



LAO PDR_REDD+ Completion Report for the Readiness Fund of the FCPF

Submission Date: 23 December 2022

Project Name	REDD+ Readiness Preparation Project
Country	Lao PDR
Implementing Agency	Ministry of Agriculture and Forestry
Grant Objectives	To assist the Recipient to carry out the Readiness Preparation Activities
Original Amount (US\$)	3.6 Million Dollars (all values in USD)
Revised Amount (US\$)	8.175 Million Dollars (Additional Funding of 4.575 Million)
Actual Disbursed (US\$)	8,173,624.75
Effectiveness Date	11 Aug 2014
Original Closing Date	15 March 2018
Actual Closing Date	30 June 2022

1. Overall Outcome and its Sustainability

The Readiness Grant supported by the Forest Carbon Partnership Facility (FCPF) was used to implement the REDD+ Readiness Preparation Project from 2014 until the end of June 2022. The total amount of the grant fund was US\$ 8.175 million, which was received over two tranches. An original grant of US\$ 3.6 million was received for the period from August 2014 to May 2018 and an additional grant of US\$4.575 million was received for the period from June 2018 to June 2022. This financial support from the FCPF enabled the Project to make important contributions to advancing the REDD+ Readiness process through the development of the REDD+ implementation frameworks (institutional arrangements, Forest Reference Emission Level (FREL), Monitoring, Reporting and Verification (MRV)/National Forest Monitoring Management System (NFMS), safeguards, and benefit sharing mechanism), completion of National REDD Strategy and building capacity to implement REDD+ activities at both the national and, sub-national levels. The Readiness Grant also supported the development of Emission Reduction Program (ER Program).

The lessons learned from such REDD+ Readiness processes are important for Lao PDR to upscale the ER Program to other provinces, particularly on the lessons from the preparation of the Benefit Sharing Plan (BSP) on how to engage, encourage community participation, and provide rationale incentives for communities/villages related to emissions reduction. The lessons learned from the FCPF are useful for further improve investment of community-based interventions. The Government of Lao PDR (GOL) reinvested some of the results-based payments to upscale implementation initially in the six target provinces. In addition, the GOL took more measures to mobilize finance from Green Climate Fund-GIIPAD/GIZ, and GCF- F-REDD+/JICA (Results Based Payment Pilot Project) to upscale the investment in the implementation of the ER Program. The lesson learned from this will be an ideal model for replication for future investment. Based on further lesson learned, these interventions may be up scaled in other provinces too. Apart from the financing from the carbon funds, possibilities will be explored to trade any surplus carbon dioxide equivalents (CO₂e) and collaboration with other

development partners to incorporate Emission Reductions (ERs) in their development projects to mobilize finance.

The Results Based Payments scheme through the Emission Reduction Payments Agreements with the World Bank/FCPF Carbon Fund is heard and captures both public and private sectors' investment interests. Despite the emerging market opportunities, Laos still needs to cope with the potential challenges in terms of the development of the REDD+ business guidelines for REDD+ investment. The GOL needs to set the target market or payment scheme as well as prepare itself to meet the requirements imposed by the emerging markets. Furthermore, Laos needs to show long term development direction of REDD+ and forestry sector that contribute to the low emission society and adaptation to the climate change impacts. The strategic priorities and investments will include the security of payment from GCP and reinvestment in forest conservation, law enforcement and livelihood improvement. More emphasis and investment on the law enforcement is crucial and necessary.

2. Outcome of each Readiness Grant Activity

1) Readiness Process Management & 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 (NTRF) was established. A multi-sector and inter-ministerial body, The NTRF is chaired by the Vice Minister of Agriculture and co-chaired by the Director-General of the Department of Forestry (DOF). The NTRF includes 16 members of different ministries and their departments, as well as organizations and institutions, including the Ministry of Agriculture and Forestry, Ministry of Finance, Ministry of Planning and Investment, Chamber of Industry and Commerce, Ministry of Natural Resources and Environment, Ministry of Energy and Mines, Lao Women Union, Lao Front for National Construction, and others.
- The structure and the multi-sectoral composition of the NTRF have remained constant. The NTRF continues to play an important role during the implementation phase of the ER Program, as well as providing policy guidance and decision making on approaches corresponding to the emerging opportunities for the carbon credit market. These roles include supporting capacity development related to REDD+, ensuring cross-sectoral communication and coordination, and participating in international climate change policy discussions and negotiations. Inputs and feedback from the ER Program implementation of will be considered for future policies and regulations such as up scaling the ER Program and the implementation of the National REDD+ Strategy (NRS).
- Provincial REDD+ Task Forces (PRTFs) were also established for the seven target provinces. The PRTFs are chaired by the Province Vice Governor, co-chaired by the Director of the Provincial Agriculture and Forest Office (PAFO) and include representatives from relevant government offices, organizations and Deputy District Governors. The PRTF ongoing roles include the endorsement of program workplans, rules and regulations, and reports related to REDD+, especially the integration of the Provincial REDD+ Action plan into the provincial socio-economic development plans and PAFO's annual work plans The PRTFs are the main actors responsible for coordinating REDD+ at the provincial levels. In addition, they have coordination roles among public

and private sectors and international organizations for the implementation of REDD+ within the provinces.

- Previously, the National REDD+ Offices had been divided into two ministries. One National REDD+ Division was stationed at the Ministry of Natural Resource and Environment (MONRE), while the other National REDD+ Office was located at the Department of Forestry, Ministry of Agriculture and Forestry (MAF). Later on, the two National level REDD+ offices were merged together, with the forest management responsibilities being now solely vested to the Department of Forestry of MAF as the main organization for forest management.
- Provincial REDD+ Offices (PRO), as well as Provincial Project Management Units (PPMU) in the seven target provinces (Borkeo, Luang Namtha, Oudomxay, Luang Prabang, Sayabouly, Huaphanh and Champasak) were established. The PPMU is stationed within the Provincial REDD+ Office (PRO) where it keeps close coordination between the two offices. The PRO plays important roles not only as a supervisory body to the district level, but it acts as liaison office between the national level and district levels. They are the actors and implementer for the REDD+ at the grass-root levels. The financing to the PPMU is channeled from the National level which gives the PPMU operational. The PPMU is stationed within the PRO where it keeps close coordination between the two offices. The PRO plays important roles not only as a supervisory body to the district level, but it acts as liaison office between the national level and district levels. They are the actors and implementers for REDD+ at the grass-root levels. The financing to the PPMU is channeled from the national level.
- National and provincial project management committees, national and provincial coordinators as well as national and provincial technical co-ordination committees have been established and are operational. The members of each body are government civil servants, and they were appointed to support the operation of the FCPF Project.
- Office renovation works were financed by the Readiness Grants for the National REDD+ office and Provincial REDD+ Offices of the six provinces and six Field Offices in Borkeo, Luang Namtha, Oudomxay, Huaphanh, Champasak, and Saysabouly to create enabling working environments for project and government staff.
- Office equipment, furniture and project vehicles were procured following the World Bank's (WB) procurement regulations and were distributed to the national and provincial levels according to the Project Procurement Plan. During the project period, a number of individual consultants and consulting firms were recruited to provide technical support to the implementation of the FCPF Project.

The establishment of institutional structures and offices at the national and provincial levels during the implementation of the FCPF Project has been maintained for the ER Program (i.e. Promoting REDD+ through Governance, Forest Landscapes and Livelihood in Northern Lao PDR (GFLL) Project which is financed by the Advance Payment under the Emission Reduction Payments Agreements (ERPA). The only change is the composition of the members of each institution due to the rotation of the officials.

ii. *Assessment and alignment of REDD+ Strategy and activities with national policy, legal and regulatory framework*

- The consulting firm Indufor Oy was recruited to support the implementation of the REDD+ Readiness Preparation in 2016. The consulting firm assisted the government to formulate the

National REDD+ Strategy after thorough review of various policies and legal documents to ensure that the strategy was in line with forestry and climate change policies, the Forestry Law of Lao PDR and complied with international requirements. In developing the strategy and other key REDD+ documents, there were a series of consultations with line ministries, international development partners, civil society organizations, and representatives of the private sector. These consultations that took place at both national and provincial levels.

- The National REDD+ Strategy was developed (available in both English and Lao languages) and was disseminated through several workshops at provincial and regional levels in late 2021 and early 2022 and uploaded into the DOF website (<http://DOF.maf.gov.la/>) and the UNFCCC website (https://redd.unfccc.int/files/697_2_lao_nrs_final_2021_eng.pdf). This dissemination ensured that the NRS was accessible to the public.

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 Technical Working Groups (TWGs) have been established. As they are more involved in the discussion and consultation they become to have better understanding of the negative impact of deforestation and REDD+. Their roles are important in supporting the technical aspects of works related to REDD+. These multi-sector REDD+ working groups have been established and are operational. These working groups are supporting the main activities of the Project. The TWGs consist of:
 - 1) Land Tenure and Land Use Planning Technical Working Group which has members from various partners, including:
 - i. Land Use Monitoring and Inspection Division, Department of Land, Ministry of Natural Resources and Environment (MONRE)
 - ii. Director of REDD+ Division, Department of Forestry (DOF), Ministry of Agriculture and Forestry (MAF);
 - iii. Deputy Director of Forest Inventory and Planning Division (FIPD), DOF, MAF;
 - iv. Deputy Chief of Agricultural Land Use Planning and Survey Center, MAF;
 - v. Deputy Director of Land Allocation and Development, Department of Land, MONRE;
 - vi. Head of Post Graduate Studies Department, Faculty of Forestry Science, National University of Laos.
 - 2) Legal and Law Reinforcement: Technical Working Group which comprised of the following members:
 - i. Deputy Director of Legal and Technical Standard Division, DOF;
 - ii. Deputy Director of REDD+ Division, DOF
 - iii. Deputy Director of Legal and Policy Division, Department of Forest Inspection;
 - iv. Deputy Director of Protection Law and International Committee, Ministry of Justice;
 - v. Technical Staff, Policy and Legal Department, MAF;
 - vi. Representatives of Legal Department, MONRE.
 - 3) Safeguards and Stakeholder Engagement Technical Working Group, which has the following members:

- i. Deputy Director of the Ethnic Protection, Ethnic Department, Lao National Front for Construction
 - ii. Deputy Director of REDD+ Division, DOF, MAF;
 - iii. Deputy Director of 3 Good Process, Lao Women Development Department, Lao Women Union;
 - iv. Deputy Director of Environmental Assessment Division, Department of Environmental Qualify Promotion, MONRE;
 - v. Deputy Director of Strategic Environment Assessment Report Division, Department of Natural Resources Policy, MONRE;
 - vi. Deputy Head of Department, Faculty of Environmental Science, National University of Laos;
 - vii. Deputy Director of Planning and Cooperation Division, DOF, MAF
- 4) Benefit Sharing Technical Working Group, which is comprised of members from the following departments:
- i. Director of Forest Protection Fund, DOF, MAF;
 - ii. Deputy Director of REDD+ Division, DOF, MAF;
 - iii. Deputy Director of Project Management Division, Environmental Protection Fund, MONRE;
 - iv. Deputy Director of Cooperatives Promotion Division, Department of Rural Development and Cooperatives, MAF;
 - v. Deputy Director of Administration Division, Department of Import-Export;
 - vi. Head of Income Generation from Logging Section, Department of Public Asset Management, Ministry of Finance (MOF);
 - vii. Technical Staff from Planning Division, Department of Planning and Finance, Ministry of Planning and Investment (MPI).
- 5) Reference Emission Level and Monitoring, Reporting and Verification (REL/MRV) Technical Working Group, which is currently transformed as the National Forest Monitoring System, and the team consists of:
- i. Director of Forest Inventory and Planning Division, DOF, MAF;
 - ii. Deputy Director of REDD+ Division, DOF, MAF;
 - iii. Director of Emission Reduction Survey, Department of Climate Change Management, MONRE;
 - iv. Deputy Chief of Information Section, Agricultural Land Planning and Survey Center, Department of Agricultural Development and Management, MAF;
 - v. Head of Post-graduate Studies Department, Faculty of Forestry Science, National University of Laos.
- 6) The REDD+ Strategy Technical Working Group, includes representatives from various organization as follows:
- i. Director of REDD+ Division, DOF, MAF;
 - ii. Director of Planning and Cooperation Division, DOF, MAF;
 - iii. Deputy Director of Forest Inspection and Resources, DOFI, MAF;
 - iv. Deputy Head of Post Graduate Studies Department, Faculty of Forestry Science, National University of Laos

- v. Deputy Director of Planning Division, Department of Planning, MOF;
- vi. Director of Economic Planning and Development Division, Department of Planning, MPI

These TWGs remain important in providing technical support and inputs in the implementation of the ER Program. Nonetheless, membership of each group needs to be revised due to the rotation and the retirement of the government staff.

2) REDD+ Strategy Development

- i. *Carrying out of an assessment of the existing policy and regulatory framework to further develop and finalize the REDD+ strategy*
 - Please also see Component (Task) 1. ii.
 - The National REDD+ strategy (NRS) options aim to address key drivers and underlying causes of deforestation and forest degradation. In response, the NRS identified five programs and 24 priority projects have been defined, including:
 - Program 1. Development of sustainable agriculture in coordination with forest protection, consisting of four priority projects.
 - Program 2. Promotion of commercial tree plantation and forest restoration, consisting of six priority projects.
 - Program 3. Linking infrastructure development (e.g., construction of hydro-power dam/reservoirs, electricity line and road, and mining) with protection of forest and forest resources, consisting of four priority project.
 - Program 4. Stopping uncontrolled harvesting of wood and forest products against laws and regulations, consisting of five priority projects.
 - Program 5. Stabilize uncontrolled shifting cultivation by promoting sedentary agriculture production and to control forest fires, consisting of five priority projects.
 - Four National REDD+ Strategy Dissemination workshops were organized in Phongsaly, Xieng Khouang, Savannakhet and Saravanh (Champasak+Attapeu and +Sekong) provinces during late 2021 and early 2022.
 - Following the approval of the NRS, the next step is the integration of the REDD+ strategy into the Forest Strategy 2035 with vision until 2050 which has been drafted as version six and is currently being translated into English.
 - The GOL integrated its Nationally Determined Contribution (NDC) targets and green growth objectives into the 9th National Social and Economic Development Plan (NSED) 2021-2025.
 - A series of Emission Reduction Payments Agreements (ERPA) workshops and negotiation processes were conducted in consultation with line departments and ministries and the World Bank. The ERPA process is new and participation in the ERPA training and workshop enabled the stakeholders to develop a better understanding about REDD+ and the international processes on the establishment of the result-based payment mechanism of the FCPF Carbon Fund. These experiences are useful for Laos to enter into other international agreements and carbon credit without letting in a disadvantageous position. The benefit sharing modality can eventually be replicated in the future program.

- After a few years of learning and negotiation process, the ERPA has been signed on 30 December 2020 and it became effective on 8 December 2021, after the Program Entity had achieved its conditions of effectiveness by completing Benefit Sharing Plans (BSP) and fulfilling safeguard obligations.
- REDD+ is now transitioning from readiness to implementation and the signing of the first ERPA represents significant milestone for participation in results-based payments schemes. This also represents the country's strategic options and intentions to invest in efforts to address the drivers of deforestation and forest degradation.
- During the readiness preparation, the readiness grant was used to develop the Provincial REDD+ Actions Plans (PRAPs) for Oudomxay and Borkeo Provinces, while the rest of the ER provinces were financially supported by GIZ and JICA funded projects. The PRAPs had been prepared and completed by the Unique Forestry Consulting Company during the late 2017 and the early of 2018. Subsequent meetings for integrating PRAP into district socio-economic development plans were carried out in certain provinces such as Houaphanh, Oudomxay, Borkeo and Sayabouly.
- In 2020, there was further development of PRAPs for Sekong and Attapeu Provinces. The preparations of these plans were financially supported by Biodiversity Conservation Corridors Program (BCC).
- With the evolution of time, the Project was able to complete the development of the Emission Reduction Program Document (ERPD) which was submitted to the World Bank and endorsed in the middle of 2018.
- The Benefit Share Mechanism and Plan had been consulted on and coordinated with the Benefit Sharing Technical Works Group and other stakeholders such as the REDD+ Division, Forest Protection Fund (FPF), Environmental Protection Fund (EPF) , PAFOs, DAFOs, and Village development Committees (VDCs) during the interim and inception phase as well as the World Bank. Allocation and types of benefits were also consulted with the relevant stakeholders (such as PAFOs/DAFOs/FPF/Representative Villages) under the Readiness grant and Advance Payment. The Benefit Sharing Plan was finalized and accepted by the World Bank in late 2021.

ii. *Carrying out of 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 satellite imagery analysis, a review of secondary data, and consultation process. This approach included the prioritization of drivers and strategic interventions to address drivers.
- The Land Issues TWG assessed natural resource rights and land tenure issues while REDD+ Policy and Legal TWG assessed not only forest law and policy, but also relevant policy, strategies, laws and regulations from other related sectors.
- A land use assessment was undertaken and the data was analyzed with a final report produced in Q3 2019. The results of this report form the basis for a review of the trends with regards to the drivers and appropriate measures were taken

to update strategies and approaches. The Forest Strategy had been reviewed and took note of the results of the land use assessment.

iii. *Carrying out the Strategic Environmental and Social Assessment (SESA) and development of Environmental and Social Management Framework (ESMF), both in compliance with World Bank Safeguard Policies*

During the REDD+ Readiness Preparation phase, the ER Program safeguard package had been developed as required by the Carbon Fund and cleared by the World Bank.

- The Safeguard Package includes the Strategic Environmental and Social Assessment (SESA), Environmental and Social Management Framework (ESMF), Ethnic Group Policy Framework (EGPF), Resettlement Policy Framework (RFP) and Process Framework (PF).
- Safeguard Tools for the above frameworks have also been prepared, which are comprised of: (1) List of projects requiring Initial Environmental Examination (IEE) and Environmental Impact Assessment (EIA); (2) Guideline for preparation of an Ethnic Group Development Plan; (3) Environmental and Social Impact Screening Format; (4) Sub-project site sensitivity and World Bank Safeguards; (5) Classification of sub-project category; (6) Chance Finds Procedure; (7) Feedback and Grievance Redress Mechanism; (8) List of potential participants; and (9) Other data collection form to collect safeguard compliance from the field.
- These safeguard documents are in the English language while some of them have been shortened as summaries for the purpose of dissemination.
- Safeguard Action Plans have also been developed, including the Ethnic Group Development Plan (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)
- Due diligence of donor projects in the ER Program area has been completed. 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 any gaps in donor project safeguard's protocols and requirements, and propose measures to address these gaps. The fulfillment of this requirement is a part of the qualifying process for payment for emission reductions generated prior to the ERPA signature.
- The DOF/MAF issued a decision to establish the Social and Environment Safeguard Unit (SESU) at the central and provincial levels. In addition, GFLL and I-GFLL coordinators have been appointed in all six provinces. In each province, government officials were appointed to be responsible for Safeguard work. Safeguards capacity building for SESU staff is ongoing.
- Safeguards training materials, which include an approach to capacity building, capacity needs assessment, capacity development framework, and safeguard training guidebook, were developed and will be used for capacity building training for the GFLL. The Safeguards Information System (SIS) manual was developed in Q4 2021. In addition, significant progress has been made in developing the SIS based on a national approach. Several consultations and field research were undertaken and the technical document was finalized. SIS is ready to be fed with data.

- Significant progress has been made in strengthening the transparent sharing of information, public disclosure and safeguards. The Lao REDD+ website <http://DOF.maf.gov.la/en/home/> carries all the key documents related to GFLL and I-GFLL. This includes social and environmental safeguards, the first Summary of Information on how safeguards have been respected and addressed, Gender Action Plan, Benefit Sharing Plan (BSP), and, the first national REDD+ results report for Lao PDR.

3) Implementation Arrangement

i. *Establishment of the necessary institutional, regulatory, and financial arrangement for supporting the REDD+ preparatory process*

- The REDD+ Division continues to coordinate and support the development of the implementation framework. Certain decrees on GOL decisions have been approved during the last few years and these have also been used to form the legal basis of the BSP. These Decrees include:
 - the revised Decree of the Forest Protection Fund 567/GOL
 - REDD+ Decree which address issues including on nesting of REDD+ Projects at different scales, REDD+ RBPs, and its relation to the BSP.
- In addition, new regulations have been added to the Forestry Law 2019 related to emissions reduction and carbon sequestration, which further support the implementation framework.
- Please also see 2.a.i.

ii. *Carrying out analytical studies on revenue management and benefit sharing mechanism, establishment of a benefit sharing working group, and development of benefit arrangements acceptable to the World Bank*

- A number of meetings have been conducted in Vientiane Capital with the BSP Technical Working Group whose members are from different departments and ministries and development partners in Vientiane Capital (at REDD+ and DOF Meeting Rooms) in relation to revenue management and benefit sharing mechanism and its plan.
- The GOL had nominated the Forest Protection Fund (FPF) to receive and disburse the advance payment and the results-based payments under the ERPA, and is committed to build its capacity to meet the World Bank's fiduciary requirements. There has been significant progress with the capacity building plan despite challenges related to the procurement of technical assistance due to COVID-19 limitations. Despite such progress, the GOL has noted that FPF readiness would need additional time and resources and has now activated the contingency plan. The plan, as outlined in the BSP, will utilize the existing and well-established implementation modality of the FCPF Readiness Grant for receiving and disbursing the advance payment and emissions reduction (ER) payments under the ERPA until such time as the FPF demonstrates sufficient management and fiduciary capacity to manage the ER payments.
- Following the closure of the Readiness Grant, the FPF is being strengthened through the Upfront Advance Payment under the ERPA. One of the supports is to provide procurement and financial training for FPF staff through formal and on-job trainings.

In addition, the Fund gives financial support to create the enabling working environment for FPF staff through office renovations, the provision of computer equipment and the establishment of financial management information system as well as the provision of a project vehicle. The procurement of these components are underway and expected to be completed by the end of 2022, whereas the purchase of FMIS will be done by February 2023 and the subsequent training will be accomplished by the middle of 2023. The GFLL project consultants are following up on these aspects closely and will ensure that FPF staff becomes more involved in the process of training and consultations.

- a BPS was developed after consultation with various stakeholders and accepted by the World Bank in late 2021.
- Although, the BSP has been approved, there is still scope for the Program Entity to address the issues arising during the implementation of the BSP such as the selection of target districts and villages, implementation of FPIC processes, data collection for baseline survey, and facilitation of the community action plan.

iii. Conduct of an assessment of existing feedback and grievance redress mechanism (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 the Environmental and Social Management Framework (ESMF) of the ER Program and is based on the existing system and legislation in the Lao PDR. The safeguards workplan includes the preparation of awareness raising material on the FGRM and a focal point is to be 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 GFLL Project;
- One staff from the REDD+ Division was appointed in late September, 2022. The person is equipped with a mobile phone connected to WhatsApp number for the FGRM. The draft manual for the FGRM on reporting, recording, and tracking grievance has been prepared. A dedicated phone line with a WhatsApp facility, dedicated email has been setup. One dedicated focal point staff at central level and a dedicated staff in each of the six target provinces have been assigned to handle the FGRM. Since the result-based payment has not been delivered, no grievances have been received related to the distribution of benefits.
- The most important lesson for the FGRM is to create more awareness among the communities, especially ethnic people and women; strengthen the capacity of Village Mediation Units (VMUs) and District Mediation Units (DMUs) and involvement of all concerned stakeholders.

4) 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, along with the National REDD+ Strategy. Various knowledge materials were produced and distributed to provinces to disseminate the work of REDD+ and the Project.

- The REDD+ Communication Strategy has been implemented through numerous disseminations in two main settings. One setting has been through festivals and traditional events such as National Tree Plantation Day, That Luang Festival in the Capital City, Provincial Boat Racing Festivals, Provincial Elephant Festival in Sayabouly Province and radio spots. These activities were undertaken through the setup of booths and stalls; placement of banners, posters, leaflets; and the participation in project games in order to give away have the project prizes such as caps, t-shirts, polo shirts, and textile bags. Another setting has been via the formal organization of meetings and workshops of REDD+ for dissemination at national and provincial levels across the nation. The dissemination of REDD+ enhances the ability of government officials and organizations, as well as local communities, understanding of REDD+ and the protection of the forests and the environment.

4. Reference Emission and Monitoring System

i. Development of reference emission levels aligned with REDD+ Strategy

- The Lao National Forest Reference Emission Level (FREL) and Forest Reference Level (FRL) for REDD+ was submitted to the UNFCCC and went through a series of technical discussions and assessment. The FREL has been accepted by the UNFCCC and is posted online <https://redd.unfccc.int/submissions.html?country=lao>. Significant capacity building has been undertaken and both software and hardware have been procured to strengthen the capacity for future RELs.
- Actions are underway) to strengthen the ability of the Lao REDD+ program to meet future requirements related to improvement and further development of the reference emission levels.
- The signing of the ERPA and preparation of the first Monitoring Report has provided the GOL with an opportunity to improve methodological approaches for activity data collection with support from JICA, GIZ and the World Bank. Going forward, the GOL will implement technical corrections to the activity data related to forest degradation and selective logging which will improve uncertainty factors. This work is supported by JICA, SilvaCarbon, and other partners.

a. Design of a system to monitor, report and verify the forest carbon stock and co-benefits of REDD+

- Institutional arrangements which have already been established are now operational and capacity continues to be built for the National Forest Monitoring Management System (NFMS). In February 2021, the DOF approved the 'NFMS Roadmap', which is a detailed multi-year NFMS plan. Accordingly, 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 web-portal and database has been made operational and is hosted by the new FIPD server, which also has improved system security. (<https://nfms.maf.gov.la/>)
- National Forest Management System was accomplished in 2021.
- The REDD+ Technical Annex to the first Biennial Update Report (BUR) was submitted to the UNFCCC in July 2020, and its Technical Analysis was completed in June 2021. A strong technical consortium, which draws specialist skills from different institutions,

has been established as a joint effort in supporting the Measurement Monitoring Report for the ER Program. These include F-REDD 2 Project/JICA, the World Bank, the SilvaCarbon Program and Boston University. This collaboration has been providing an important Quality Assurance function to consider and implement best-available carbon accounting approach for Lao PDR including the technical correction of RL presented in Annex 4.

- Another technical collaboration for future improvements in the National Forest Inventory (NFI) is also in progress among the F-REDD 2 Project/JICA and forest inventory experts from the University of Goettingen in Germany and the US Forest Service (USFS), facilitated by the SilvaCarbon Program. This work is expected to improve the accuracy and range of the NFI data to be collected, while maintaining consistency in the estimation of emissions and removals. In 2021, the FAO collaborated in the improvement of the R Script (an automatic calculation program) used for the NFI database.
- A plan for gradual improvement of estimates from forest degradation has been developed. The measuring, monitoring and reporting (MMR) technical and management arrangements were established in August 2020, consisting of a MMR Technical Team (MTT) and a MMR Management Support Team (MMST).
- The Readiness Grant contributed to the early preparation of the first ER Monitoring Report for ER results generated by the GFL during 2019-2021. The ER Monitoring report is expected to be completed and submitted to the World Bank at the end of 2022, for the first ER payment in 2023. The ER Monitoring Report is attached with four annexes, including:
 - *Annex 1: Information on the implementation of the safeguard plans which have been carried out by various REDD+ Projects. It specifies the requirement of the FCPF on managing environmental and social aspects of ER Pram.*
 - *Annex 2: Information on the implementation of the Benefit Sharing Plan, which shows the requirements for FCPF on Benefit sharing plans.*
 - *Annex 3: Information on the generation and/or enhancement of priority non-carbon benefits that relate to Criterion 34 and 35 of the Methodological Framework of the FCPF.*
 - *Annex 4: A description on the technical correction to the Reference Level*

iii. Establishment of carbon registry, which can be used for both carbon and non-carbon requirement of REDD+

There has not been an establishment of a carbon registry in Lao PDR, but there has been discussion that the registry office will be hosted in the Ministry of Natural Resources and Environment. Lao PDR will use the World Bank Emission Reduction Transaction Registry (CATS – Carbon Assets Tracking System) to issue and transfer the ER Units generated under the Lao PDR’s ER Program

5. Lessons Learned

There had been significant positive achievements through the support of the REDD+ Readiness Grant from 2014 to 2022. Overall, the FCPF project had contributed to the preparation of the REDD+ readiness of institutional arrangements and stakeholders in a dynamic, participatory and collaborative manners. The Grant provided by the FCPF helped with mainstreaming REDD+ and

advanced issues of climate change and low-emission development at national and sub-national levels. Moreover, the Project had reinforced national dialogues on technical and policy related issues such as carbon asset management.

Challenges at Project Operational Level

During the implementation of the FCPF Project, there have been several challenges that were encountered. These can be briefly described as below:

- REDD+ was considered as a new concept during the initial stage of the project implementation. To overcome this there was significant effort to disseminate information on REDD+, with a special focus on the target provinces in the northern Lao PDR through organizations of traditional and festival events and activities, and at formal setting of workshops and meetings. Formal events were conducted via meetings and workshops within forest education institutions in central and southern parts of Laos.
- National and provincial arrangements for REDD+ have evolved as part of the GOL's efforts to improve and strengthen forestry sector policies and activities. Significant institutional reforms have taken place since 2007. As such, roles and responsibilities for responding to climate issues, including REDD+, are now relatively well-established. At the ministerial level, the Ministry of Natural Resources and Environment (MONRE) is now responsible for monitoring environmental conditions in different areas, including the forest sector, but the primary jurisdictional responsibility for all forests now lies with the Ministry of Agriculture and Forestry (MAF). The consolidation of management of the forest sector under MAF is already improving coordination and collaboration with key stakeholders.
- Government staff turnover and rotation from time to time have resulted in negative impacts. This affected work productivity and efficiency, as the newly assigned officials have needed time to become acquainted with the highly technical aspects of the work. In order to ensure the smooth transference of responsibilities and knowledge between the predecessor and successor, the timing of the transition and a proper hand-over of responsibilities will be maintained. Whenever possible, work orientation for new comers is also necessary;
- The recruitment of experienced national REDD+ project consultants proved challenging. In addition, international consultant with REDD+ expertise often did not have local knowledge, especially familiarity with the Lao PDR and GOL systems. The inability to find suitable qualified candidate resulted in significant delays in recruitment which impacted project delivery. Although with the help of the existing colleagues in the Project, new comers are briefed and, orientated about the internal processes within the DOF and the Project background, which helps them to get up the speed quickly.
- Inadequate human resources within the REDD+ Office also led to implementation delays, with staff allocated multiple project and field activities. The REDD+ Division staff has been involved in aspects of the Project work, especially procurement, financial management and technical themes. Their capacity is built both formally and informally. The government officials who accompanied the consultants to the field trips have had their capacities strengthened as the result of being involved in the activities. Sometimes these officials provided direct assistance to the Project Consultants during their field technical backstopping. The ERPA requirements related to legal aspects were difficult to communicate across key ministries. Carbon trading was a very new concept, so participants from different departments other than REDD+ Office did not initially fully

understood the concept, so it took time for the ERPA contract negotiation committee members to become acquainted to the terms and conditions of the ERPA.

- After the conditions of the ERPA became effective, the GOL had made a request for advance payment of three million united state dollars and the official formalities had been proceeded before the closure of the FCPF project through the MOF.. However, there was a long delay in the approval process for advance payments request to be endorsed due to the lack of understanding of the newly appointed senior official to under the terms of ERPA. This lack of understanding was a result of there being limited reports prepared and submitted to the Government officials concerned to enable their understanding. Nevertheless, the payment was finally approved at the end of the Project closure.
- The COVID-19 travel restrictions presented challenges to the implementation of the project activities. National restrictions on medium to large sized meetings and cross provincial travel caused delays and unproductivity for program implementation, despite their being in place remote working arrangements.

Lessons Learned

- In most circumstances, employing individual consultants is more cost effective and provides more direct oversight, resulting in greater efficiency and cost effectiveness and requiring a shorter procurement process. Although employing firms could help to overcome the challenges and delays related to the lack of national and internationally qualified consultants.
- In country support is seen to be more effective. This was especially the case during the pandemic of the COVID-19, as communication through virtual settings is not always effective and interactive, due to technical challenges.
- Hiring part time consultants is less effective and affects the timeliness and quality of work. In addition, short contract periods can impact the quality of applicants and continuity of project consultants. Wherever possible, full-time and longer contracts are highly encouraged in order to maintain the momentum of the work.
- Timely and strategic planning is essential for implementation. For example, a lack of human resources, compounded by a delay in consultations affected the integration of the Provincial REDD+ Action Plans into socio-economic development plans of the province. Consequently, the integrated plans were not submitted i within the timeframe required for integration into the five-year provincial socio-economic plans and resulted in a one-year delay.
- Skills in using online applications are 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 will avoid technical challenges.

For REDD+ Implementation:

The signing of the Emission Reduction Payments Agreements (ERPA) with the World Bank/FCPF-Carbon Fund has had meaningful impacts for the future investment in carbon credit training and REDD+ project development in Lao PDR. The implementation of the ER Program and the ERPA has captured both public and private sector attention and interest in carbon business. Lao PDR now has the National REDD+ strategy and Forestry Law, which promotes land concessions and emission reductions from forest, as well as generation of revenue for reinvestment in sustainable forest management. Despite these developments and emerging opportunities Lao PDR still requires further growth and has to address various potential challenges as follows:

- 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 that require higher accuracy, permanence (no reversal or reversal adjustment) and safeguards than the UNFCCC REDD+ Framework and GCF REDD+ Results Based Payments.
- The Paris Agreement Article 6.4 states that if REDD+ or forest carbon credit is included, it requires nesting of national and project levels in order to avoid ERs generated/accumulated at the national level is not lower than the sum of ERs of Projects and authorization of contribution of ERs to achievement of NDC by countries.
- Although Lao REDD+ is at the development stage and there is an increasing interest in the ER generation and emerging opportunities in Lao ER potentials, Laos still has limited capacity to meet the requirements of emerging markets or payment schemes (like CORSIA and ART-TREE/LEAF Coalition) including accurate carbon accounting, safeguards (SIS and SOI), REDD+ data management, (registry), and rules and regulations (by-laws of 2019 FL) on registration and approval of REDD+ projects with clear criteria, ER ownership, benefit sharing and so on.
- REDD+ revenue is unpredictable in terms of both amount and timing, and takes time to come in. So far, the strategic approach following Carbon Fund/ERPA and UNFCCC/GCF is missing.

In order to respond to the challenges mentioned above, there are strategic priorities and investments and forestry contribution to national climate change response objectives:

- A national long term strategy for low emissions is required by the Paris Agreement. The strategy needs to show or present the long term development direction of REDD+ and the forestry sector's contribution to a low emission society and adaptation to climate change impacts.
- Secure payment from GCF and reinvest in forest conservation, law enforcement and livelihood improvement.
- Coordination with other Ministries on land use (forest protection) and defining ER ownership and benefit sharing to authorization of ERs to Paris Agreement 6.4 and corresponding adjustment and others are indispensable.
- Given the strong market for commercial crops like cassava and coffee and the GOL's drive for foreign crop exports, Participatory Land Use Planning and support including cash incentive may not be efficient or sustainable for emission reductions. More emphasis and investment on law enforcement would be necessary (not to penalize small farmers).
- Setting the target market or payment scheme and preparing for application by meeting their requirements is considered a challenge for Laos. This most likely requires significant investment from Development Partners and/or from Results Based Payments (CORSIA, LEAF COALITION, GCF and/or from World Bank, such as from SCALE) Contribution to climate change adaptation and other ecosystem services from forests should be emphasized and financing and payment for these should be sought from both domestic and international sources. The sustainability of the implementation process depends on the identification of adequate incentive schemes, and the realization of actual benefits for the private sector and local communities, to ensure that stakeholders actively engage with REDD+ implementation. It is also important that the commitment and capacity of governments to enforce policies and laws are established.

- Readiness preparation is a long and demanding process. REDD+ is a cross-cutting issue that requires multi-stakeholder participation and depends on the creation of new type of collaboration among institutions, agencies, and other stakeholders.

6. Project Cost by Readiness Grant Activity

Activities (Project Components)	Amount at Approval (US\$)	Actual at Project Closing (US\$)	Percentage of Approval
Original Funding (USD3.6 Million)			
1. Readiness Process Management & Stakeholder Consultation	950,000.00	757,824.61	20.23
2. REDD+ Strategy Development	900,000.00	148,573.36	83.49
3. Implementation Arrangement	1,000,000.00	2,284,928.09	(128.49)
4. References Emission Level and Monitoring System	750,000.00	213,398.26	71.55
Additional Funding (USD4.575 Million)			
5. Readiness Process Management and Stakeholder Consultation	2,175,000.00	2,829,703.34	(30.10)
6. REDD+ Strategy Development	1,450,000.00	1,160,482.82	19.97
7. Reference Emission Level & Monitoring Systems	950,000.00	778,714.27	18.03
Total	8,175,000.00	8,173,624.75	0.02