monitoring through a Provincial Deforestation Monitoring System (PDMS), which will be used in all three target provinces, is ready to apply in cooperation with F-REDD I project (JICA). The monitoring will start from February 2021 onwards in 70 villages in the Province of Houaphan (Districts Sam Neua and Houameuang) and will be extended to the remaining project villages according to the workplan.</p> <p>Risks: Due the COVID-19 pandemic, the unemployment rate is on rise (e.g., heavily effected tourism sector) and is leading to a return of jobless people from cities to their home villages. Additionally, the number of laborers, who returned from neighboring countries during the pandemic, is estimated to be 100,000+. This new situation could lead to an increased, unsustainable or even illegal use and encroachment of forest resources.</p> <p><i>Please include a list of key milestones and deliverables expected to be executed in the next reporting period.</i></p> <p>For details check the Annex 1: Implementation plan (updated).</p> <ul style="list-style-type: none"> - Training for POFI and DOFI staff, 28 workshops held - Equipment procured; Coordination, exchange and reporting channels clarified; Training for POFI and DOFI staff begins, 4 trainings held - Experts for revising SOPs and systems mobilized; Dissemination of regulations and guidelines on permitted and prohibited clearing and utilization of forest - Ongoing trainings for enhanced law enforcement; 		
	Project Activity 1.5 Land use planning and improved tenure security	Activity Started - progress on track	5%

	<p><i>Provide an updated progress on this project activity for the relevant reporting period, including delays and issues encountered, key milestones reached and lessons learned, including issues related to non-compliance with GCF standards or conditions, vis-à-vis expectations, if any. In parallel, include positive achievements and better-than-expected results.</i></p> <p>A new guideline on Participatory Land Use Planning with Forest Landscape Restoration (FLR) principles mainstreamed was composed by Project 1 and is called "PLUP 2.0". In December 2020, "PLUP 2.0" was introduced to relevant development partners, provincial LUP authorities and representatives from the NPMU and completed through an exchange about previous experiences made regarding LUP implementation in each province. The new guideline will be applied during Land Use Planning in all new target villages.</p> <p>Risks: Delays of the implementation of other activities might force the field works of LUP to be taken place in rainy season which could lead to additional delay due to restricted accessibilities in some places during the wet season. In this case, additional but available and cost neutral human resources would implement more intensive and faster LUP during the following dry season.</p> <p><i>Please include a list of key milestones and deliverables expected to be executed in the next reporting period.</i></p> <p>For details check the Annex 1: Implementation plan (updated).</p> <ul style="list-style-type: none"> - FLR mainstreamed into LUP guideline; Government staff trained on new guideline, and monitoring and evaluation of LUPs - 50 participatory land use planning (PLUP) established & implemented 		
<p>Project Activity 1.6 Implementation of the measurement, reporting and verification (MRV) system</p>	<table> <tr> <td data-bbox="1653 911 1787 1018">Activity Started - progress on track</td><td data-bbox="1787 911 2011 1018">5%</td></tr> </table>	Activity Started - progress on track	5%
Activity Started - progress on track	5%		
	<p><i>Provide an updated progress on this project activity for the relevant reporting period, including delays and issues encountered, key milestones reached and lessons learned, including issues related to non-compliance with GCF standards or conditions, vis-à-vis expectations, if any. In parallel, include positive achievements and better-than-expected results.</i></p> <p>FREL report has been submitted by DoF to UNFCCC. The Technical Assessment of the FREL has been completed, and the final FREL report and the Technical Assessment report were disclosed on UNFCCC's website in 2019. DoF has also completed the 1st national MRV (2015-2018) against the FREL in 2020, and the results are being assessed by the UNFCCC. The National Forest Monitoring System (NFMS), a harmonised 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.</p> <p>Risks: At this point, no potential risks were identified.</p>		

	<p><i>Please include a list of key milestones and deliverables expected to be executed in the next reporting period.</i></p> <p>For details check the Annex 1: Implementation plan (updated). Provide support for national and international reporting requirements and procedures Calculation of emission factors and removal factors for forest and non-forest land-use classes Finalization of 4th National Forest Inventory and National Forest Type Map; Reporting requirements fulfilled Forest-Types Maps for 2021 completed Development of 4th NFI initiated</p>		
	<p><i>Project Activity 1.7 Knowledge management, FPIC, safeguards and gender</i></p>	<p><i>Activity Started - progress delayed</i></p>	<p>20%</p>
	<p><i>Provide an updated progress on this project activity for the relevant reporting period, including delays and issues encountered, key milestones reached and lessons learned, including issues related to non-compliance with GCF standards or conditions, vis-à-vis expectations, if any. In parallel, include positive achievements and better-than-expected results.</i></p> <p>It has been decided to hire a consulting firm instead of one regional and one national part-time consultants for safeguards management and one national position for Information and Knowledge Management (as communicated in an Email to GCF Division of Mitigation and Adaptation on July 9th 2020 and agreed on July 8th in a phone call. The change was already reported in the first semi-annual financial report handed in to GCF on September 11th 2020).</p> <p>This set-up does on the one hand provide international consultant advice. On the other hand, it ensures strong linkages to PPMU and DPMU M&E staff through 3 Provincial-level M&E Consultants. A regional competitive tendering process was held and on 29 Dec 2020, the contracts with the awarded firm was signed. In the context of this tendering process, a detailed Technical Proposal was prepared, which lays out the foundation for the Information and Knowledge Management and Safeguards approach.</p> <p>Conceptually it has been ensured, that safeguards and gender related data is included into the same Cloud Database, which also contains all data required for M&E. Such an integrated approach is more cost-effective and efficient as all data relating to each activity (or 'Step') is reported simultaneously and recorded in the same system.</p> <p>In the Inception phase of the Safeguards consultancy, all Action Inputs included in the project's Master Budget have been thoroughly checked for risks associated with gender, ethnic minority status, disability status, literacy, and other axes of vulnerability, with mitigation measures proposed for individual action inputs where risks have been identified.</p> <p>These risks have been integrated into the Quarterly Plans of all 22 Project Owners and rated for their probability and impact potential by implementing agencies.</p>		

	<p>The project's ESMP and Gender Action Plan have also been adapted into an ESMP checklist, to be used by implementing partners before project activities. Risks stated in the ESMP are subject of the quarterly risk dialogues conducted by the GIZ Oversight Unit.</p> <p>The FPIC concept has been further developed and adapted to the Project 1 approach and is now ready to be implemented. The FPIC Teams in the provinces have been set up.</p> <p><i>Please include a list of key milestones and deliverables expected to be executed in the next reporting period.</i></p> <p>For details check the Annex 1: Implementation plan (updated).</p> <ul style="list-style-type: none"> - Implementation of ESMP, GAP, and knowledge management strategy initiated; ongoing - FPIC agreements for all districts concluded 		
<p>Output 2 Market solutions for agricultural drivers of deforestation</p>	<p><i>Project Activity 2.1 Local incentives for good agricultural practices (GAP) and agroforestry</i></p>	<p>Activity Started - progress delayed</p>	<p>10%</p>
	<p><i>Provide an updated progress on this project activity for the relevant reporting period, including delays and issues encountered, key milestones reached and lessons learned, including issues related to non-compliance with GCF standards or conditions, vis-à-vis expectations, if any. In parallel, include positive achievements and better-than-expected results.</i></p> <p>The Project has developed guidelines for the “Promotion of Sustainable and Deforestation-free Agricultural Practices and Value Chains” (PSAP) approach in Dec 2020. The PSAP approach aims at widely promoting sustainable agricultural practices with upland farmers in the three project provinces of Sayaboury, Luang Prabang and Houaphan. PSAP is based on the results of Participatory Land Use Planning 2.0 (PLUP 2.0) to be conducted in each target village.</p> <p>The PSAP will attempt to provide a direct link between land use planning for the entire village and a more detailed planning of sustainable agricultural practices at household level and the agricultural extension activities needed for their realisation. PSAP will be guided by a so-called “White List”, a comprehensive list of thirty-five (35) sustainable agricultural practices and crops to be promoted. The White List and PSAP guidelines were developed by an external Expert, in conjunction with the National and Provincial Project Advisors.</p> <p>The sustainable agricultural practices and crops that are listed in the White List have been selected based on the key selection criteria of sustainability and the fact that they are deforestation-free activities. Key aspects are for example permanent soil cover, multi-storey cropping like agroforestry, intercropping, crop rotations and protection of forest zones. The thirty-five (35) elements of the list are divided into three levels of priority and seven categories (agro-forestry, NTFPs, perennial crops, annual crops, vegetable gardens, livestock, apiculture).</p>		

In addition, the practices proposed are adapted to the local situation in upland villages of Northern Lao PDR including the local climate and soils. They are also suitable for local deforestation-free value chain development in collaboration with local companies. On the other hand, the selected activities in the White List are not based on economic criteria. There could be more profitable agricultural activities, but these would damage or threaten the forest areas. This might create the risk of farmers not showing high interest in some of the white-listed products, however, the large number of products proposed will likely allow beneficiaries to find satisfactory options. Moreover, the project expects to instigate a behavioural change and its objectives are focused on protecting forest resources, not necessarily on increasing agricultural income.

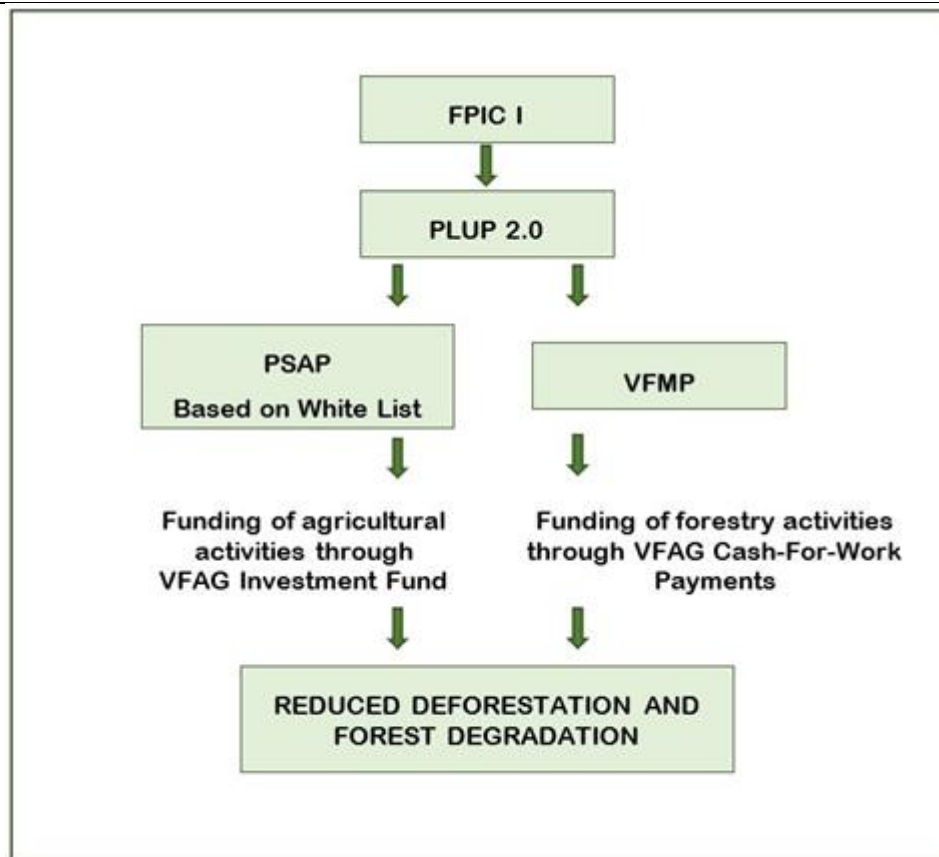
After the field surveys, the PSAP team together with the Village Land and Forest Management Committee (VLPMC) will draft the Village Agricultural Activity and Investment Plan, which will later be submitted to the VFAG (formerly VDF) plenary session for funding approval.

The integration of the newly developed PSAP and White List into the workflow in target villages and their link to the VFAG funding is described below.

Please include a list of key milestones and deliverables expected to be executed in the next reporting period.

For details check the Annex 1: Implementation plan (updated).

- Implementation of PSAP at village level initiated
- Capacity building at village level started
- Initiating upfront payments to the 170 villages
- Exchanges between kumban and districts begin,
- Match-making support for private sector and villages begins



The approaches of funding through VFAG (formerly VDF), the PSVPA and Matching Grants, and the Knowledge Management and Sharing have not changed fundamentally from the description found in the Funding Proposal. After FPIC I and PLUP 2.0, the PSAP (based on a White List) and VFMP will guide Funding of agricultural activities through VFAG Investment Funds and through Funding of forestry activities through VFAG Cash-For-Work Payments (see *Figure 4: PSAP and White List in the workflow, of Chapter 3 in Inception Report*).

	<i>Project Activity 2.2 Catalysing private sector investment in value chains.</i>	Activity Started - progress delayed	5%
	<p><i>Provide an updated progress on this project activity for the relevant reporting period, including delays and issues encountered, key milestones reached and lessons learned, including issues related to non-compliance with GCF standards or conditions, vis-à-vis expectations, if any. In parallel, include positive achievements and better-than-expected results.</i></p> <p>A major change from the Funding Proposal resides in the switch from “in-depth value-chain analysis” on a limited number of agricultural products (about 3 per province) to a “private sector analysis” to identify companies involved in the production or trade of any of the thirty-five (35) white-listed products. The inception phase has shown that sufficiently enough value chain studies are available and no further studies are currently needed. The previously described White-List and PSAP teams are the starting point for the strategy that is currently being implemented.</p> <p>A risk associated with having a large number of products (35) to choose from, might be that only a small number of villagers chose the same product in the same village. This might make the logistics of purchasing said product in that village unappealing for the private sector. However, the PSAP teams will ensure that farmers are aware of the products purchased by local companies and produced in the nearby villages; therefore, enabling them to make informed decisions.</p> <p>The PSAP teams are establishing comprehensive private sector analysis for their district, including companies from the provincial or national level which are active in their district. In order to do this, they identify and collect information on all private or state companies involved in marketing agricultural products from the district area.</p> <p>For each selected White List activity that requires support from the private sector, the PSAP team will establish links to private service providers in the form of traders, processing companies and initiate contract farming arrangements for private companies from the “private sector analysis”. The DAFO staff will have to play an important role in networking with local private sector companies and will be supported in this by PAFO and GIZ staff.</p> <p>The establishment of public-private dialogue platforms to promote village-based agroforestry, the formalization support for the PSVPA, the multi-stakeholder platforms (MSPs) on value chain development and the business development support to agribusiness SMEs remain to be implemented as described in the Funding Proposal and summarized in the previous chapter.</p>		

Output 3 Climate change mitigation through	<p><i>Please include a list of key milestones and deliverables expected to be executed in the next reporting period.</i></p> <p>For details check the Annex 1: Implementation plan (updated).</p> <ul style="list-style-type: none"> - Private Sector Analysis initiated - MSP on value chain development operational - Business development support to farmers initiated 		
	Project Activity 2.3 Sustainable rural infrastructure watershed management.	Activity Started - progress delayed	5%
	<p><i>Provide an updated progress on this project activity for the relevant reporting period, including delays and issues encountered, key milestones reached and lessons learned, including issues related to non-compliance with GCF standards or conditions, vis-à-vis expectations, if any. In parallel, include positive achievements and better-than-expected results.</i></p> <p>Even though the ADB funded SRIWMS project has encountered COVID-19 related delays in the implementation of its activities, progress has been made in several areas. General set up of the project such as management level human resources recruitment, development of Operational Guidelines and procurement of equipment have been achieved for the most parts. The foreseen project implementation remains the same as stipulated in the Funding Proposal.</p> <p><i>Please include a list of key milestones and deliverables expected to be executed in the next reporting period.</i></p> <p>For details check the Annex 1: Implementation plan (updated)</p> <ul style="list-style-type: none"> - Upgrades to rural irrigation infrastructure, market studies begin - Nutrition-sensitive agriculture in PRI communities supported 		
Output 3 Climate change mitigation through	Project Activity 3.1 Village forest management.	Activity Started - progress delayed	5%

forestry	<p><i>Provide an updated progress on this project activity for the relevant reporting period, including delays and issues encountered, key milestones reached and lessons learned, including issues related to non-compliance with GCF standards or conditions, vis-à-vis expectations, if any. In parallel, include positive achievements and better-than-expected results.</i></p> <p>Through a participatory approach with NPMU, PPMUs and DPMUs and according to agreed selection criteria for Project 1 villages (e.g., adequate forest area, ecosystem services for ADB's SRIWMS irrigation systems, road access, low or no occurrence of Unexploded Ordnance (UXO)) 170 new project villages were selected.</p> <p>The KfW supported Project CliPAD FC (cooperation Project of GIZ CliPAD) has been successfully completed after 10 years with a final workshop in Viengxay, Houaphan Province in December 2020. All 70 project villages in Sam Neua and Houameuang District have received 100% of the possible bonus payments, for maintaining their village forestry area, as agreed in the Village Forest Management Agreements, signed between villagers and district authorities. Those former CliPAD villages are also part of Project 1 but will not receive a second time the so-called bonus payment (only cash for work payments, to implement annual village forest management plans).</p> <p>Furthermore, DoF has agreed to scale up the application of the CliPAD <i>Village Forest Management Planning (VFMP) and Implementation Guidelines</i> to all project villages, which were developed by CliPAD in the past.</p> <p>As a cooperation partner of Project 1, the Village Forestry Management Project (VFMP), funded by the (BMZ) through KfW, consists of three phases: (i) inception (1 year), (ii) implementation (4 years) and (iii) consolidation (2 years). The one-year inception phase began in July 2019 and was interrupted by COVID 19 impacts, what caused a delay of about 6 months. VFMP is currently starting its implementation phase in two districts (District Phieng in the Province Sayaboury and District Phonexay in the Province Luang Prabang) and 70 villages.</p> <p>As agreed in the Cooperation Agreement between GIZ and KfW and an Interface Paper, the collaboration is well established and a regular exchange is taking place (e.g., share reports and lessons learnt, develop jointly guidelines and training material, harmonize approaches). Risks: According to the revised Forestry Law 2019, a commercial timber use in village use forests is now possible. But to do so, the ongoing development of a "Timber Legality Definition for natural timber from village use forests" and "Timber Legality Insurance System (TLAS)" has to be completed and might take time. Beside this, several forest officials have doubts about the ability and sincerity of villagers, to follow the correct and sustainable implementation of harvesting plans and operations in their entrusted forests. This mistrust might lead to a delayed realization of the envisaged and appreciated commercial timber use. As a result, expected and additional income from timber revenues for villagers might be delayed and might lead to illegal harvesting activities to generate income. To avoid the possible and described conflicts, Project 1 will intensify the planned support concerning the commercial and legal use of Non-Timber Forest Products (NTFPs). Supplementary, regular patrolling and forest cover monitoring (Activity 1.4) are accompanying measures to mitigate encroachment in forest areas.</p>
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	<p><i>Please include a list of key milestones and deliverables expected to be executed in the next reporting period.</i></p> <p>For details check the Annex 1: Implementation plan (updated)</p> <ul style="list-style-type: none">- Equipment and vehicles procured; FPIC awareness raising events initiated; Development of VFMPs initiated; District level consultation and training events (ongoing)- Development of VFMPs continued; District level consultation and training events (ongoing)- 100,000 ha of village forest managed under approved VFMPs			
	<p><i>Project Activity 3.2 Sustainable management of production forests</i></p>	<table><tr><td><p><i>Activity Started - progress delayed</i></p></td><td><p><i>5%</i></p></td></tr></table>	<p><i>Activity Started - progress delayed</i></p>	<p><i>5%</i></p>
<p><i>Activity Started - progress delayed</i></p>	<p><i>5%</i></p>			
	<p><i>Provide an updated progress on this project activity for the relevant reporting period, including delays and issues encountered, key milestones reached and lessons learned, including issues related to non-compliance with GCF standards or conditions, vis-à-vis expectations, if any. In parallel, include positive achievements and better-than-expected results.</i></p> <p>DoF lays out in their strategy from 2021 to 2030, to promote natural regeneration on about 250,000 ha in PFAs and to establish around 450,000 ha of plantations in partnership with private sector.</p> <p>In contrast to the original planning, but without any negative effect, the activity will be supported as part of a specific Village Forest Management approach for PFAs by Project 1 in the districts of Hongsa and Sayaboury and now also through the KfW financed Village Forest Management Program (VFMP) in the district Phiang.</p> <p>Risks: Since the suspension of timber harvesting in production forests is still not lifted (Prime Minister’s Order No. 31), harvesting activities are consequently on halt, and the time of an abrogation is vague. Anyway, this is not affecting the revision or formulation of new regulations, which should lead to a sustainable management of production forests. As a result, expected and additional income from timber revenues for villagers might be delayed and might lead to illegal harvesting activities to generate income. To avoid the possible and described conflicts, Project 1 will intensify the support concerning the commercial and legal use of Non-Timber Forest Products (NTFPs). Supplementary, regular patrolling and forest cover monitoring (Activity 1.4) are accompanying measures to mitigate encroachment in forest areas.</p> <p><i>Please include a list of key milestones and deliverables expected to be executed in the next reporting period.</i></p> <p>For details check the Annex 1: Implementation plan (updated)</p> <ul style="list-style-type: none">- Equipment and vehicles procured; Trainings for government staff initiated- Management planning initiated, incl. village-level consultations			

	- Forest management plans prepared and approved by village forest committees in production forests		
	<i>Project Activity 3.3 National Protected Area management.</i>	Activity Started - progress delayed	5%
	<p><i>Provide an updated progress on this project activity for the relevant reporting period, including delays and issues encountered, key milestones reached and lessons learned, including issues related to non-compliance with GCF standards or conditions, vis-à-vis expectations, if any. In parallel, include positive achievements and better-than-expected results.</i></p> <p>Nam Et-Phou Louey was upgraded in 2019 from a National Protected Area to a National Park, requiring a stronger administration and stricter law enforcement. The development of management plans of Nam Xam NPA (Houaphan) and Nam Pouy NPA (Sayaboury), which was planned to be financed by Project 1, is covered now by LENS2 (World Bank) 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. Out of 170 new villages, 37 villages are located in/adjacent to NPAs and are identified as so-called guardian villages. The ICBF and LENS2 implementation approaches for conservation agreements have been reviewed by the Project 1 project and an agreed concept will be applied in the mentioned guardian villages.</p> <p>Risk: At this point, no potential risks were identified.</p> <p><i>Please include a list of key milestones and deliverables expected to be executed in the next reporting period.</i></p> <p>For details check the Annex 1: Implementation plan (updated)</p> <ul style="list-style-type: none"> - Negotiation of village conservation contracts initiated - Vehicles and equipment procured - Implementation of management plans begins 		
Output 4 Project Management, coordination,	<i>Project Activity 4.1 Project management, coordination, monitoring and reporting by the NPMU and PPMU</i>	Activity Started - progress on track	25%

<p>monitoring and reporting</p>	<p><i>Provide an updated progress on this project activity for the relevant reporting period, including delays and issues encountered, key milestones reached and lessons learned, including issues related to non-compliance with GCF standards or conditions, vis-à-vis expectations, if any. In parallel, include positive achievements and better-than-expected results.</i></p> <p>Project Management Units at National (NPMU), Provincial (PPMU) and District (DPMU) levels have been set up and 22 Project Owners (POs, notably 4 Departments at national level, 3 Provincial Agriculture and Forestry Offices and 15 District Agriculture and Forestry Offices) to implement activities are identified and initiated their assignments.</p> <p>As part of the preparation of the monitoring system, the Annual and Quarterly Planning Processes for (Q1) 2021 has been facilitated, which have specified Action Inputs as listed in the Master Budget into Steps for each of the 22 Project Owners. These Project Owner Annual and Quarterly Plans are based on the Results Framework and include a Risk Management Log, which also integrates ESMP and gender-related risks. Thereby a comprehensive, results-based planning and monitoring systems is in place.</p> <p>A Cloud Database has been established, which will allow ‘live’ follow up of the implementation progress online and ensure, that all data required to monitor indicator fulfilment is collected and submitted. The Cloud Database follows an integrated approach, which does not only collect M&E-related data, but also include ESMP and Gender Action Plan related information and checklists.</p> <p>MS Excel based Activity Request and Report forms, which form the 2nd pillar of the system, have been harmonized with GoL requesting and reporting procedures.</p> <p><i>Please include a list of key milestones and deliverables expected to be executed in the next reporting period.</i></p> <p>For details check the Annex 1: Implementation plan (updated)</p> <p>None</p>
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2.4 PROGRESS UPDATE ON THE LOGIC FRAMEWORK INDICATORS⁴

2.4.1 PROGRESS UPDATE ON FUND-LEVEL IMPACT INDICATORS OF THE LOGIC FRAMEWORK

<i>Fund-level impact Core indicators⁵ (Mitigation)</i>	<i>Baseline</i>	<i>Current value⁶</i>	<i>Target (mid-term)</i>	<i>Target (final)</i>	<i>Remarks (including changes⁷, if any)</i>
<u>Mitigation Core Indicator 1</u> <i>Expected tonnes of carbon dioxide equivalent (t CO₂ eq) to be reduced or avoided (mitigation only)</i>	<i>Annual</i> Net annual forest-sector GHG emissions of 9.7 million tCO ₂ eq	<i>Annual</i> 0	<i>Annual</i> n.a.	<i>Annual</i> 1.4 million tCO ₂ eq	The current value is 0 as no village level implementation has taken place yet
	<i>Lifetime</i> Net annual forest-sector GHG emissions of 9.7 million tCO ₂ eq	<i>Lifetime</i> 0	<i>Lifetime</i> 1.9 million tCO ₂ eq of avoided emissions	<i>Lifetime</i> 5.6 million tCO ₂ eq of avoided emissions	The current value is 0 as no village level implementation has taken place yet
<u>Mitigation Core Indicator 2</u> <i>Estimated cost per t CO₂ eq, defined as total investment cost / expected lifetime emission reductions (mitigation only)</i>	n.a.	No information	n.a.	11.6 Euros/tCO ₂ eq	The current value is reported as "no information" as no village level implementation has taken place yet
<u>Mitigation Core Indicator 3</u> <i>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)</i>	<i>Public</i> 0	<i>Public</i> 0	<i>Public</i> n.a.	<i>Public</i> 150 million Euros	The current value is reported as "0" as no village level implementation has taken place yet
	<i>Private</i> 0	<i>Private</i> 0	<i>Private</i> n.a.	<i>Private</i> 77 million Euros	The current value is reported as "0" as no village level implementation has taken place yet
<u>Mitigation Core Indicator 4</u> <i>Expected total number of direct and indirect beneficiaries, (disaggregated by sex)</i>	<i>Direct</i> 0	<i>Direct</i> 0	<i>Direct</i> n.a.	<i>Direct</i> 120,000 rural beneficiaries 50% female	The current value is reported as "0" as no village level implementation has taken place yet Due to an increased number of target villages, Direct Beneficiaries are increased to an estimated 135,000. Precise numbers will be known, when the PLUP process is completed.
	<i>Indirect</i> 0	<i>Indirect</i> 0	<i>Indirect</i> n.a.	<i>Indirect</i> 235,800 rural beneficiaries 50% female	The current value is reported as "0" as no village level implementation has taken place yet

⁴ Per the approved methodology in and the Logic Framework in the Funding Proposal, please provide an update on the relevant indicators.

⁵ As per the relevant indicators established in the Funding Proposal and the Performance Measurement Framework, including all indicators approved by the Board and relevant updates agreed with GCF, if applicable.

⁶ As of 31 December of the relevant year.

⁷ Related to the approved indicators and targets in the Logic Framework.

					Due to an increased number of target villages, Direct Indirect Beneficiaries are increased to an estimated 253,700. Precise numbers will be known, when the PLUP process is completed.
Mitigation Core Indicator 5 Number of beneficiaries relative to total population (disaggregated by sex)	Direct 0	Direct 0	Direct n.a.	Direct 2% of national population (2% of women)	The current value is reported as "0" as no village level implementation has taken place yet
	Indirect 0	Indirect 0	Indirect n.a.	Indirect 3% of national population (3% of women)	The current value is reported as "0" as no village level implementation has taken place yet

2.4.2 PROGRESS UPDATE ON PROJECT/PROGRAMME LEVEL INDICATORS OF THE LOGIC FRAMEWORK⁸

Project/Programme indicators (Mitigation/Adaptation)	Baseline	Current value ⁹	Target (mid-term)	Target (final)	Remarks (including changes ¹⁰ , if any)
Indicator 1 (Outcome level) (Mitigation/Adaptation) <i>M5.1 Institutional and regulatory systems that improve incentives for low-emission planning and development and their effective implementation</i>	<ul style="list-style-type: none"> - No REDD+ Funding Window exists - No green credit line exists to support deforestation-free agriculture - The Emission Reductions Programme (ER-P) provides a route to unlocking REDD+ results-based payments. 	Extent of incentives and implementation for REDD+ investment (forestry, sustainable agriculture and land-use planning): (Level = 1) => Climate Change Funding Window established and operational	Extent of incentives and implementation for REDD+ investment (forestry, sustainable agriculture and land-use planning): (Level = 3) => REDD+ Funding Window disbursements of at least EUR 8 million are augmented by a green credit line established and capitalised with at least EUR 3 million	Extent of incentives and implementation for REDD+ investment (forestry, sustainable agriculture and land-use planning): (Level = 5) => REDD+ Funding Window disbursements of at least EUR 8 million are augmented by a EUR 6 million green credit line and additional REDD+ financing of at least EUR 20 million catalysed/unlocked (e.g. REDD+ results-based payments, increased agricultural production, sustainable timber harvesting,	The EPF established the Climate Change Funding Window, dated 30 April 2019 to adopt funds from GCF and related climate change funds, meaning the I-GFLL Project 1 is operated under the EPF Climate Change Funding Window.

⁸ As per the relevant indicators established in the Funding Proposal and the Performance Measurement Framework, including relevant updates agreed with GCF, if applicable.

⁹ As of 31 December of the relevant calendar year.

¹⁰ Related to the approved indicators and targets in the Logic Framework.

				enhanced FFRDF fee revenues, etc.).	
Indicator 1 (Output level)					
Enabling environment for REDD+ implementation					
Indicator 1.1 Level and extent of access to financing for forest sector transformation	- No National REDD+ Funding Window - FFRDF is unable to accept international finance due to capacity and fiduciary limitations	- REDD+ Funding Window channels finance to target beneficiaries: (Level 3) => REDD+ Funding Window channels at least 90% of anticipated grant volume under Outputs 2 and 3. - FPF (formerly FFRDF) channels finance to target beneficiaries: (Level = 1) => FPF resources are unchanged and fiduciary standards are not met.	- REDD+ Funding Window channels finance to target beneficiaries: (Level = 2) => REDD+ Funding Window channels at least 80% of anticipated grant volume under Outputs 2 and 3. - FFRDF channels finance to target beneficiaries: (Level = 2) => FFRDF meets basic fiduciary standards and accepts up to EUR 300,000 of international financing (GCF through EPF, BMZ through GIZ/KfW, or others).	- REDD+ Funding Window channels finance to target beneficiaries: (Level = 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. - FFRDF channels finance to target beneficiaries: (Level = 3) => FFRDF meets international fiduciary standards and other requirements and accepts international financing greater than EUR 700,000	The EPF is the selected Funding Window for the GCF proceeds in I-GFLL in Project 1. After the submission of the Funding Proposal, GoL has (opposite to the original agreement) decided to use the FPF as REDD+ Fund. (see explanation above and in Inception Report). Therefore, the FPF is designated to channel FCPF Results-Based Payments to beneficiaries.
Indicator 1.2 Level of regulatory reform of the forestry sector for REDD	- The REDD+ National Strategy is not mentioned in the current NDC; REDD+ is not mentioned in provincial or district SEDPs - Forestry Law does not permit SFM for commercial purposes in village forests - Laws, regulations and guidelines do not consider gender as an explicit factor in forest protection, user-rights and benefit-sharing	Level of regulatory reform of the forestry sector for REDD (Level = 1) => REDD+ is explicitly incorporated into Lao PDR's revised NDC.	Level of regulatory reform of the forestry sector for REDD (Level = 2) => REDD+ is explicitly incorporated into Lao PDR's revised NDC and into the SEDPs for the 3 provinces covered by Project 1	Level of regulatory reform of the forestry sector for REDD (Level = 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	Even though the Level 2 is not fully reached, REDD+ has been incorporated into the SEDPs of 2 provinces out of 3 (namely Luang Prabang and Houaphan) The 2019 revised Forestry Law does now permit SFM for commercial purposes in village forests.
Indicator 1.3 Rate of enforcement of new regulatory framework	- No consistent guidelines / standard operating procedures for enforcement of the Forest Law available, and limited pa-	Rate of enforcement of new regulatory framework (Level = 1) => SOPs established for 2 forest categories (out of protection,	Rate of enforcement of new regulatory framework (Level = 3) => SOPs (at least 2) are augmented by boundary demarcation of the	Rate of enforcement of new regulatory framework (Level = 4) => SOPs (at least 2) are augmented by boundary de-	Guidelines and SOPs are currently being drafted in cooperation with JICA.

	trolling / enforcement action on the ground - No analysis of the potential for women-led patrolling groups in the target areas	production, conservation and village forests), including roles and responsibilities of relevant institutions (POFRI, PONRE, military, police, customs) and communities	forest-types covered by the SOPs	marcation 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	
Indicator 2 (Outcome level) (Mitigation/Adaptation) <i>M9.1 Hectares of land or forests under improved and effective management that contributes to CO2 emission reductions</i>	- Negligible non-forest land has been reforested or restored in the target areas - 0 ha of avoided deforestation - 0 ha of reduced forest degradation	- Negligible non-forest land has been reforested or restored in the target areas - 0 ha of avoided deforestation - 0 ha of reduced forest degradation	- 833 ha of reforested land - 1,420 ha of restored forest - 4,460 ha of avoided deforestation - 4,050 ha of reduced forest degradation	- 1,850 ha of reforested land - 3,160 ha of restored forest - 9,900 ha of avoided deforestation - 9,000 ha of reduced forest degradation	Field implementation has not yet started.
Indicator 2 (Output level) Market solutions for agricultural drivers of deforestation					
Indicator 2.1 - Amount (EUR) disbursed to VDFs to support good agricultural practices and village agroforestry that include a gender perspective - Amount (EUR) of result-based financing to private sector enterprises	- Village Development Funds (VDFs) receive no resources from external sources for good agricultural practices - Private-sector village partnership agreements (PSVPAs) cover approximately 2,000 ha of reforested land - No results-based financing investment for agroforestry establishment / implementation	- Village Development Funds (VDFs) receive no resources from external sources for good agricultural practices - Private-sector village partnership agreements (PSVPAs) cover approximately 2,000 ha of reforested land - No results-based financing investment for agroforestry establishment / implementation	- EUR 1.0 million disbursed to VDFs to support good agricultural practices - EUR 0 of results-based financing to private sector enterprises to implement sustainable agroforestry in conjunction with village communities	- EUR 1.5 million disbursed to VDFs to support good agricultural practices - EUR 800,000 of results-based financing to private sector enterprises to implement sustainable agroforestry in conjunction with village communities	<u>REMARKS:</u> - Implementation in the field has not yet started. - As described in the Funding Proposal, the Project does not aim for results-based financing to the private sector but supplies matching grants of EUR 300,000 for agroforestry. This indicator does not match with this concept as described in the funding proposal text as well as in the EPF budget document and the financing plan. Reference to the said above: - Annex 1a line 28 shows the 300,000 EUR - Final GCF financing plan shows the GRANT (200EUR/ha)
Indicator 2.2 - Area (ha) under dry-season irrigated agriculture - Number of women using appropriate technologies to produce high-value crops and livestock	- 2,242 ha under dry-season irrigated agriculture - ~ 180 women using appropriate technologies to produce high-value crops and livestock	- 2,242 ha under dry-season irrigated agriculture - ~ 180 women using appropriate technologies to produce high-value crops and livestock	- 3,000 ha under dry-season irrigated agriculture - 400 women using appropriate technologies to produce high-value crops and livestock	- 4,200 ha under dry-season irrigated agriculture - 1,000 women using appropriate technologies to produce high-value crops and livestock	Implementation in the field has not yet started.
Indicator 3 (Output level)					

Climate change mitigation action through forestry					
Indicator 3.1 - Area (ha) under sustainable forest practices across forest categories - Proportion of women's representation in village forest management committees	- 0 ha of production forest - 0 ha of national protected area forest - 67,000 ha of village forest managed under approved VFMPs - No gender requirements associated with the establishment or operation of village forest management committees	- 0 ha of production forest - 0 ha of national protected area forest - 67,000 ha of village forest managed under approved VFMPs - No gender requirements associated with the establishment or operation of village forest management committees	- 5,000 ha of production forest - 0 ha of national protected area forest - 100,000 ha of village forest managed under approved VFMPs - 25% of targeted village forest management committees consist of at least 30% women	- 15,000 ha of production forest - 670,000 ha of national protected area forest - 180,000 ha of village forest managed under approved VFMPs - 65% of targeted village forest management committees consist of at least 30% women	Implementation in the field has not yet started.

2.6 IMPLEMENTATION CHALLENGES AND LESSONS LEARNED

Describe implementation challenges faced during the last reporting period, including measures adopted and lessons learned. If any issues have arisen in the last twelve (12) months of implementation that may result in a change to the scope and/or timing of the project, please provide a description of those items and how they have impacted the implementation period and final targets.

Challenge encountered	Type ¹¹	Measures adopted	Impact on the project implementation ¹²	Lessons learned and Other Remarks
Project 1 has selected the EPF (an institution under MoNRE) as REDD+ Funding Window and is channelling the grant funds through the EPF, as the EPF was able to fulfil international fiduciary standards and was able to handle the Project 1 GCF grant as a centre-piece of the Funded activity. GoL has decided to use the FPF (an institution under MAF which is in charge of Forestry and REDD+) as REDD+ Fund instead. The FPF has to pass World Bank Due Diligence in the upcoming 12 months.	Political	The project will support the FPF to become capacitated to channel REDD+ funds (results-based payments from the FCPF Carbon Fund) and pass World Bank Due Diligence. For Project 1, the EPF remains the national executive entity, however the FPF will be considered as national fund for project. Lessons learned from the establishment of the climate funding window at the EPF will be made fully available to support the FPF in fulfilling its tasks to provide a REDD+ Funding Window.	Minor Solved /	Inter-sectoral collaboration remains challenging.
The set-up of Project Management Units PMUs (NPMU, PPMUs and DPMUs) was initiated in June 2020 but only concluded in December 2020. Similarly, the opening of bank accounts by the project owners took 3 months. Also, other initial processes have been relatively slow.	Implementation Implementation	Mitigation measures could include a 6-month no cost extension of Project 1	Minor Solved /	PMU set up should be initiated early to allow for any delays.
COVID-19 impact: Due to a country-wide lockdown in April and May 2020, including restricted movement between provinces, the start of the project was delayed. Recruitment of additional staff (national personal) had to be delayed.	Implementation	Mitigation measures could include a no cost 6-month extension.	Moderate	No particular lessons learnt > force majeure
COVID-19 impact: International project staff had partly to be repatriated (GIZ company policy for a certain age and health-risk group, leading to 6-months-absence and remote work). The recruitment and deployment of new international staff (esp. international Project Finance Manager) is delayed by almost one year, due to the Laos 's very restrictive handling of visa and entry permission, and through the financial crisis within the government, leading to inefficiencies.	Implementation	Mitigation measures could include a no cost 6-month extension of project 1.	Moderate	No particular lessons learnt > force majeure

¹¹ Implementation; Legal; Financial; Environmental/Social; Political; Procurement; Other; AML/CFT; Sanctions; Prohibited Practices.

¹² Minor/Solved; Moderate; High.

PRAP activity may not be fully integrated into the district and Provincial Annual Plans due to the SEDPs have been completed and with limited projects approved.	Implementation	It is planned to implement PRAP Activity Integration into District and Provincial Annual Plans from Feb to May 2021.	Minor / Solved	Allocate budget and timeframe adequately in order to be ready to implement the activities accordingly to the GoL Planning cycle.
While the new guideline on land use planning for the project with FLR mainstreamed has been developed, various approaches of land use planning have been meanwhile introduced and implemented in several target districts of the project with support from other development partners/projects. These might create confusions during the adoption of the new approach on the ground especially for concerned district authorities.	Implementation	Capacity building for district LUP field crews and technical backstopping during field work at a regular basis will be provided.	Moderate	Harmonization of approaches between different development partners is important.
The procurement and availability of technical equipment, necessary for the implementation of several activities, might be delayed. The main reason was the challenging and protracted recruitment process of an EPF procurement officer.	Procurement	Project 1 staff supported the EPF, as the responsible body for procurement, to complete the procurement plan and specification of needed items as early as possible (Remark: All needed procurement processes are now initiated and ongoing).	Moderate	Procurement Officers and other support staff need to be hired at very early stages of the project.
Regular communication and coordination with cooperation partners (KfW, JICA/F-REDD, ADB, IFAD) is complex .	Implementation	Exchange modalities and regular coordination meetings are agreed on and in place.	Minor / Solved	Multi-donor Funded Activities increase the complexity during implementation.
Projects by different cooperation partners within the Funded Activity (KfW, JICA/F-REDD, ADB, IFAD) have different implementation schedules and procedures .	Implementation	Exchange modalities and regular coordination meetings are agreed on and in place.	Moderate	Multi-donor Funded Activities increase the complexity during implementation.
Challenges with the National Executing Entity (EPF) encountered, such as the late recruitment of key staff, lack of administrative budget, technical financial management problems, e.g. accounting software.	Implementation	Intensive support by giz staff (international finance manager) and consultants.	Minor / Solved	Implementation of recommendations from Due Diligence report is time consuming
The Feasibility study (and consequently the Funding Proposal) was not detailed enough for the agricultural component.	Legal	Concept in the Output "Agriculture" was fine-tuned recently. Intensive training for all stakeholders, including project staff	Minor / Solved	All components of a project need to be covered by experts in the Feasibility Study Team.
The EPF, which channels the funds is located under the MoNRE, however the main implementation partners are institutions under MAF. This leads to challenges in coordination, finance flows, planning etc.	Implementation	The Operations Manual gives a clear framework on the collaboration of all stakeholders. Dialogues between stakeholders were established and continuously upheld.	Minor / Solved	Coordination between sectors of GoL needs to be improved

The procurement Master List needs to be submitted annually to Ministry of Finance in order to receive tax exemption for imported good, which can be time consuming and lead to significant delays in procurement.	Procurement	Master List is to be compiled and submitted as early as possible.	Minor Solved /	Such delays need to be considered adequacy in the design of project inception phases.
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2.5 REPORT ON CHANGES DURING IMPLEMENTATION (include actual and expected changes)

Regarding the Project 1 budget there are several needs for adjustment identified due to changes in the actual reporting phase (the text is taken from the Inception Report Section 4):

- The reduction of co-financing by GoL and JICA. The reduction has no implication on projects objectives or indicators, neither on the technical activities planned.
 - It is becoming obvious that the GoL contribution has been monetarily overestimated during the project design phase. While the number of GoL staff and time allocated for Project 1 largely remains as expected, the monthly salaries are lower than the 330 EUR per month with which the contribution amount was estimated.

JICA contributions foreseen for Activities 1.5, 2.1 and 3.1 have been cancelled. However: 1) the provincial activities (1.5, 2.1 and 3.1) planned for JICA will be taken over by GIZ and carried out as planned and 2) activities at national level (National Forestry Inventory, financed by JICA) will only be conducted in 2025 and are therefore beyond the project lifetime. As a result, JICA's contribution and co-financing through its F-REDD II project, is envisaged to decrease from EUR 1,600,000 to EUR 1,200,000. The commissioning of the JICA project F-REDD II has been postponed due to COVID related issues, however the ongoing JICA project F-REDD I has been extended without additional costs. Therefore, JICA fully complies with their cooperation commitment through its F-REDD II project.
- Reallocation of staff costs to international and local consultants (as communicated in an Email to GCF Division of Mitigation and Adaptation on July 9th 2020 and agreed on July 8th in a phone call. The change was already reported in the first semi-annual financial report handed in to GCF on September 11th 2020 it was already agreed with the GCF to handle the change as a change of contract modality).
- Reflecting indirect costs in activities 1.4 and 1.6. Please also see semi-annual financial report. In difference with the initial planning, indirect costs also incur within this budget activity. During the planning phase of the project/budget it was not expected that direct costs which incur indirect costs will also come up in this activity.

This is due to the fact of general direct costs that need to be distributed to all activities based on the causation principle.

- Reallocation of staff costs to travel costs for those national staff paid under GCF budget into the GCF budget. There is a lack of travel costs for national staff that can be compensated by staff costs.
- The Mid Term Review (MTR) is currently not budgeted in the project Master Budget.
- The GCF has already confirmed, that Project 1 can display all eligible expenditure since the beginning of the project within GIZ financial reports even though the costs incurred before effectiveness of the FAA. As for the BMZ commissioning there had already been costs for Equipment (8 cars, 45 motorcycles, IT Equipment) and for professional/ contractual services (assessment of existing VDFs in all target villages; concept development to address the situation identified in the assessment / sustainable channelling of climate finance to target villages) which incurred end of 2019. These costs were budgeted as BMZ co-financing (under Budget lines 1G, 1J, 3D, PM6).

In a first step, GIZ will adapt the internal project calculation to reflect the above-mentioned needs and will then consult with GCF, if the changes will be within the permitted reallocation as governed by Clause 6.01 of the FAA. The budget adjustment is planned to be discussed with GCF in Q3 2021.

- The impacts of the COVID-19 pandemic mean that vulnerable communities in the project's target areas will be even more vulnerable than they were at the time of the project's conception, as subsistence agriculture smallholders and small-scale foresters lose access to other options for economic resilience.

As elaborated above, the key recommendations for the Project 1 project are:

- The concept and approach of Project 1 is proven methodologically sound and consistent.
- The combination of GCF financial and BMZ technical cooperation is highly functional and a comparative advantage as compared to sole financial or sole technical cooperation, as investment as well as advisory aspects are considered complementary. The synchronized combination of financial and technical co-operation results to be a win-win for final beneficiaries.
- The capacity of the FPF, selected as REDD+ Fund by the GoL, needs to be raised to enable its use as Funding Window for Project 2. As agreed very recently in the Emission Reductions Program Agreement (ER-PA) between GoL and the World Bank, GoL has now one year time to build the capacity of the FPF, in order to pass World Bank due diligence. This seems to be a very short period. Therefore, one aspect of Project 1 is on capacity building of the FPF. Lessons learned from the creation and implementation of the Climate Funding Window located at the EPF will be made fully available by Project 1 to support a seamless transition of the REDD+ Funding Window from EPF to FPF.

- A comprehensive monitoring system is already in place, which is particularly important to derive lessons learned from Project 1 to be applied in Project 2.
- The concept of Project 1 is prepared with a high level of detail and strictly organized according to budget lines. This is often hard to operationalize and to implement. Re-allocation may therefore be necessary.
- Therefore, mechanisms to ensure a level of flexibility and the possibility to adapt and change of the implementation concept should be discussed with the GCF.
- An updated project proposal (budget), addressing all aspects mentioned in Section 4, will be handed in Q3 of 2021.
- A no-cost extension of the implementation period by 6 months should be discussed on and agreed with the GCF. Delays occurred due to the COVID-19 pandemic would be addressed by the extension.

To fully support the implementation of the Lao Emission Reduction Programme, GIZ will initiate the development of Project 2 in a timely manner.

SECTION 4: REPORT PROJECT SPECIFIC ON ENVIRONMENTAL AND SOCIAL SAFEGUARDS & GENDER

4.1 IMPLEMENTATION OF ENVIRONMENTAL AND SOCIAL SAFEGUARDS AND GENDER ELEMENTS (max 1 page)

Please provide information on the project or programme on the following: (1) key risks and impacts as identified; (ii) compliance with applicable laws and regulations including FAA conditions and covenants; and (3) progress in the implementation of environmental and social management plans and programs including monitoring activities undertaken during the implementation of the funded activity.

a) Description of changes in key environmental and social risks and impact:

There are no key changes in the risks and impacts originally assessed.

(1) The information includes description on any changes in the key environmental and social risks and impacts as identified and arising from the implementation including any unanticipated risks and impacts (*ex. from changes in laws and regulations*) and, based on these if any change in the project's environmental and social risk category. In case of a change in the E&S risk category for the project, please provide an explanation.

Applicable laws and regulations/conditions and covenants	Key changes/impacts related to safeguards and Gender
The Forestry Law, No. 64/NA, 2019	Compliant Article 39 gives villagers now the mandate for the management and protection of forests within the management area of their village. Moreover, the revised law also establishes the legal framework for REDD+ in Lao PDR, specifically regarding the benefit sharing from carbon credits (article 103). In article 65 and under certain conditions (e.g. Village Forest Management Plan available), it opens now the door for the commercial use of timber and non-timber forest products from village used forests.

Land Law, No. 70/NA, 2019	The revised Land Law is consistent with the revised Forestry Law in terms of villagers' rights to use forest land. It also ensures the involvement of villagers in land use planning.
Law on Gender Equality, No.77/NA 2019	This newly issued law defines principles, regulations and measures on management and monitoring of gender equality. It is supposed to be implemented effectively and efficiently, to ensure equality of rights and gender under any conditions by avoiding any discrimination and racism.

(2) The information should include status of compliance with applicable laws and regulations of the country as well as the relevant conditions or covenants under the FAA. This can be captured in the table below:

Status of compliance with applicable laws and regulations and the conditions and covenants under FAA

Applicable laws and regulations/conditions and covenants	Update	Status of compliance related to safe-guards
Law on Environmental Protection, No. 29/NA 2012	No. 84/NA, 2020	In compliance
The Forestry Law, No. 06 /NA 2007	No. 64/NA, 2019	In compliance
Land Law No.04/NA 2003	No. 70/NA, 2019	In compliance
Law on Agriculture, No. 01-98/NA 1998		In compliance
Law on Investment Promotion, No. 02/NA 2009	No. 32/NA, 2016	In compliance
Wildlife and Aquatic Law, No. 07/NA 2007	Under revision	In compliance
Penal Law No. 142 / PO 2005		In compliance
Customs Law No. 05 / NA 2005	No. 04/NA, 2020	In compliance
Law No. 24/NA on Transportation 2012		In compliance
Law on Local Administration No. 47/NA 2003	No. 68/NA 2015	In compliance
Law No. 46/NA on Enterprise 2013		In compliance
Law No. 01/NA on Contract and Tort 2006	01/NA, 2008	In compliance
Law on Gender Equality, No.77/NA 2019	Newly issued	
FAA Clause 10.02 i) Undertake and/or put in place any adequate measures in order to ensure that the management of the environmental and social risks and impacts arising from the Funded Activity complies at all times the recommendations, requirements and procedures set forth in the Environmental and Social Impacts Assessment ("ESIA") incorporating the Ethnic Groups Development Planning Framework and the Environmental and Social Management Plan ("ESMP"), which were provided by the Accredited Entity to the Fund before the Approval Decision;	None	In compliance
FAA Clause 10.02 j) Ensure that all updates and further detailed assessments, studies, mitigation measures and site-specific management plans identified in the ESMP are undertaken by the Executing Entities and provide the Fund the results of such updates or detailed assessments, studies, mitigation measures and site-specific management plans prior to commencing any activities that are directly relevant to such studies and assessments;	None	In compliance
FAA Clause 10.02 m) Acquire, or ensure that the Executing Entities acquire, consistent with the Resettlement Policy Framework which was provided by the Accredited Entity to	None	In compliance

the Fund before the Approval Decision, all land and rights in respect of land that are required to carry out the Funded Activity are available for the Funded Activity. Further, the Accredited Entity shall promptly furnish to the Fund, upon its request, satisfactory evidence that such land and rights in respect of the land are available for the purposes of the Funded Activity;		
FAA Clause 10.02 n) Prior to commencing any activities that have potential application of the Accredited Entity's safeguards or standards on indigenous peoples and cultural heritage, submit to the Fund (i) the relevant indigenous peoples plan for such activities; and (ii) upon the request of the Fund, evidence, satisfactory to the GCF Secretariat, that free, prior and informed consent from the relevant indigenous communities has been obtained for the purposes of the Project;	None	In compliance:

(3) Provide a report on the progress made in implementing environmental and social management plans (ESMPs) and frameworks (ESMFs) describing achievements, and specifying details outlined in the tables below.

Implementation of management plans and programmes

(i) activities implemented during the reporting period, including monitoring	(ii) outputs during the reporting period	(iii) key environmental, social and gender issues, risks and impacts addressed during implementation	(iv) any pending key environmental, social and gender issues needing accredited entity's actions and GCF attention
Planning and consultation meetings between AE staff and national thematic advisers regarding project implementation plans and budgets	Production of the quarterly and annual plans, for individual project owners, including identified environmental, social, and gender-based risks, with connections to budgeted action inputs	ESIA, ESMP, and GAP key concepts reviewed by environmental, social, and gender safeguards specialist to ensure consistent implementation throughout project activities, beginning to highlight specific areas of potential environmental, social, and gender-related risks.	none
Risk Analysis of all project Action Inputs, from an environmental and social, and gender, safeguards perspective	Risk Register for all project Action Inputs	Item by item review of all potential environmental, social, and gender safeguards-related risks associated with project action inputs	none
Participatory review of identified risk register for all project action inputs, incorporating targeted feedback and risk prioritization from project owners and implementers. This risk review is included as part of the validation process for project owners quarterly and annual plans, as facilitated by the project's monitoring team.	ESMP and gender considerations have been mainstreamed throughout the risk-log into all steps (sub-components of action inputs), with extensive discussion and risk ranking by project owners.	Project owners have incorporated their localized expertise into the participatory review of the identified environmental, social, and gender-based risks, by considering the regional differences associated with specific risks, such as prevalence of different ethnic minority groups and climatic conditions	none

Creation of a project-level cloud database in Lao language, to facilitate the planning, monitoring, and reporting processes by project owners and implementers, including a training for project owners on the monitoring system and database	Project database and website, as well as enhanced implementation capabilities for use of associated database and systems, by district and provincial management units	ESMP and GAP indicators have been included into project reporting frameworks, including the database and project website, and their importance has been highlighted in trainings with all project stakeholders	none
Development and implementation of training related to the "ESMP Checklist," to ensure that all activities are conducted after a review of potential safeguards concerns, mainstreamed into generalized training on project planning, monitoring, and reporting processes.	ESMP Checklist and associated training materials, which include both items specifically related to the project ESMP and GAP, as well as general planning, monitoring, and reporting frameworks	Addressing the potential for negative environmental and social safeguards risks, the ESMP checklist provides a framework for project owners to check that their activities will not include undue environmental, social, and gender-based risks	none
PPMUs and DPMUs are cascading the planning, monitoring, and reporting processes to the project owners and implementers, including through targeted instruction on database usage and troubleshooting	Enhanced understanding of the project's planning, monitoring, and reporting processes for implementers and project owners at all levels	As trainings commence, environmental, social, and gender-based risks, along with safeguards and mitigation measures, are included, with direct linkages to additional outputs including the database, project website	none

Additionally, include a description of the actions undertaken towards increasing the relevant stakeholders' engagement in the project environmental, social and gender elements, and a list on the grievances received in the reporting period that will include at least the description of the grievance, the date the grievance was received, and the resolution of the grievance.

Information below in this sub-section should be provided for all projects regardless of the E&S risk category for the project

Implementation of the stakeholder engagement plan

(i) activities implemented during the reporting period	(ii) dates and venues of engagement activities	(iii) information shared with stakeholders	(iv) outputs including issues addressed during the reporting period
Inception Workshop national	17 Jun. 2020, Crown Plaza, Vientiane Capital	Presentation of the Project 1 concept, target areas, institutional arrangements, including and outline of the ESMP concepts.	Overall understanding of the projects concept by stakeholders.
Inception Workshop Luang Pabang Province	24 Jun 2020, PAFO office Luang Pabang Province	Presentation of the Project 1 concept, target areas, institutional arrangements, including and outline of the ESMP concepts.	Overall understanding of the projects concept by stakeholders.
Inception Workshop Sayaboury Province	07 Jul 2020, PAFO office Luang Pabang Province	Presentation of the Project 1 concept, target areas, institutional arrangements, including and outline of the ESMP concepts.	Overall understanding of the projects concept by stakeholders.
Inception Workshop Houaphan Province	09 Jul 2020, PAFO office Luang Pabang Province	Presentation of the Project 1 concept, target areas, institutional arrangements,	Overall understanding of the projects concept by stakeholders.

		including and outline of the ESMP concepts.	
Kick Off Meeting national	26 – 27 Nov, DoF meeting room, Vientiane Capital	Initial introduction of Project 1 planning, monitoring and financial tools and database.	Overall understanding of the Project 1 planning, monitoring and financial tools by stakeholders.
Kick Off Meeting Luang Prabang Province	30 Nov. - 01 Dec. 2020 Division of Forestry, Luang Prabang Province	Initial introduction of Project 1 planning, monitoring and financial tools and database.	Overall understanding of the Project 1 planning, monitoring and financial tools by stakeholders.
Kick Off Meeting Sayaboury Province	03-04 Dec. 2020 Division of Forestry, Sayaboury Province	Initial introduction of Project 1 planning, monitoring and financial tools and database.	Overall understanding of the Project 1 planning, monitoring and financial tools by stakeholders.
Kick Off Meeting Houaphan Province	26-27 Nov. Provincial Cultural Hall, Houaphan Province	Initial introduction of Project 1 planning, monitoring and financial tools and database.	Overall understanding of the Project 1 planning, monitoring and financial tools by stakeholders.
Quarterly Planning Workshop for Q4 2020	September 2020 Department of Forestry REDD+ Division	Implementation details for individual action inputs from the project master budget were discussed with project partners.	The workshop enhanced the cross-project understanding of the project's implementation approach including linkages with the project's budget and financing plan.
Quarterly Planning Workshop for Q1 2021	December 2020 Department of Forestry REDD+ Division	Implementation details for individual action inputs from the project master budget were discussed with project partners.	The workshop enhanced the cross-project understanding of the project's implementation approach including linkages with the project's budget and financing plan.
Annual Planning Workshop for 2021	December 2020 Department of Forestry REDD+ Division	Implementation details for individual action inputs from the project master budget were discussed with project partners.	The workshop enhanced the cross-project understanding of the project's implementation approach including linkages with the project's budget and financing plan.
Planning, Monitoring, Reporting, and ESMP-GAP training Luang Prabang Province	8-10 Feb. 2021 Division of Forestry, Luang Prabang Province	Environmental, social, and gender-based risks, along with safeguards and mitigation measures, are included, with direct linkages to additional outputs including the database, project website, and Grievance Redress Mechanism	Information shared regarding identified risks will enhance the project owners understanding of risks, thereby improving their implementation capabilities regarding the developed ESMP checklist, ensuring that potential risks are not overlooked before project activities commence.
Planning, Monitoring, Reporting, and ESMP-GAP training Sayaboury Province	3-5 Feb. 2021 Division of Forestry, Sayaboury Province	Environmental, social, and gender-based risks, along with safeguards and mitigation measures, are included, with direct linkages to additional outputs including the database, project website,	Information shared regarding identified risks will enhance the project owners understanding of risks, thereby improving their implementation capabilities regarding the developed ESMP checklist,

		and Grievance Redress Mechanism	ensuring that potential risks are not overlooked before project activities commence.
Planning, Monitoring, Reporting, and ESMP-GAP training Houaphan Province	15-17 Feb. 2021 Provincial Cultural Hall, Houaphan Province	Environmental, social, and gender-based risks, along with safeguards and mitigation measures, are included, with direct linkages to additional outputs including the database, project website, and Grievance Redress Mechanism	Information shared regarding identified risks will enhance the project owners understanding of risks, thereby improving their implementation capabilities regarding the developed ESMP checklist, ensuring that potential risks are not overlooked before project activities commence.

Implementation of the grievance redress mechanism

(i) description of issues/complaints received during the reporting period	(ii) status of addressing issues/complaints
None Note: implementation of Project 1 activities has not started yet	NA

Provide information on how the GCF Independent Redress Mechanism, as well as the AE's GRM (e.g. contact details, accessibility, and basic procedures of such mechanisms), is brought to the attention of the executing entities, people, and beneficiaries in the project target areas and the public in accordance with the relevant ESMS/ESIA."

A concept note on the I-GFLL (Project 1) Grievance Redress Mechanism (GRM) is currently being prepared, based on the EPF Grievance Redress Mechanism Guidelines, developed in 2020 and the mechanism outlined in the Feasibility study, which is based on GRM mechanisms developed in the context of the for National REDD+ Policy Framework in Lao PDR. The concept note clarifies how the GRM mechanism will be integrated into Project 1's other activities and institutional structures. GRM Posters, informing about potential grievance channels, will be introduced to beneficiary villages in conjunction with the FPIC 3 process.

Grievance channel include e.g.: direct reporting of grievances to implementers, hotlines, petitions, online tools and the regular GoL grievance mechanisms on the village level (Village Mediation Unit) and beyond. Grievances will be received and aggregated with the support of the project's ESMP team and the designed response processes will be followed. GRM processes will be fully functional in line with the start of Project 1 implementation in target villages

GIZ as AE maintains a companywide whistleblowing system. The system can be used to submit reports, especially concerning grievances such as:

- Corruption and bribery
- Misappropriation, fraud and embezzlement
- Conflicts of interest
- Sexual misconduct and sexual exploitation

- Violations of human rights

It is assured that impartial and independent personal contacts at GIZ will practise objectivity and confidentiality at all times. The whistleblowing portal is available for use worldwide 24/7 in several languages. Information can be communicated anonymously in keeping with the highest security standards, without having to leave an email address or telephone number.

Further informations to the process and contacts can be found here:

<https://www.giz.de/en/aboutgiz/39089.html>

Main contacts are the following:

- **advice: Integrity**
E: Integrity-mailbox@giz.de
T: +49 6196 79 3529, Carola Faller (GIZ integrity advisor) and
T: +49 228 4460 1557, Hans-Joachim Gante (GIZ integrity advisor)
- **Compliance Officer:**
E: Compliance-mailbox@giz.de
T: +49 6196 79 3325

An **external ombudsperson** is available to **contact outside the company**. By virtue of their role as a legal professional, the ombudsperson is subject to a confidentiality obligation in all dealings with GIZ and maintains the utmost secrecy when receiving information on economic criminal activity. The ombudsperson only contacts GIZ and forwards the reported information with the whistleblower's consent. Where necessary, this can also be done anonymously.

- **GIZ external ombudsperson:**
E: ombudsmann@ra-js.de,
T: Edgar Joussen, Tel +49 30 3151870
Postal address: Dr Edgar Joussen (lawyer), Bleibtreustr. 1, 10623 Berlin, Germany
Internet: www.ra-js.de

GIZ always follows up on all grievances reported and ensures they are investigated resolutely and fairly.

4.2 GENDER ACTION PLAN

Provide a progress report on the gender action plan developed during project preparation stage for the reporting period. This will primarily be a report on activities undertaken and results achieved as a result of completion of an activity. Further it should also indicate if the project is on track to achieving the intended outcome(s).

The reporting should be done for activities, targets and indicators already set in the action plan including on vulnerable groups (youth, poor, female heads of households, etc.) as would have been identified in the gender analysis and action plan. If activities or targets are not achieved as per plan, reasons should be provided, and recourse action should be proposed. Please include a reporting on any changes or deviations.

Include a Report on implementation challenges and lessons learnt and how these will inform on-going actions and what action will be taken by when to address the challenges faced.

Incorporate both quantitative data and qualitative report of the performance of such actions, and on progress on actions identified.

The Gender Action Plan (GAP) has been reviewed carefully, with all indicators considered and evaluated, by the team of external consultants which is developing the overall project monitoring system and database structure. Additionally, the elements of the GAP have been included into the ESMP Checklist, which project owners and implementation teams will be using at the commencement of all project activities, in order to identify gender and social safeguard-based risks which may exist in relation to project activities executed as planned.

As part of the project activities for 2021, relevant demographic information will be collected continuously along with the implementation of all project activities as per the design of the project's overall monitoring system. For specific GAP indicators that require a household survey, initial data will be collected in mid-term survey, once implementation will have reached all target communities.

Aside from challenges associated with the movement of international safeguards and gender experts into Laos as a result of COVID-19 pandemic-related travel restrictions, the project remains on track to execute the GAP.

4.2.1 PROGRESS ON IMPLEMENTING THE PROJECT-LEVEL GENDER ACTION PLAN SUBMITTED WITH THE FUNDING PROPOSAL.

Activities/ac-tions	Indicators	Base-line	Targets, in-cluding sex-disaggre-gated targets	Timeline	Responsibilities	Budget (EUR)	Report on annual progress
All (cross-cutting)	Technical staff from District Agriculture and Forestry Office (DAFO), (Department of Forest In-spection) DOFI, and (District Laos Wom-ens Union (DLWU) have been trained in "REDD+ and Gender"	Technical staff from DAFO , DOFI, and LWU have re-ceive d no train-ings (or, in rare cases , lim-ited train-ing) in gen-der is-sues per-tain-ing to	"REDD+ and Gender" workshops held for DAFO, DOFI, and LWU staff – each in a different province, each with ap-proximately 16 partici-pants	Y: 1	GIZ/CSO Train-ing provider	9,000	Not to be implemented specifically but is part of the FPIC training and 1.7 Awareness raising for REDD+

		RED D+					
All (cross-cutting)	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	Fieldwork implementation not yet started.
	Percent of respondents that state they felt actively included in REDD+ related village meetings.	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	Department of Forestry (DoF) / (Ministry of Agriculture and Forestry (MAF) & REDD+ Desk & GIZ	8,000	<p>- Initial data will be collected mid-term, in 2022, once field implementation has reached all target villages; EOP survey will also integrate this indicator.</p> <p>- Delays related to the impacts of the COVID-19 pandemic</p>
All	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	<p>- No baseline will take place. Identity of implementers will be recorded by the M&E system whenever actions are implemented, during the whole project's life.</p> <p>- Fieldwork implementation not yet started.</p>
1.2, 1.3	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	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)	The project does not work directly on laws. However, all the guidelines developed or updated under the project's scope include or will include gender as an explicit factor.
1.4, 3.1, 3.2, 3.3	No. Of assessments conducted	0 – no analysis of	A short assessment has clarified	Y: 2	DOFI, supported by	2,000	Fieldwork implementation not yet started



	on women-led patrolling groups in the target area	the potential for women-led patrolling groups in the target areas	the interest in local women-led patrolling groups in the target areas		REDD+ Desk and GIZ		
	No. Of women-led patrolling groups trained	0	DOFI has trained at least 5 women-led patrolling groups	Y: 3		2,000	Fieldwork implementation not yet started
1.5	Response to a survey question stating if villagers felt actively included in the 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 included in the LUP processes	Y: 4	Provincial Agriculture and Forestry Office (PAFO) / District Agriculture and Forestry Office (DAFO)	14,000	- Initial data will be collected mid-term in 2022 once field implementation has started in all target villages; EOP survey will also integrate this indicator.
1.6	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 gender-responsive mechanisms for community monitoring	Y: 4	JICA	Included in the budget of Activity 1.6	The National Forest Monitoring system has been developed and includes gender responsive mechanisms.
2.1, 2.2	Integration of gender into value chain assessments	Agricultural value chains have not been assessed from a gender perspective	<p>- 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)</p> <p>- Final: Value chain assessments of 9 key existing and alternative agricultural commodities</p>	Y: 2 (mid-term), 4 (final)	DoF, PAFOs, DAFOs, REDD+ Desk	9,334	<p>- Value Chain Assessments will not take place.</p> <p>- Switch has been made to PSAP approach (Promotion of Sustainable and Deforestation-free Agricultural Practices and Value Chains) in which Gender approach is mainstreamed.</p> <p>- 35 products and agricultural practices have been "white listed" and Private Sector analysis is now ongoing to identify suitable partners.</p>

			include reviews of the gendered impact of the desired change (access, needs, barriers, potentials, workload, benefits)				
2.1	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	MAF and the program's safeguard, gender, and M&E specialist	11,200	Training of Trainers approach has been developed and knowledge transmission will be cascading from "main" trainers/implementers" to the other levels. The gender and safeguards specialist reviews all training programs before implementation.
	PMU's safeguards 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 equity and social inclusion				
2.2	# of business skills training courses conducted	0	28 business skills training courses conducted	Y: 1-4	GIZ/(D)LWU	44,800	Fieldwork implementation not yet started
3.1	Guidelines for the creation of local village forest management committees set standards of requirements accessible for women, and the poor, and a quota for female representation within committees	0 – No gender requirements associated with the establishment or operation of village forest management committees	Village forest management committee guidelines developed by the sub-project set standards of accessibility for women, with a quota of at least 30% female committee members	Y: 2	MAF/DoF	2,000	The VFMP guidelines describe the process for the creation of VFMC and integrate the quota of at least 30% female committee members.
	Percentage (%) of Forest	0	65% of village forest management	Y: 4		Included within the budget of	Fieldwork implementation not yet started



	Management Committees that consist of at least 30% women		committees supported by or engaging with the sub-project consist of at least 30% women			Activity 1.7 and Output 4	
3.2	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 that they felt actively included in the investment decision-making processes	Y: 4	MOIC supported by MAF and FAO	3,000	Fieldwork implementation not yet started
All/cross-cutting	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	GAP Indicators have been considered and reviewed by external consultants in the development of the project monitoring system
All/cross-cutting	All major communication materials and awareness raising campaigns are reviewed and approved 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	Communication materials under development

4.3 PLANNED ACTIVITIES ON ENVIRONMENTAL AND SOCIAL SAFEGUARDS

Provide a list of activities in the ESMP to be implemented in the next reporting period. Include relevant deliverables such as reports or action plans, and other project specific products. Please include the monitoring schedule concerning ESS and gender activities for the next annual reporting period.

Overall, ESMP and Gender have been mainstreamed in the project implementation and monitoring at all steps/action inputs/activities. As described above, ESMP and gender have been discussed during all planning workshops and for all project interventions. Also the data to be collected during the implementation will include ESMP data. Thereby ESMP is mainstreamed into all Project 1 systems.

ESS and Gender specific activities to be carried out in the next annual reporting period are detailed in the following five action inputs along with the identified risks, mitigation measures, safeguards and planned timeline.

- Action Input 1.7.2.3: “Travel cost for the implementation of the ESMP and gender action plan, including operation of FGRM.”
 - Steps and Outputs: The National and Provincial level implementer will travel to project target locations (e.g. FPIC, others) and evaluation on Environment and Social Aspect will be carried out.
 - Risks: COVID-19 domestic travel restrictions as well as general corruption issues have to be considered.
 - Mitigation: Lao Front for National Development (LFND) will collect invoices or bills for actual amounts used.
 - Timeline: Q2-4 2021
- Action Input 1.7.2.5: “Implementation of gender action plan (integration of gender aspects in PRAP's, gender-proofing regulations in VFM/SFM/ FLR, village meetings, training material)”
 - Steps and Outputs: Lao Women Union (LWU) will participate in step implementation (PLUP, VFM ...) and ensure gender action plan activity can be implemented.
 - Risks: Inadequate inclusion of women in the program.
 - Mitigation: Remind organizers to specifically include women in the program.
 - Timeline: Q1-4 2021
- Action Input 1.7.2.6: “District-level consultation and training events, FPIC, awareness raising events (15 districts, excluding Houaphan districts, 2 consultations per district)”
 - Steps and Outputs: The District Level FPIC Team (approximately 4 people) will be established. The training on the FPIC concepts and practice in the village will be conducted.
 - Risks: High staff turnover among government staff leads to loss of implementation continuity and knowledge gaps.
 - Mitigation:
 - Retrain new staff, not assign almost retired staff to the FPIC Team, record videos during the training for future new staff.
 - Remind organizers to specifically include Women and Ethnic and Minority Groups staff in the workshops.
 - Safeguards:
 - Ethnic Minority Speakers need to be part of the FPIC Team.
 - Women need to be part of the FPIC Team, at least 1 woman for each team.
 - Timeline: Q1 2021
- Action Input 1.7.2.8: “Initial awareness raising campaigns, consultation in 100 villages”
 - Steps and Outputs: Consultation Meeting with Villagers on FPIC
 - Risks:
 - Many villages decide not to participate in the project.
 - Implementers might want to participate in FPIC discussion.
 - Location in the village is not suitable.
 - Facilitators might try to convince villagers to participate.
 - Participation in meeting might be low if villagers are working.
 - Mitigation:
 - Hold FPIC in local languages, include visual materials.
 - Explicitly exclude implementers from participation.
 - Select a suitable place with enough space.
 - Facilitator needs to be neutral.
 - Do the meeting in morning or evening.
 - Make sure that men's and women's groups (possibly youths) are done.
 - Safeguards:
 - Anonymity in consultations needs to be ensured.

- Enough women need to participate actively; make sure that men's and women's groups (possibly youths) are done.
 - Timeline: Q1-4 2021
- Action Input 1.7.2.11: "Village forest management agreement consultation in target villages. Total number of villages in Phase 1: 200"
 - Risks:
 - Many villages decide not to participate in the project.
 - Implementers might want to participate in FPIC discussion.
 - Location in the village is not suitable.
 - Facilitators might try to convince villagers to participate.
 - Participation in meeting might be low if villagers are working.
 - Mitigation:
 - Hold FPIC in local languages, include visual materials.
 - Explicitly exclude implementers from participation.
 - Select a suitable place with enough space.
 - Facilitator needs to be neutral.
 - Do the meeting in morning or evening.
 - Make sure that men's and women's groups (possibly youths) are done.
 - Safeguards:
 - Anonymity in consultations needs to be ensured.
 - Enough women need to participate actively; make sure that men's and women's groups (possibly youths) are done.
 - Timeline: Q1-4 2021

These action inputs associated with Action 1.7.2 are specifically planned for 2021, and will be monitored on an ongoing basis as they occur, and as necessary. For example, the district level consultation and training events will be initiated following the use of the ESMP checklist, relevant data will be added to the monitoring system as soon as implementation ends and then included in quarterly reporting and other regular reporting.

The specific Safeguards tasks detailed hereafter are planned for 2021 and follow the "Project Risk Mitigation Approach" Performance Standards 1 and 4 described in the Project's Funding Proposal. In most cases, further explanations are to be provided in the Environmental and Social Safeguards Monitoring System Inception Report which is planned for April 2021.

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

- Task: Conduct baseline socio-economic data collection in all target site village clusters.
 - Remark: Baseline data-collection has been mainstreamed into processes for different activities (e.g., Agriculture, Forestry, Land Use Planning) and is integrated into the M&E system and the Cloud database.
 - Timeline: Q1 - Q4 2021
- Task: Create an NTFP inventory, including specific surveys for site-specific areas that highlight what is available locally.
 - Remark: Details and methodology will be outlined in Environmental and Social Safeguards Monitoring System Inception Report.
 - Timeline: To Be Determined
- Task: Conduct an 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.
 - Remark: Details and methodology will be outlined in Environmental and Social Safeguards Monitoring System Inception Report.
 - Timeline: Q2 - Q4 2021

- **Task:** Conduct 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).
 - **Remark:** Details and methodology will be outlined in Environmental and Social Safeguards Monitoring System Inception Report.
 - **Timeline:** Q2 - Q4 2021
- **Task:** Conduct district staffing levels surveys, including assessing skill levels of district staff and volunteers, and ethnic language capabilities.
 - **Remark:** Details and methodology will be outlined in Environmental and Social Safeguards Monitoring System Inception Report.
 - **Timeline:** Q2 - Q4 2021
- **Task:** Create 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.
 - **Remark:** District project directory is being finalized.
 - **Timeline:** Q1 2021
- **Task:** Update provincial land use maps, some of which have not been updated since 1995.
 - **Remark:** An updating of maps will be done on village level in conjunction with Land Use Planning process. No maps on provincial level are needed for the purpose of the project.
 - **Timeline:** Q2 - Q4 2021

Performance Standard 4: Community health, safety and security

- **Task:** 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
 - **Remark:** The developed PSAP approach (Promotion of Sustainable and Deforestation-free Agricultural Practices and Value Chains) uses chemical-free agriculture as one of its criteria. ESMP and Gender aspects are mainstreamed in its process.
 - **Timeline:** Q2 - Q4 2021

4.4 PLANNED ACTIVITIES ON GENDER ELEMENTS

Provide a list of activities in the gender action plan to be implemented in the next reporting period. Include relevant deliverables such as reports or action plans, and other project specific products including processes that will be involved to implement the activities effectively. Please include the monitoring schedule concerning gender activities for the next annual reporting period.

Report on actions taken on any of the recommendations made by the secretariat (if applicable) to improve the level of integration of gender issues in the project.

To ensure that all activities are conducted with appropriate consideration of gender elements, project owners and implementers will engage the Lao Women's Union at a district and village level for all activities.

As elements of the FPIC process, and other items related to environmental and social safeguards, are executed on, gender elements will be mainstreamed in all cases. Additionally, before the initiation of all project activities, project owners and implementers will utilize the ESMP checklist, which incorporates aspects of the GAP into its safeguards review process. Due to the implementation of this Checklist, project owners and implementing partners will be reminded and encouraged to increase the participation of women in all project activities, including community meetings, in order to match the targets of the indicators.

Furthermore, as a result of the Gender aspects trainings (included withing FPIC trainings) there will be more direct efforts undertaken to ensure that women are both included in meetings and are active participants in those meetings.

Additionally, as the focus on gender is mainstreamed throughout the project implementation, gender will be incorporated as a key component of all guidelines developed or updated under the project. Guidelines for Village Forest Management Committees are developed (as part of the VFMP guidelines), will be written with specific requirements for female representation, as stipulated in the Gender Action Plan. As program implementation continues, assessments will consider the potential for women-led forest patrolling groups, with eventual training and deployment of these women-led forest patrols. Furthermore, gender will be a critical component considered in the implementation of the "Promotion of Sustainable and Deforestation-free Agricultural Practices and Value Chains" (PSAP) approach. As the business skills training curricula are developed, these will be reviewed to ensure compliance with key gender safeguards concepts, recognizing that the business skills training needs for men and women will be different, especially in the project's target areas.

The safeguards monitoring team's gender specialist will continue reviewing project materials to ensure that gender has been sufficiently considered in the project planning and implementation process, with specific proposals and course corrections provided, as necessary.

The monitoring team continues to improve its monitoring framework and database system, ensuring that the gender indicators included in the GAP will remain actively mainstreamed into all relevant parts of both the monitoring framework and the database itself (continuous monitoring). This will, later on, facilitating smooth reporting on gender-related indicators, and allow for real-time course correction to improve the project's performance along gender axes.

No recommendations have been made by the secretariat to improve the level of integration of gender issues in the project so far.

4.5 IMPACT OF COVID-19 ON THE PLANNED ACTIVITIES

Please describe an overall impact on your project/programme by the COVID-19 pandemic (100-word limit).

From a project perspective, the impacts of the COVID-19 mean that vulnerable communities in the project's target areas will be even more vulnerable than they were at the time of the project's conception, as subsistence agriculture smallholders and small-scale foresters lose access to other options for economic resilience. the effects of the COVID-19 pandemic have resulted in a number of delays, e.g., through the country-wide lock-down in April and May 2020; through the late deployment of international staff unable to obtain visa; through GIZ staff having to be repatriated; through gatherings and travel being restricted at times.

Please describe if any support is required from the GCF to address the COVID-19 impact on your project/programme. (no word limit)

The points mentioned above have led to delays in project implementation. This does not only concern the GIZ managed activities, but also cooperation partners (e.g. KfW 6 months delay; ADB, IFAD and JICA have not yet been able to initiate their projects). Therefore, a no-cost extension of 6 months is requested.

Please describe details of challenges encountered and corrective/mitigation measures taken.

Challenges Encountered:

Challenge 1

Category: Field Activities

- Due to a country-wide lockdown in April and May 2020, including restricted movement between provinces, the start of the project was delayed (inception workshops in the provinces

postponed, project staff were either called back to Vientiane or had to stay at home in the provinces, no field activities implemented during this period).

- Recruitment of additional staff (national personal) had to be delayed.
- Gathering of people from the target group for project activities was not possible.
- staff and counterpart staff were insecure in travelling to the fields, whether the respective provinces would be locked down, so they would have been stuck in that place.
- International project staff had partly to be repatriated (GIZ company policy for a certain age and health-risk group, leading to 6-months-absence and remote work).
- The recruitment and deployment of new international staff (esp. international Project Finance Manager) is delayed by almost one year, due to the country's very restrictive handling of visa and entry permission.

Issuance of visa or entry permits for internationals consultants, which are not already based permanently in Laos, are completely prevented since March 2020. Studies or trainings may be conducted remotely only, a fact that makes it especially difficult to implement related activities outside of the national and provincial capitals, taking into consideration the non-existence of IT infrastructure and the language barrier in rural and remote areas.

Describe details of the corrective/mitigation measure taken as much as you can.

- Set up for remote working arrangements for staff, which was not allowed to come to the office.
- Implement and plan virtual formats of collaboration

Challenge 2

Category: Project Costs

- Additional costs related to security, safety and implementation of hygiene concepts for staff protection (masks, frequent disinfections, minimum distances between staff during meetings, led to the necessity for bigger meeting halls).
- Set up for remote working arrangements for staff, which was not allowed to come to the office.
- Increase of in costs of materials, especially for imported goods, due to the fact that all land borders are closed since March 2020 and basically no oversea flights are allowed, except for repatriation and humanitarian flights, which led to limitation of supply.

Describe details of the corrective/mitigation measure taken as much as you can.

- additional costs will be taken into account, when revising and re-allocating the budget, planned for Q3 2021 (however aiming for a no-cost re-allocation)

Challenge 3

Category: Financing and Concessionality

- GoL faces a serious debt crises, aggravated by COVID 19, since the tourism sector as one of the main sources for income of foreign currencies has come to a complete hold since the start of the pandemic. This has led to a substantial fiscal budget cut, impacting seriously the planned government contributions to the project.
- JICA as co-financing partner and EE of the project, had to postpone the government-to-government negotiations with Laos by at least 1 year, which impacts the planning and commencement of the JICA project, that should contribute the Funded Activity.

Likewise, all other co-financing projects (KfW, ADB, IFAD) are delayed in implementation by at least 6 months.

Describe details of the corrective/mitigation measure taken as much as you can.

In spite of these challenges, Project 1 attempts to proceed as regular as possible

Overall COVID-19 Impact on the project:

- *Facing delays*

SECTION 5: ANNEXES

Annex 1. Updated implementation timetable for the Funded Activity.

Annex 2. Accredited Entity compliance reports (self-assessment reports¹³, report on actions pursuant to Clause 18.02, if applicable¹⁴).

SECTION 6: ATTACHMENTS

Attachment 1. Unaudited/Audited financial statements (as required by FAA).

(If available. If not submitted, indicate date of submission.)

Attachment 2. Interim/Final evaluation report (as required by FAA).

(If available. If not submitted, indicate date of submission.)

Other Attachments (if any). Such as additional budget-related information, loan repayment schedules to GCF (interest/principal), equity investment schedules, other related reports relevant to the Funded Activity, statements of capital account, valuation reports, credit guarantee agreements, investor reports, and others, as specified in the relevant legal agreements (e.g. Funded Activity Agreement, Shareholders Agreement)

¹³ In accordance with the Monitoring and Accountability Framework, a self-assessment of its compliance, in accordance with Clause 13.01 of the Accreditation Master Agreement, with the Fiduciary Principles and Standards, ESS and Gender Policy.

¹⁴ Only applicable to International Accredited Entities. In accordance with the Monitoring and Accountability Framework, a report on its actions carried out or planned to be carried out pursuant to Clause 18.02 of the Accreditation Master Agreement.