

World Bank - Grant Reporting and Monitoring (GRM) Report

Report to Donor

Ref. TF014777
Printed On: 10/16/2019

Reporting Period: 07/01/2018 to 06/30/2019
Report Type: Progress Report
Report Status: Approved

Assignment: TF014777

Lao PDR - FCPF REDD+ Readiness

FCPFR - Forest Carbon Partnership Facility

Task Team Leader: 00000269425 - Stephen Danyo
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Summary Information	
TF Status	ACTV
Recipient Country	Laos
Executed By	Recipient
Managing Unit	9532 - SEAE2
Grant Start Date / End Date	08/11/2014 to 12/31/2020
Original Grant Amount	3,600,000.00
Grant Amount	8,175,000.00
Outstanding Commitments	0.00
Cumulative Disbursements	4,826,833.38 as of 06/30/2019
Disbursed 07/01/2018 to 06/30/2019	1,284,662.62
Donor	TF602001 - MULTIPLE DONORS

This GRM report includes the following sections: Overview, Components, Outcome, Execution, Program(FCPFR), Disbursements.

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OVERVIEW

Overall Assessments

Grant Objectives:

The Project Development Objective is to contribute to Lao PDR's efforts to design and implement a sound national REDD+ strategy.

Key Results indicators include:

- a) Strengthened technical and institutional capacities, and human resources for effective management, implementation and coordination of REDD+ Programs, projects and policies with DOF and DFRM;
- b) Improved understanding and awareness of drivers of deforestation and degradation and of strategies to address them;
- c) An efficient, effective and equitable REDD+ management framework designed and validated nationally, including an Environmental and Social Management Framework;
- d) Appropriate social inclusion in REDD+ through consultations at the national, provincial, and especially the district and community levels; and
- e) Sub-national dialogue on REDD+ implementation.

Overall progress from 07/01/2018 to 06/30/2019 with regard to Achieving Grant Objectives:

Comment:

Overall progress in FY19 has been moderately satisfactory, down from satisfactory the previous year, largely due to the relatively slow pace of implementation and the difficulty for GOL in transitioning effectively to the REDD+ implementation phase. Lao PDR has made some progress to participate in and benefit from the performance-based payment system from REDD+. Progress has also been made in developing or enhancing socially and environmentally sound policies and programs to reduce deforestation and forest degradation, and an internationally recognized reference emission level, generating forest carbon emission scenarios, and designing technically robust systems for forest monitoring and emissions reporting. This Readiness Preparation Grant has supported the Government of Lao PDR (GOL) in preparing a draft National REDD+ Strategy (NRS) was reviewed by GOL in FY19 and schedule for approval in FY20, setting up necessary institutional arrangements and capacity building for subsequent implementation and participation in results-based payments. The GOL has nominated institutions responsible for different thematic areas of REDD+ implementation and has defined roles and responsibilities, although interaction with other sectors requires further strengthening. The GOL has also promulgated a revised Forest Law that is a transformational milestone for the country in that it allows private investment into the state's production forest areas on degraded forestlands, and also allows village forestry. The GOL has also progressed on other sector reforms. On the basis of this ongoing work Laos received the endorsement of the Readiness Package by the FCPF Participants Committee in March 2018, and acceptance of the ER Program Document into the Carbon Fund Portfolio in June 2018. At the same time, the implementation of this framework in a priority REDD+ area (ER Program in northern provinces to be supported by the FCPF Carbon Fund) is only slowly progressing.

Overall progress from 07/01/2018 to 06/30/2019 with regard to Implementation of Grant Financed Activities:

Comment:

A second Readiness Preparation Grant, funded with additional funding (US\$4.575 million) approved by the Participants Committee in 2017, was signed in March 2018, along with an extension of the parent grant to June 30, 2020 (i.e. an effective implementation period of just over 2 years). With the acceptance of Lao PDR's ER-PD in June 2018, the Client also needed to start focusing on the final preparation of the Emission Reduction Program in FY19 (including preparation of safeguard instruments, development of a benefit sharing plan, legal assessment for a future Emission Reduction Payment Agreement). This required the Client to seamlessly continue the ongoing work and maintain the sound momentum generated during FY 2018 with the preparation of the ER-PD. Also, due to the need to recruit a new PMU and expert consultants under the second grant, substantive work could not be initiated until mid-FY19. The parallel implementation of the readiness activities and the preparation of the ER Program has resulted in some added pressure, with the GOL having limited time to fully utilize the remaining grant budget in FY20, the last year of implementation. In FY19 the client was able to disburse \$1.285 million and at

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the end of FY19 approximately \$3.7 million remained undisbursed or unspent. Much of this remains uncommitted without an approved annual workplan, budget and procurement plan for the remainder of the grant. Although several technical implementation support missions and visits (September, November 2018; January, March, May, June 2019) were held in FY19 and helped make progress on key requirements for the ER Program, progress overall was slower than anticipated and outputs were received late, resulting in slippage of the delivery of the ER Program to at last Q3 of FY20. As such, the rating for implementation is reduced from satisfactory to moderately satisfactory.

Grant follow-up and structure

Description and context of Grant:

As noted above, a second grant was processed with the same objective as the first grant, though with more focus on implementation at the subnational level.

Expected follow up (if any): Follow up Bank project/loan/credit/grant

Comment on follow up:

While the first grant (US\$ 3.6 million) was successfully implemented, a priority of the second grant (US\$ 4.575) is to continue to build national capacity to effectively implement REDD+ actions and to build capacity at the sub-national level. These priorities are especially important with respect to the implementation of an operationally sound ER Program in the six northern provinces, as an entry point for investments in the landscape.

The World Bank is supporting this transition through a strong lending and non-lending portfolio. This portfolio includes the programmatic Green Growth Development Policy Operations (GGDPO) series; Green Growth Advisory Program which has delivered the report #Sustainability in Lao PDR#s Forests (P163513) and Partnerships and Opportunities for a New Green Forest Economy in Lao PDR# and other relevant assessments and technical assistance. In FY20 there is a Landscape Valuation (P169455) and the Country Forest Note for Lao PDR (P168798) to articulate the Bank's global Forest Action Plan. Complementary investments include the closely related FIP/IDA Scaling-up Participatory Sustainable Forest Management (SUPSFM, P130222), for which an Additional Financing of \$5 million IDA (P170810) is being processed for Board delivery in FY20 that advances REDD+ objectives; the Second and Third Green Growth Development Policy Operations (P166839, P171431), FIP/ADB Protecting Forests for Sustainable Ecosystems Services Project, and Additional Financing to GMS Biodiversity Conservation Corridors Project, IFC/FIP Smallholder Forestry Project, and IDA/GEF Second Lao PDR Environment and Social Project (LENS2, 128393); IDA Agricultural Competitiveness Project. In the pipeline is a large-scale Landscape and Livelihoods Project (P170559) using GEF7 and IDA.

Going forward, with key readiness documents completed (at least in advanced draft format), the focus shifted in FY20 to:

- (i)#Technical and implementation capacity building from national to sub-national levels, including on monitoring forest degradation;

- (ii)#Coordination with other sectors (notably agriculture) on implementation of REDD+; and,

- (iii)#The preparation of safeguard instruments, a benefit sharing plan (BSP) and sustainable financing strategy for the emission reduction program.

- (iv)#Support for next-generation investment development, including private sector facilitation and regulation, as part of a landscape approach.

End Date of Last Site Visit:

Restructuring of Grant:

As noted above, a second grant was processed with the same objective as the first grant, though with more focus on implementation at the subnational level.

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OUTCOME

Comments on outcome achieved from 07/01/2018 to 06/30/2019

Readiness Organisation and Consultation

The GOL has continued to make necessary institutional adjustments and re-alignment of roles and responsibilities across the forestry and agriculture sectors. The REDD+ Division under the Department of Forestry continues to coordinate and support the development of the implementation framework and has established the institutional framework for REDD+ implementation at provincial levels through the Provincial REDD+ Task forces, and coordination with Provincial Agricultural Forestry Offices (PAFOs) and District Agricultural Forestry Offices (DAFOs).

The advanced preparation of the ER Program has enabled further clarification with regard to aspects such as REDD+ fund management, ER title ownership, and benefit sharing arrangements. Numerous decrees and decisions have been approved during the last few years including the Forestry Law 2019, which has specifically added new regulations related to emissions reduction and carbon revenue management.

However, the capacity of institutions remains low and further support is necessary to sustain the momentum built through the grant support. Multi-sector coordination requires a dedicated effort to address challenges to sustainable land use that affect forest cover and quality, and therefore carbon emissions and removals.

National REDD+ Strategy (NRS) Preparation

The NRS was presented to the National REDD+ Task Force (NRTF) in November 2018 and is now under further review to align more closely to the new Forest Law and Land Law that were approved in June 2019. The revised version of the NRS will be submitted to Ministry for Agriculture and Forestry (MAF) and approval is expected by December 2019. The GOL has also recognized the need to consolidate REDD+ activities and develop sectoral investment strategies, which will enable implementation of transformative interventions targeted to reduce deforestation and contribute to the socio-economic objectives of the National Green Growth Strategy 2030 that was approved by the Prime Minister in February 2019.

Lao PDR's overall ambition and the importance of forest resources and their sustainable management are enshrined in the country's highest level policies, including the 8th National Socio-Economic Development Plan (8th NSEDP 2016-2020), the Green Growth Strategy, the Central Party's Resolution on Land (2017), the Forestry Strategy 2020, as well as in Lao PDR's Nationally Determined Contribution (NDC). The transition to REDD+ implementation is reflected in the formulation of the ER Program and its interventions, which are strategically integrated and aligned with the draft NRS.

While the current policy environment is favorable for implementation of the ER Program and its proposed interventions, it remains important for the GOL to invest in capacity among provincial and local level government authorities to implement and enforce existing policies and regulations. At the sub-national level, for each of the six provinces involved in the ER Program, a Provincial REDD+ Action Plan (PRAP) has been prepared and approved through a consultative process, which identified the drivers and appropriate interventions to address these drivers. Adequacy of institutional, technical and financial capacity have been identified as critical success factors for both the NRS and the ER Program, hence they are well prioritized and are being supported by the grant. The ER Program consolidates the interventions outlined in the PRAPs and also adopts the strategic level interventions outlined in the draft NRS.

Reference Emissions Level/Reference Levels

The Lao PDR national FREL has undergone technical assessment, has been accepted by the UNFCCC and is posted online. The GOL is now focusing on developing the National Forest Monitoring System (NFMS) and designing the necessary measurement, monitoring, reporting and verification functions with technical support from JICA.

Monitoring Systems for Forests and Safeguards

Institutional arrangements are now stable, and capacity continues to be built for the NFMS. The MRV road map has been implemented, along with the active participation of the Technical Working Group. The NFMS was used to conduct the land use assessment during 2019. Based on reviews of implementation, the NFMS will continue to be improved and strengthened.

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All safeguards draft documents were prepared by the end of FY19 and will be revised in early FY20. These include the SESA, ESMF, Ethnic Group Planning Framework (EGPF), Resettlement Policy Framework (RPF), and Process Framework (PF). In addition, a Gender Action Plan has also been prepared. The Safeguard Information System is still under development.

A first draft of the Benefits Sharing Plan (BSP) has been drafted in FY19 and an advanced draft is expected by October 2019.

Grant Outcome Indicators

No Outcome indicators are defined or used for this grant.

COMPONENTS

There are no components defined for this trust fund / grant.

Comment on planned and actual Output

At the output level the GOL has generally maintained the necessary focus to achieve its RPP objectives following the methodological approach and guidance established under the Grant. The critical outputs such as the NRS, safeguards documents and the ERPD form the basis for the GOL to implement REDD+. However, it needs to be recognized that the NRS and ERPD will require a concrete investment strategy and increase in domestic and international financing of measures to reduce emissions.

Comment on component implementation progress

The Grant, along with support from other development partners, has created the necessary momentum for the GOL to continuously build on to improve sectoral performance, coordination. Ensuring long-term institutional operational capacity for implementation of the NRS, safeguards, benefit sharing and sustaining the NFMS and associated MRV functions is essential. The transition from REDD+ readiness to implementation including operationalizing the NRS in line with other national and sectoral development policies and strategies is an area where further work remains necessary for the GOL.

EXECUTION

Bank project related to the grant

Project ID / Name:	P125082 - LA-FCPF Implementation Support
Project Status:	Lending
Global Focal Area:	Climate change
Product Line:	CN - Carbon Offset

Implementing agency and contact details

Agency:	Ministry of Agriculture and Forestry, Dept. of Forestry, REDD+ Office		
Contact:	Mr. Khamsene Ounekham		
Address:	Ministry of Agriculture and Forestry, Dept. of Forestry, REDD+ Office		
Phone:	+856 2054466829	Email:	
Website:			

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PROGRAM

Program Specific Questions

1. Describe progress in how the Grant activities are being coordinated with other REDD+-related initiatives, including those funded by Describe progress in how the Grant activities are being coordinated with other REDD+-related initiatives, including those f

The GOL has and continues to work with several other development partners including Kreditanstalt für Wiederaufbau [German Development Bank] (KfW), Asian Development Bank, Japan International Cooperation Agency, Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH [German Society for International Development Cooperation] (GIZ), Food and Agricultural Organisation, and has submitted a proposal to the Green Climate Fund (GCF) for funding to support the implementation of the ER Program. Development partners have contributed roughly US\$ 65 million in the last ten years, which has been coordinated through continuous bilateral arrangements, and sector and subsector working groups covering the forestry, agriculture, and energy sectors. The wide sectoral institutional representation in National REDD+ Taskforce and thematic Technical Working Groups has enabled broader coordination of projects. Over the last few years and since the GOL's submission of its NDC to the UNFCCC, the Ministry of Agriculture and Forestry (MAF) has increased efforts to ensure sharper sectoral coordination at all levels. Thus, grant activities are now embedded in the Lao PDR's National Green Growth Strategy and reform agenda for the forestry sector to achieve more sustainable, more resilient, and more inclusive growth, including leveraging significant private sector investment which is already occurring in Lao PDR. For instance, the GOL acknowledges the need to converge complimentary projects and programs under DOF to reduce the administrative burden and potential duplication, hence the recent preparation of a joint workplan between the FCPF grant and SUFORD-SU (SUPSFM P130222) # although the final workplan and budget have been significantly delayed despite enhanced implementation support.

2. Describe any important changes in the technical design or approach related to the Grant activities.

There are no major changes to the technical design or approach related to the grant activities. However, during this reporting period there has been a broader focus to ensure that grant activities enable adequate preparation for implementation of the ER Program, including preparation of necessary investments to support activities that contribute to emission reductions in the ER Program area.

3. Describe progress in addressing key capacity issues (implementation, technical, financial management, procurement) related to this Grant.

The World Bank Team has continued to provide technical training the government staff on procurement and financial management related to grant execution, as well as work planning. As part of the readiness process, the grant is supporting key thematic areas such as future REDD+ fund institutional settings and capacity development. At a broader level, in preparation of the ER Program, the GOL carried out an institutional capacity and gap assessment for REDD+ fund management and general REDD+ interventions implementation. The report specifically pointed out the need to increase the overall capacity for fund management in addition to that of the Environmental Protection Fund (EPF). The report pointed out that the newly named Forest Protection Fund (now being proposed as the basis for the Benefit Sharing Mechanism as per provisions made in the new Forestry Law) needs #to improve its capacity in relation to administration, fund management process, financial management, project management and implementation of relevant social and environmental safeguard frameworks for projects#. The World Bank has worked with the GOL to ensure that part of the remaining grant budget is used to build such capacity.

4. Describe progress in addressing social and environmental issues (including safeguards) related to the Grant. Is the SESA conducted in accordance with the Common Approach?

The GOL's REDD+ Process encompasses the following elements: a) adherence to environment and social safeguards; b) stakeholder engagement; c) disclosure of information; d) grievance redress and accountability. And yes, the SESA is generally conducted in accordance with the Common Approach. By June 2019, the GOL had prepared and submitted draft safeguard documents including SESA, ESMF, RPF, PF, EGPF for review by the East Asia and Pacific Regional Safeguards Secretariat (RSS) as part of a Quality Enhancement Review of the overall program in June 2019. The documents were generally in line with Bank safeguards requirements for jurisdictional ER Programs including wide stakeholder consultation are expected to be finalized in Q of FY20.

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5. Is the ESMF prepared in accordance with the Common Approach?

Yes, the ESMF preparation process was generally in line with the Common Approach. It includes an assessment of the government's safeguards institutional and legal frameworks, and proposes gap filling measures for addressing policy measures and institutional strengthen relating to social and environmental risks and impacts for the REDD+ Strategy options and ER Program interventions. Also, the Program Entity (MAF) has prepared an Ethnic Group Planning Framework (EGPF), a Resettlement Policy Framework (RPF) and a Process Framework (PF). A gender analysis was conducted in the ER program area and a Gender Action Plan is included as part of the ESMF to promote women's participation in the program, shared benefits, and maximize gender equality.

6. Describe progress in stakeholder consultation, participation, disclosure of information, and the FGRM related to this Grant.

Stakeholder Consultation and Participation: The grant has supported a comprehensive stakeholder consultation process, with a wide range of stakeholder representatives from the central to the village cluster levels. The preparation of the National REDD+ Strategy, SESA, ESMF and the ER Program has taken place concurrently with broad stakeholder participation. Participation methods included technical level consultations with the six REDD+ Technical Working Groups (TWG); strategic level consultations with the National REDD+ Task Force; existing sector coordination mechanisms such as the forestry-sub-sector Working Group (FSSWG) under the Agriculture and Forestry Sector Working Group; committee meetings; workshops with non-government stakeholder groups of REDD+ of civil society organizations, private sector, and development partners; and consultation meetings with representatives of provinces, districts and kumban (village cluster).

From 2016, the six provinces engaged in their respective processes of developing their Provincial REDD+ Action Plans (PRAPs), the central instrument through which the ER Program interventions will be rolled out. For the PRAP preparation in the six provinces, consultation meetings were held in all 50 districts and 50 selected kumban, engaging with provincial and district staff, and village representatives.

Information disclosure: The GOL is becoming aware of the need to make information related to REDD+ readily and easily accessible in a transparent manner. The NRS has indicated this aspect clearly. However, this will also need to cascade into individual components such as the national MRV system and fund management across relevant institutions. At present, data sharing processes and the assignment of legal custodianship between institutions and accessibility by the public is yet to be fully established.

Feedback and Grievance Redress Mechanism and accountability: The GOL has outlined a grievance mechanism based on its existing national and sub-national institutions and mechanisms, ensuring that the system is independent, transparent, effective and accessible to multiple stakeholders. The feedback and grievance mechanism will be in line with existing policies, strategies, and regulations on grievances, as defined by GoL. This requires project owners and proponents to set up grievance mechanisms starting from the village level, and also follow legislation under Decision No. 08/MOJ, 2005 that seeks to strengthen conflict resolution at the grassroots level, by establishing Village Mediation Units (VMU). The grievance mechanism will also be institutionalised in each village by a selected group of people, involving ethnic groups, women, and representatives of other vulnerable groups in the village. The FGRM builds on and seeks to strengthen existing government systems such as the VMUs, combined with existing local structures, especially for ethnic groups, but primarily includes measures to ensure concerns and grievances of beneficiaries and affected people will be adequately addressed.

DISBURSEMENTS

Disbursements Summary in USD

Date From	Date To	Planned Cumulative	Planned Period	Actual Cumulative	Actual Period
07/01/2014	12/31/2014	0.00	0.00	300,000.00	300,000.00
01/01/2015	06/30/2015	0.00	0.00	305,004.86	5,004.86

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07/01/2015	12/31/2015	0.00	0.00	500,677.67	195,672.81
01/01/2016	06/30/2016	0.00	0.00	963,207.83	462,530.16
07/01/2016	12/31/2016	0.00	0.00	1,446,354.39	483,146.56
01/01/2017	06/30/2017	0.00	0.00	2,197,700.36	751,345.97
07/01/2017	12/31/2017	0.00	0.00	2,854,843.55	657,143.19
01/01/2018	06/30/2018	0.00	0.00	3,542,170.76	687,327.21
07/01/2018	12/31/2018	0.00	0.00	3,888,766.08	346,595.32
01/01/2019	06/30/2019	0.00	0.00	4,826,833.38	938,067.30
07/01/2019	12/31/2019	0.00	0.00	0.00	0.00
01/01/2020	06/30/2020	0.00	0.00	0.00	0.00
07/01/2020	12/31/2020	0.00	0.00	0.00	0.00