

# World Bank - Grant Reporting and Monitoring (GRM) Report

Report to Donor

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Reporting Period: 08/11/2014 to 06/30/2022

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Assignment: TF014777

## Lao PDR - FCPF REDD+ Readiness

## FCPFR - Forest Carbon Partnership Facility

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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 06/30/2022
Original Grant Amount	3,600,000.00
Grant Amount	8,175,000.00
Outstanding Commitments	0.00
Cumulative Disbursements	8,175,000.00 as of 06/30/2022
Disbursed 08/11/2014 to 06/30/2022	8,175,000.00
Donor	TF602001 - MULTIPLE DONORS

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

## 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.

### Overall progress from 08/11/2014 to 06/30/2022 with regard to Achieving Grant Objectives:

**Comment:** The FCPF readiness grant made significant contribution to REDD+ readiness in the Lao PDR or Laos. The project development objectives were achieved.

The FCPF grant helped the Government of Laos (GoL) in the preparation of various REDD+ building blocks. The REDD+ Readiness efforts contributed to the country's identification of the key and underlying causes of drivers of deforestation and degradation across key land-use sectors, and a strong, strategic, and scalable foundation to promote sustainable agriculture practices, forest management, conservation, and rehabilitation. The grant contributed to a range of REDD+ readiness preparation activities, including stakeholders' engagement, development of national REDD+ strategy and legislations, institutional arrangements and capacities, forest reference emission levels, non-carbon benefits, and forest monitoring, safeguards information systems, and awareness raising. The grant is part of a broader engagement by the World Bank (WB) to support Lao PDR's National REDD+ Readiness framework and to prepare Laos for participation in the results-based regime.

An Emissions Reduction Payment Agreement (ERPA) of up to US\$42 million in results-based payments for reductions of 8.4 MtCO<sub>2</sub>e under the FCPF Carbon Fund for Lao PDR Northern Laos Emission Reductions Payments Project (P165751) was signed by the GoL and the WB in December 2020. The ERPA conditions for the GoL were met and confirmed by the WB in December 2021. This was followed by WB's Upfront Advance Payment of US\$3 million to the GoL (agreed in the ERPAs) in July 2022. The GoL is in the process of transitioning to implementation and future results-based payments at the national and sub-national levels.

The achievement of the grant continues to strengthen institutions and capacities of the GoL to implement the ERPA and deliver emission reductions (ERs). The grant has also enabled discussions on the role of the ER Program towards the achievement of Lao PDR's Nationally Contribution Determination (NDC), low emission pathway development with international partners, entry points for the private sector to fill funding gaps and scale up the potential of REDD+, and carbon management in Lao PDR.

### Overall progress from 08/11/2014 to 06/30/2022 with regard to Implementation of Grant Financed Activities:

**Comment:**

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During the FCPF Readiness Preparation Grant period, overall implementation progress was considered *Satisfactory*. The project put in place the building blocks for REDD+ readiness including policy and legal provisions and institutionalization systems for REDD+ implementation. The grant made available for the GoL the National REDD+ Strategy (NRS); key safeguard instruments including Strategic Environmental and Social Assessment (SESA), Environmental and Social Management Framework (ESMF), Benefit Sharing Plan (BSP), Feedback and Grievance Redress Mechanism (FGRM), National Forest Reference Emission Level/Forest Reference Level (FREL/FRL); improved National Forest Monitoring System (NFMS), design of a Measurement, Reporting, and Verification (MRV) systems, institutional arrangements, and Provincial REDD+ Action plans (PRAPs).

The grant supported the GoL on establishment of REDD+ Offices at the national and sub-national levels with coordination protocols among these offices. The grant supported consultations and engagement with government and non-government stakeholders on various topics that embodies the GoL's commitment to reforming land use, enhancing forest restoration and protection. Achievements from REDD+ readiness made during the grant implementation are described in more detail under the components section.

The grant supported the GoL on the development of the Lao Emission Reduction Program (ER-PD) and submitted to the Carbon Fund in 2018. The NRS, PRAPs, safeguard instruments developed under the Readiness grant became key building blocks for the preparation of the first emission reductions program document (ERPD) and BSP. This significant contribution of the grant led to the signing of the ERPA (P165751) on December 30, 2020, following with the grant closure in June 2022.

Laos FCPF readiness grant corresponds to the GoL's NDC under the UNFCCC with significant influence on actions to reduce emissions and to enhance livelihoods of forest dependent communities particularly in the target project area.

### Grant follow-up and structure

**Description and context of Grant:** The grant Agreement was signed on March 4, 2014, for an amount of US\$3.6 million. Additional Financing of US\$4.575 million was approved in March 2018, bringing the total grant amount to US\$8.175 million. The closing date of the grant was extended from Jun 30, 2020 to June 30, 2022. The grant was fully disbursed, and the project closure was on time.

**Expected follow up (if any):** The approval of the NRS, and the implementation of the Emission Reduction Program (ERP) have necessitated discussions on how such program can effectively contribute to the NDC commitments as well as raising necessary climate finance. Key issues for follow-up include assessing what policy measures, regulatory instruments, and strategies are required to enable broad participation and mobilizing private sector finance in mainstreaming REDD+ to generate emission reductions. At the operational level, additional follow up actions include development of infrastructure for carbon assets management and guidelines for potential future carbon transactions that could arise from domestic carbon pricing instruments or from voluntary carbon markets (Specific with respect to the Paris Agreement Articles 6.2 and 6.4). The WB and other development partners are coordinating to support the government in identifying specific policy and technical capacity needs.

**Comment on follow up:** The interest in carbon finance and investment by the government and private sector as well as NGOs is growing. This requires the GoL to develop a good understanding and clarity on how to prioritize between meeting NDC obligations and raising finance from emission reductions. The WB team has initiated early capacity building and knowledge sharing through joint collaborations with the Global Green Growth Institute, UN agencies, and the private sector to create common understanding. Thus far the discussion on nesting approach was taken place in July 2022 and the carbon asset management in October 2022. The growing interest from international investors in carbon finance and investment means that the GoL has an opportunity to raise the much-needed carbon finance. However, for this opportunity to be realized, clear policies, regulations and guidelines are needed regarding carbon ownership, mechanism for addressing requirements under Article 6.2 which governs bilateral cooperation via "internationally traded mitigation outcomes" (ITMOs). The decision adopted in Glasgow requires that corresponding adjustments (CA) are made under Article 6.2, relating to bilateral trade between countries. The GoL has not yet outlined how it will apply CA nor is there a registry to manage such transactions. Under Article 6.4, the GoL needs to provide clear signals on whether it will allow private sector investors to externalize emissions reductions from Laos.

The program's benefit-sharing arrangements encourage the participation of local communities, ethnic minority groups, and other stakeholders and provide incentives for greener and more resilient landscape management. Private sector investments in remission reductions from forestry sector will be a critical contribution to the participatory sustainable forest management through filling gaps in climate finance for forests and landscapes.

**End Date of Last Site Visit:** A Joint Forest Carbon Partnership Facility Readiness Grant (TF014777) Closure and Northern Supervision and Northern Laos Emission Reductions Payments Project (P165751) Implementation Support Mission was successfully conducted from July 18 to 29, 2022, which discussed the achievements and closure of the grant.

**Restructuring of Grant:** The Additional Financing was processed with the same objective as the first grant, with more focus on implementation at the sub-national level.

## OUTCOME

### Comments on outcome achieved from 08/11/2014 to 06/30/2022

The Grant, along with financial and technical support from other development partners, has created the necessary momentum for

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the GoL to transition from REDD+ readiness to implementation and participation in results-based payments. The revision and finalization of the NRS, revised institutional arrangements, completed safeguards, benefit sharing framework and forest MRV systems are essential building blocks that will enable Laos to upscale emission reductions programs and mainstream REDD+. Successful implementation of the ERP in the six northern provinces (Borkeo, Luang Namtha, Oudomxay, Luang Prabang, Sayabouly, Huaphanh) will create the necessary momentum and provide lessons for other sectors and sub-sectors enabling and contribute to the overall implementation of the NDC and broader climate change strategies.

It is important for the GoL to continue building and improving cross-sectoral coordination and performance. Ensuring long-term institutional operational capacity for safeguards, benefit sharing and sustaining the NFMS and associated MRV functions is essential. In addition, the transition from REDD+ readiness to implementation - including operationalizing of the national forest strategy and the NRS, especially at sub-national in line with other national and sectoral development policies, strategies, and plans is an area where further work remains necessary for the GoL. It needs to be recognized that the NRS and ER Program implementation will rely on domestic and international financing of measures to reduce emissions. It will be necessary for the GoL to develop innovative domestic financing instruments to implement its low emissions development.

## Grant Outcome Indicators

No Outcome indicators are defined or used for this grant.

## COMPONENTS

### Output and Implementation by Component

#### 1. Readiness Process Management and Stakeholder Consultation

**Status:** Completed

**Planned Output:** Operational REDD+ offices, coordination protocols, assessment and alignment of REDD+ Strategy and activities with the national policy, legal and regulatory framework, and stakeholders' engagement and consultations

**Actual Output:** planned output was achieved

#### 2. REDD+ Strategy Development

**Status:** Completed

**Planned Output:** Assessment of the existing policy and regulatory framework, analytical studies on land and natural resource tenure rights, land use plans, REDD+ strategy options, and safeguards

**Actual Output:** planned output was achieved

#### 3. Implementation Arrangement

**Status:** Completed

**Planned Output:** Institutional, regulatory, and financial arrangements, analytical studies on revenue management and benefit sharing mechanism, a benefit sharing working group, benefit arrangements, FGRM, and needs assessment and knowledge sharing

**Actual Output:** all planned output was achieved

#### 4. References Emission Level and Monitoring System

**Status:** Completed

**Planned Output:** national FREL, emission reduction monitoring, reporting and verification system, and carbon registry

**Actual Output:** planned output was achieved, except carbon registry is not established.

## Comment on planned and actual Output

Overall, the GoL completed REDD+ Readiness activities with good progress

## Comment on component implementation progress

### 1. Readiness Process Management and Stakeholder Consultation

- i. *Establishment of operational REDD+ Offices at the national levels and in selected provinces, and development of protocols for coordination among these offices.*
  - [A National REDD+ Task Force \(NRTF\)](#) was established in 2018 as decision-making body to oversee and provide guidance on the implementation of the national REDD+ program including institutional coordination. The NRTF was chaired by the Vice Minister of Agriculture (MAF) and Forestry and co-chaired by the Director-General of the Department of Forestry (DoF). The NRTF has 16 members from cross-ministerial sectors including MAF, Ministry of Finance (MoF), Ministry Planning and Investment (MPI), The Lao National Chamber of Commerce and Industry (LNCCI), Ministry of Natural Resources and Environment (MONRE), Ministry of Energy and Mines (MEM), Lao Women Union (LWU), Lao Front for National Development (LFND), and others. The NRTF was revived in 2022 and continues to operate as an advisory and decision support body.
  - Provincial REDD+ Task Forces (PRTFs) were also established for the six provinces and one southern province (Champassak). The PRTFs are chaired by the Province Vice Governor, co-chaired by the Director of the Provincial REDD Forest Office (PAFO) and members are from relevant government offices, organizations, and Deputy District Governors. The main role of the PRTFs was to provide coordination and implementation support at the sub-national level. The GoL is gradually mainstreaming REDD+ into business-as-usual at provincial level through Provincial Agriculture and Forestry Offices (PAFOs) and DAFOs.

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However, Provincial REDD+ Offices and Provincial Project Management Units have been maintained especially in the six northern provinces where the ER Program is being implemented.

- Over the duration of the REDD+ Readiness phase, the GoL made important institutional changes which simplified coordination and clear assignment of roles and responsibilities between MONRE and MAF. This included establishing a single national REDD+ Office. Two National REDD+ Offices which hosted under MONRE and MAF were merged to become the REDD+ Division under the DoF of MAF due to the Ministerial institutional changes.
  - National and provincial project management committees, national and provincial coordinators, and national and provincial technical co-ordination committees were established. The members are government civil servants, with officially assigned task to support the operation of the FCPF Project and the support is on-going.
  - Provincial REDD+ Offices and Provincial Project Management Units were established in the seven provinces. The offices have been maintained to improve enabling working environment for the project and government staff.
  - The grant supported the GoL on the establishment of REDD+ Offices at the national and province levels, procurement of office equipment, furniture, and project vehicles for national and sub-national offices. The GoL relied largely on international and individual national consultants and consulting firms to provide technical support for Redd+ Readiness. This is an area that needs further attention by increasing the pool of national staff taking leadership in projects implementation as part of building local capacity.
- ii. *Assessment and alignment of REDD+ Strategy and activities with the national policy, legal and regulatory framework*
- The NRS development process started in 2016 included assessment of national policies and regulations during the analysis of key drivers of deforestation and forest degradation. The formulation of the strategy options considered a large number of policies and regulations including the National Forestry Strategy 2020 and Vision to 2035, key indicators in the National Socio-Economic Development Plans (NSEDPs), commitments under the Paris Agreement 2015, NDC Targets, and PM Order No. 15/PM on Enhancing Strictness on the Management and Inspection of Timber Exploitation, Timber Movement and Timber Business, which strictly ban the export of wood products harvested from natural forest. The NRS was prepared in a participatory manner including consultations with all key sector institutions, across ministries, development partners, civil society organizations, and private/businesses at the national and sub-national levels. Results of the assessment and consultations were analyzed and presented in a report on the drivers of deforestation and forest degradation.
  - Laos now has a well-established methodological approach for frequent National Land Use and Land Use Change Assessment with the latest data being for 2019. The grant supported the analysis of drivers of deforestation and forest degradation as part of the NRS formulation including the preparation of PRAPs.
  - The grant supported the GoL to review and improve two Laws. The Forestry Law 2019 includes the established of the Forest Protection Fund (FPF) as the institution to manage future carbon revenue. The Land Law 2019 recognizes customary rights in forest areas which further support the implementation framework. GoL developed legislations to support implementation of the new provisions in the Laws.
  - The NRS was made available in English to Lao language, signed off by MAF in June 2021 and was made publicly available through the websites of DoF <http://dof.maf.gov.la/> and UNFCCC at [https://redd.unfccc.int/files/697\\_2\\_lao\\_nrs\\_final\\_2021\\_eng.pdf](https://redd.unfccc.int/files/697_2_lao_nrs_final_2021_eng.pdf).
- iii. *Establishment of a stakeholder participation working group, updating of the stakeholder participation and consultation plan acceptable to the World Bank and development of an effective communication and outreach strategy, to ensure and facilitate participation of relevant stakeholders in REDD+ Readiness Preparation Activities.*
- [Six National Technical Working Groups \(TWGs\)](#) were established in 2018 to support REDD+ readiness with a focus on the following thematic areas which are i) Land Tenure and Land Use Planning, ii) Legal and Law Reinforcement, iii) Safeguards and Stakeholder Engagement, iv) Benefit Sharing, v) Reference Emission Level and MRV, which is currently transformed as National Forest Monitoring System, and vi) REDD+ Strategy.
  - The TWGs consist of representatives from departments and divisions within MAF, Ministry of Justice (MoJ), MONRE, National University of Laos (NUOL), LFND, LWU, MPI, MOF, Ministry of Foreign Affairs (MOFA).

## 2. REDD+ Strategy Development

- i. *Assessment of the existing policy and regulatory framework to further develop and finalize the REDD+ strategy*
- As noted above, the GoL drafted NRS 2021-2025 and Vision to 2030 in 2016 with an intention to inform strategic and operational lessons for scaling up REDD+ nationwide. The draft was revised, consulted, and approved by MAF in June 2021.
  - The NRS identifies key drivers and underlying causes of deforestation and forest degradation and programs to address the drivers. The programs are 1) development of sustainable agriculture in coordination with forest protection, consisting of four priority projects; 2) promotion of commercial tree plantation and forest restoration, consisting of six priority projects; 3) linking infrastructure development with protection of forest and forest resources, consisting of four priority project; 4) Stopping uncontrolled harvesting of wood and forest products against laws and regulations, consisting of five priority projects; and 5) stabilize uncontrolled shifting cultivation by promoting sedentary agriculture production and to control forest fires, consisting of five priority projects. Each program consists of proposed measures and actions which were integrated into Forest Law 2019, draft National Land Policy and advance draft of the National Forest Strategy 2035, with vision to 2050.

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- Four NRS dissemination workshops were organized in Phongsaly, Xieng Khuang, Savannakhet and Saravanh and in Champasak, Attapeu, and Sekong provinces during late 2021 and early 2022.
  - Key programs and priority actions in the NRS have been reflected in the advance draft National Forest Strategy 2035 with vision to 2050, national and sub-national SEDPs (2021-2025), Master Plan for the National Protected Areas (PFAs) 2025, and sectoral development programs and projects.
  - The GoL integrated its NDC targets and green growth objectives into the 9th NSEDP 2021-2025. Some of the targets include mitigation measures outlined in the NRS.
  - The REDD+ readiness process informed GoL to include the mitigation measures in the NDC which was submitted to the UNFCCC in 2021. This includes methodological approaches, procedures, tools, and capacity for ongoing collection of activity data for estimating emissions and removals from the forestry sector.
  - The ER Program was the entry point and transition from REDD+ readiness to implementation and participation in results-based payments. A series of ERPA workshops and negotiation processes was conducted in consultation with line ministries and their departments and the WB. ERPA negotiations enabled stakeholders to better understand the international processes in establishing the results-based payments mechanism. This also represents the country's strategic options and intentions to be financed as well as investment in efforts to address the drivers of deforestation and forest degradation.
  - The readiness grant contributed to the development of PRAPs for two provinces (Oudomxay and Borkeo). PRAPs for five provinces (Luang Namtha, Luang Prabang, Sayabouly, Huaphanh and Champasak) were financially supported by GIZ and JICA. Development of the seven PRAPs completed by the Unique Forestry Consulting Company during the late 2017 and the early part of 2018.
- ii. *Analytical studies on land and natural resource tenure, rights, access and use, and development of participatory land use planning and REDD+ strategy options*
- Land use change drivers were assessed and analyzed through remote sensing, review of secondary data, and consultation process. This approach included prioritization of drivers of the deforestation for forest degradation and strategic interventions to address each driver.
  - The Land Issues TWG assessed natural resource rights and land tenure issues vis-à-vis REDD+ Policy. The Legal TWG assessed not only forest law and policy but also relevant policies, strategies, laws, and regulations from related sectors.
  - The grant also supported a land use assessment exercise in 2019. The assessment provided important insights on the land use trends particularly with regards to the drivers of deforestation and forest degradation and prioritization of NRS options, revision of the national forest strategy and draft national land policy.
- iii. *Social and Environmental Safeguards*
- The REDD+ Readiness process supported the formulation of the national social and environmental safeguards framework with the preparation of the Strategic Environmental and Social Assessment (SESA), Environmental and Social Management Framework (ESMF), Ethnic Group Policy Framework (EGPF), Resettlement Policy Framework (RPF) and Process Framework (PF). These safeguards instruments were reviewed and cleared by the WB safeguards specialists and subsequently used for the preparation of the ER Program in the six northern provinces.
  - The REDD+ Division further prepared tools to guide implementation of the environment and social framework. The tools include 1) List of projects requiring Initial Environmental Examination (IEE) and Environmental Impact Assessment EIA; (2) Guideline for preparation of an Ethnic Group Development Plan (EGDP); 3) Environmental and Social Impact Screening Format; 4) Sub-project site sensitivity and WB Safeguards; 5) Classification of sub-project category; 6) Chance Finds Procedure; 7) FGRM; 8) List of potential participants; and 9) Other data collection forms.
  - Some safeguard documents have been simplified and translated into local language for disclosure and implementation.
  - Along with the tools and guidelines, Safeguard Action Plans were developed, including EGDP; Gender Action Plan (GAP); Pesticide Management Plan (PMP); Environmental Management Plan (EMP); Social Management Plan (SMP); and Environmental Management Plan Social Management Plan (ESMP). These action plans can now be utilized on a wide range of projects.
- iv. *The Emission Reduction Program (Application of Safeguards Instruments)*
- The ER Program, titled Governance, Forest Landscapes and Livelihoods (GFL) and Implementation of Governance, Forest Landscapes and Livelihoods (I-GFL) becomes the first program to utilize the safeguards instruments prepared under the Readiness grant. Prior to signing the ERPA, the GoL was required to fulfil conditions of effectiveness, and this included undertaking safeguards due diligence of donor projects in the ER Program area. The purpose of the due diligence was to review the safeguard approach and policies applied to the donor projects against the ESMF of the ER Program, identify gaps in donor project safeguard's protocols and requirements, and propose measures to address the gaps. The long-term safeguards implementation will be managed through a Safeguards Information System (SIS) developed in 2021.
  - The ER Program included financial support from FCPF Carbon Fund, Green Climate Fund (GCF), German Society for International Development Cooperation (GIZ), Scaling-Up Participatory Sustainable Forest Management Project (PSFM also known as SUFORD SU), Asian Development Bank (ADB), International Fund For Agricultural Development (IFAD), and Deutsche Gesellschaft für Internationale Zusammenarbeit [German Development Bank] (KfW), and technical support from Japan International Cooperation Agency (JICA)/F-REDD. Reducing this heavy reliance on development finance has been recognized as an area that requires further effort by the GoL hence there were follow-up discussions by the GoL to explore measures



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to engage and mobilize private sector investment in emission reductions projects. However, this requires the GoL to create the necessary enabling environment such as improving cross-sectoral coordination notably on the policy and regulatory framework on forest and land tenure rights, as well as clear definition of carbon rights in collaboration with non-forestry sectors, WB, and other development partners.

### 3. Implementation Arrangement

- i. *Establishment of institutional, regulatory, and financial arrangement and capacity for supporting the REDD+ implementation*
  - The Readiness process and the simultaneous preparation of the ER Program required the GoL to continue improving institutional setting across the thematic areas of Safeguards, Benefit Sharing and MRV. For safeguards, the GoL issued a decision to establish Social and Environmental Units (SESUs) at central and provincial levels where local government staff were assigned responsibility for environmental and social safeguards work and capacity building focusing on the requirements of the ER Program. The establishment of new units was accompanied by further capacity building. For instance, safeguards training materials were developed for trainings on ER Program implementation based on capacity needs assessment.
  - While the NRS is the main guiding document for REDD+ implementation, at the ER Program level, the GoL prepared a Program Operational Manual (POM) which was reviewed by the WB and finalized in late 2021. The POM is an important document that provides the overall implementation framework for the GFL and provides a basis for future program designs.
- ii. *Benefit sharing arrangement*
  - The GoL nominated the FPF to receive and disburse the advance payment and the results-based payments under the ERPA. FPF has been committed to build its capacity to meet WB's fiduciary requirements. The FPF received technical assistance on development of capacity building plan. The GoL however recognized that FPF needs additional time, technical support, and resources to be able to manage the ER payments and activated the contingency plan. The FPF capacity is being strengthened through the Upfront Advance Payment under the ERPA.
  - The GoL will utilize the existing and well-established implementation modality of the grant for receiving and disbursing the advance payment and ER payments under the ERPA until the FPF demonstrates sufficient management and fiduciary capacity to manage the ER payments.
  - The BSP had been developed and accepted by the WB in late 2021. The plan will however be revised to ensure engagement of local communities in the ER process in a changing socio-economic circumstance.
- iii. *Assessment of existing FGRM, and reinforcement and/or development, as appropriate, such mechanism to address the needs of relevant REDD+ Stakeholders*
  - The FGRM is in place as described in ESMF of the ER Program. The safeguards workplan includes the preparation of awareness raising material on the FGRM and a national focal point has been assigned to oversee the management and monitoring of grievances and channels for submitting grievances, including directly to the central level (e.g., through phone number/hotline, email, regular mail and/or social media) has been established in the transition stage of GFL project.
  - The GoL established a system for recording, monitoring, and reporting grievances in late 2022. The system allows easy disaggregation of types of grievances and their resolution at village level. In addition, further emphasis on the existing FGRM awareness raising at community is highly required to increase accessibility to the mechanism.
- iv. *Assessment of the needs and development of options to build capacity in information and knowledge management of relevant institutions for the REDD+ preparation process*
  - REDD+ Communication Strategy was developed to guide sharing knowledge and information on REDD+.
  - Dissemination of REDD+ results have been organized through festivities and traditional events such as National Tree Plantation Day, Religious Event of national importance (Thatluang Festivals) in Vientiane Capital, Boat Racing Festivals in provinces, Elephant Festival in Sayabouly Province, and radio broadcasting. The information booths and stalls, placement of banners, posters, leaflets, and the participation in project games were used. The project also designed and gave away caps, t-shirts, polo shirts, textile bags, and others with important REDD+ messages.

### 4. Reference Emission Level and Monitoring Systems

- i. *Development of reference emission levels aligned with the national REDD+ Strategy*
  - In coordination with other development partners, the grant contributed to the development of the National FREL/FRL through a series of technical discussions and assessments before submitted to and accepted by the UNFCCC in 2018 and posted at <https://redd.unfccc.int/submissions.html?country=lao>. This included support for the MRV TWG Group and capacity building. The grant further supported the preparation of key reports such as REDD+ Technical Annex for MRV 2020 in collaboration with the support from JICA;
  - Significant capacity in national land use and land use cover change (LULUCC) and NFI was developed for government technical staff, and software and hardware were procured to strengthen the government's capacity to meet future requirements related to improvement and further development of FRLs.
  - The signing of the ERPA and preparation of 1st Monitoring Report has provided the GoL with an opportunity to improve methodological approaches for activity data collection with support from JICA, GIZ and the WB.

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- The GoL will conduct technical corrections on the activity data related to forest degradation and selective logging to improve uncertainty. This work will be supported by development partners mainly JICA and SilvaCarbon.
- ii. *Design of a system to monitor, report and verify the forest carbon stock and co-benefits of REDD+*
  - The established institutional arrangements are operational, with continued capacity building for the NFMS. The DoF approved the 'NFMS Roadmap', which is a detailed multi-year NFMS plan, in February 2021. The REL/MRV TWG was transformed into the NFMS TWG with three sub-groups: MRV; Forest Monitoring; and Data Management, enabling focused actions on each thematic area. Three NFMS TWG meetings were delivered.
  - The NFMS was accomplished in 2021. The NFMS web-portal is hosted by the new Forest Inventory and Planning Division (FIPD) server, which also has improved system security, available at <https://nfms.maf.gov.la/>
  - The grant was used to undertake major upgrades to the IT infrastructure for hosting the NFMS. The grant also contributed to the formulation of NFMS Roadmap with a multi-year plan and was approved by DoF in February 2021; In addition, the NFMS Web-portal and database were made operational under FIPD under DoF of MAF.
  - The first Biennial Update Report (BUR), including the REDD+ Technical Annexure, was submitted to the UNFCCC in July 2020, and its Technical Analysis was completed in June 2021.
  - A technical consortium for FREL/MRV, which draws specialist skills from different institutions, has been established. This technical working group is led by FIPD-F-REDD, with active participation from SilvCarbon and WB technical experts. The consortium provided technical support to the GoL on MMR and developed feasible response through improve methods.
  - The MMR Technical and Management arrangements were established in August 2020, consisting of the MMR Technical Team (MTT) and the MMR Management Support Team (MMST). A plan for gradual technical improvements of the FREL and estimates from forest degradation has been developed based on requirements of the ERPA. Technical issues for MMR and NFMS and options for corrections to the Reference Level MMR approach was identified. Emission reduction factors and activity data are being corrected and implemented by the MMRST and will be finalized in 2022.
  - The first ER Monitoring Report is being prepared and expected to submit to the WB in December 2022 for the first ER payment in June 2023.
- iii. *Establishment of a carbon registry, which can be used for both carbon and non-carbon requirement of REDD+*
  - There has not been an establishment carbon registry in Lao PDR, but there has been discussion that the registry office will be hosted in MONRE. Lao PDR will use the WB Emission Reduction Transaction Registry (CATS - Carbon Assets Tracking System) to issue and transfer the ER Units generated under the Lao PDR's ER Program.
  - The NRTF received a one-day information session on the carbon asset management by the WB in October 2022 in Vientiane Capital. However, the GoL is still deliberating on assessing options for carbon assets management and registries in relation to implementation of the NDC
  - The DoF staff received a five-day technical training on Monitoring, Reporting and Verification by the WB in October 2022 in Vientiane province.

## 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:	RE- Recipient Executed

### Implementing agency and contact details

Agency:	Ministry of Agriculture and Forestry, Department of Forestry
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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 Lao PDR is progressing well toward REDD+ implementation. The GoL's submission of its NDC to the UNFCCC and MAF has increased efforts to ensure wider stakeholders' engagement and sectoral coordination at all aspects and levels. The grant helped the GoL to be advance in NDC implementation and to contribute to global climate change. The grant activities are embedded in the

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– National Green Growth Strategy and reform agenda for the land and forestry sector to achieve more sustainable, more resilient, and more inclusive growth, including leveraging significant private sector investment which is already occurring in Laos.

The GoL has benefitted from implementation of the grant that supported the preparation for ER program and negotiation of ERPA. The ERP offers an opportunity for the National REDD+ Program to be implemented at the sub-national level that requires actively coordinating with various stakeholders on various topics including safeguards, MRV, benefit sharing, REDD+ policies and measures, and capacity building. The grant contributed to well-established national coordination platforms and added value to other REDD+ initiatives in the country.

The GoL has taken deliberate steps to streamline project and program implementation by establishing joint project implementation units at the national and sub-national levels to reduce the administrative burden. The National Project Management Unit (NPMU) oversees the Northern Lao GFL, I-GFL, and Lao Landscapes and Livelihoods (LLL).

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

No significant changes.

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

The GoL made good progress on readiness to implement ERP particularly national and sub-national institutional arrangements and capacities for technical, financial management, procurement, and safeguards. The WB team, in collaboration with national and international entities with expertise on REDD+ provided harmonious and continuous technical support to GoL to ensure quality as well as national and international compliances. This was done through high level policy dialogues, technical discussions and trainings on various topics including carbon asset management, and nested REDD+ approach.

### 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 SESA was developed in accordance with the Common Approach. Safeguards instruments were prepared and disclosed in March 2020, including ESMF and its associated frameworks, including EGPF, RPF, PF, GAP, and FRGM. Development of these documents were based on results from multi-government and non-government stakeholder consultations at national, sub-national and community levels.

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

Yes.

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

The grant supported a comprehensive stakeholder consultation process, with a wide range of stakeholder representatives from the central to the village cluster, and village levels. The preparation of the NRS, SESA, ESMF, and the ER Program took place concurrently with broad stakeholder participation. Participation methods included technical level consultations with the six REDD+ TWGs; strategic level consultations with the NRTF; existing sector coordination mechanisms such as the Forest Sector Working Group (FSWG) and Forestry-Sub-Sector Working Groups (FSSWGs); committee meetings; workshops with non-government (civil society organizations, private sector, development partners, and projects); and consultation meetings with representatives of provinces, districts, village clusters and villages. From 2016, the six northern provinces engaged in their respective processes of developing and updating their PRAPs. During this process, consultation meetings were held in all 50 districts and 50 selected villages, engaging with provincial and district staff, and village representatives of various ethnic groups, position, gender, poverty status, and ages.

The GoL established systems and platforms to make information related to REDD+ readily and easily accessible in a transparent manner. Key documents including the safeguards instrument and BSP was translated in local languages and publicly disclosed.

The GoL 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 FGRM is in line with existing policies, strategies, and regulations on grievances, as defined by the GoL. This requires project owners and proponents to set up grievance mechanisms starting from the village level, and follow legislation under Decision No. 08/MOJ, 2005 that seeks to strengthen conflict resolution at the grassroots level, by establishing Village Mediation Units (VMUs). The grievance mechanism will also be institutionalized in each village by a selected group of people, involving elders, 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.

## COMPLETION

### Overall Assessments and Lessons Learned



# World Bank - Grant Reporting and Monitoring (GRM) Report

## Main lessons learned:

- REDD+ is a new concept for the GoL and continuous support from the WB and other development partners on knowledge and information sharing is important.
- In some instances, employing individual consultants is more cost effective and provides more direct oversight, resulting in greater efficiency and cost effectiveness, and a shorter procurement process than hiring a consulting firm. However, GoL faced insufficient technical support from hiring national consultants and employing firms was proved to help GoL to overcome technical challenges and delays related to the lack of national and internationally qualified consultants. This is particularly pertinent for safeguards.
- Highly qualified experts and consultants based in Laos have been highly demanded by the government and non-government agencies. With this opportunity, the experts and consultants lose interest in part-time consultancy. This affects confidence and takes away attractiveness of the qualified experts and consultants to put on their efforts and time for the part-time positions.
- Engagement of the government staff in the implementation of project financial management (FM) is a good opportunity for the staff to gain technical knowledge and capacity. However, the GoL relies heavily on the project consultants and the day-to-day work on the FM is done mostly by the project consultants, with minimal/without observation by the government staff as they signed off on the financial statements.
- Development of REDD+ Action plans in a strategic and timely manner is critical for effective implementation of project activities and ensure deliverables. The GoL lacks qualified human resources to conduct meaningful consultations with stakeholders to collect information and data necessary for the PRAPs. Consequently, integration of REDD+ aspects into local SEDPs affected consistency and compliance and submission of the plans for approval delayed.
- Skills training on using online applications is needed for project staff and civil servants as the COVID-19 pandemic resulted in more remote and online project operation. Building staff capacity, especially in online software and applications helps to reduce the technical challenges.
- Government-wide coordination on land use for the purpose of forest protection and a long-term low emissions strategy is needed. This includes defining ER ownership, benefit sharing approaches and authorization of ERs under article 6.4 of the Paris Agreement.
- Private sector participation remains limited, and there is still a lack of private-partnership models and incentives to involve the private sector. Laos requires proper and appropriate REDD+ business policy guidelines to accommodate the emerging interests both from private and international organizations on carbon credit markets or payment schemes.
- The effective FGRM creates more awareness among the communities, especially ethnic people, and women, strengthens the capacity of Village Mediation Units (VMUs), and District Mediation Units (DMUs) as well as involvement of all concerned stakeholders.

## Overall outcome (and its Sustainability):

### Comment:

- The REDD+ Readiness support allowed for the establishment of the main REDD+ institutions and systems needed for preparations for the potential results-based payments, in particular the ER-P: safeguard instruments, FGRM, MRV system, FREL, BSP, etc.
- The grant financed activities largely achieved their objectives. The REDD+ dialog enhanced attention to address the drivers of deforestation and forest degradation and increased cooperation between the forestry sector and other sectors that are at the root of deforestation and forest degradation. Investments for REDD+ are committed and an ERPA signed for ERs.

## Bank Performance:

**Comment:** The overall Bank Performance is Satisfactory, based on quality at entry, project supervision and additional resource mobilization. Regular supervision missions were organized and documented (Aide-Memoire), Non-Objections were provided to the client under reasonable timeframes, and regular reporting was done to the Bank and donors. The Bank team provided close support and technical advice to the GoL throughout implementation of the grant financed activities.

## Additional Assessment

### Development / strengthening of institutions:

**Comment:** The grant support has significantly increased the capacity of the GoL particularly DoF to handle REDD+. The National REDD+ management institutions are well versed on REDD+ and have a better capacity for managing the national REDD+ process.

### Mobilization of other resources:

**Comment:** Lao PDR has made good progress to implement ERPA for results-based payments and expected to receive the first ER payment by 2023.

### Knowledge exchange:

**Comment:** The WB Lao REDD+ team has been a part of various knowledge and information sharing on REDD+ supported by the FCPF and other sources.

### Client's policy / program implementation:

**Comment:** The GoL is on track to achieve tangible REDD+ results and subsequent results-based payments.

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## Efficiency:

**Comment:** Outcomes planned at the onset have been largely achieved, in a timely manner, thus efficiency is rated satisfactory.

## Replicability:

**Comment:** The ER Program in the Northern provinces will provide a strong and scalable foundation for REDD+ implementation in additional provinces or nationally, enabling Laos to mobilize further support for country's sustainable forestry management.

## Main recommendations to stakeholders:

REDD+ has been communicated globally as a mechanism that seeks to incentivize activities targeted at reducing emissions from the land-use sector. Stakeholders of large financial inflow for REDD+ have high expectations for interest and seeks investment sometimes with insufficient understanding of country specific arrangements for REDD+. To effectively manage expectations of the stakeholders, deliberate efforts need to be made to emphasize the various co-benefits which will arise from REDD+ implementation, and that any payments for implementation of REDD+ will be performance-based and will consequently require continual support and commitment from all stakeholders.

## Main recommendations to Bank Management:

Readiness preparations and the results-based payments processes under the ERPA are highly technical and country specific. This requires substantial time, resources and skill sets on the client side, and support from the WB's teams. The support also requires understanding of local circumstance which needs local knowledge and culturally appropriate connections.

## 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
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	5,682,247.01	855,413.63
01/01/2020	06/30/2020	0.00	0.00	6,560,574.36	878,327.35
07/01/2020	12/31/2020	0.00	0.00	7,613,925.00	1,053,350.64
01/01/2021	06/30/2021	0.00	0.00	8,083,593.47	468,668.47
07/01/2021	12/31/2021	0.00	0.00	8,175,000.00	91,406.53
01/01/2022	06/30/2022	0.00	0.00	8,175,000.00	