

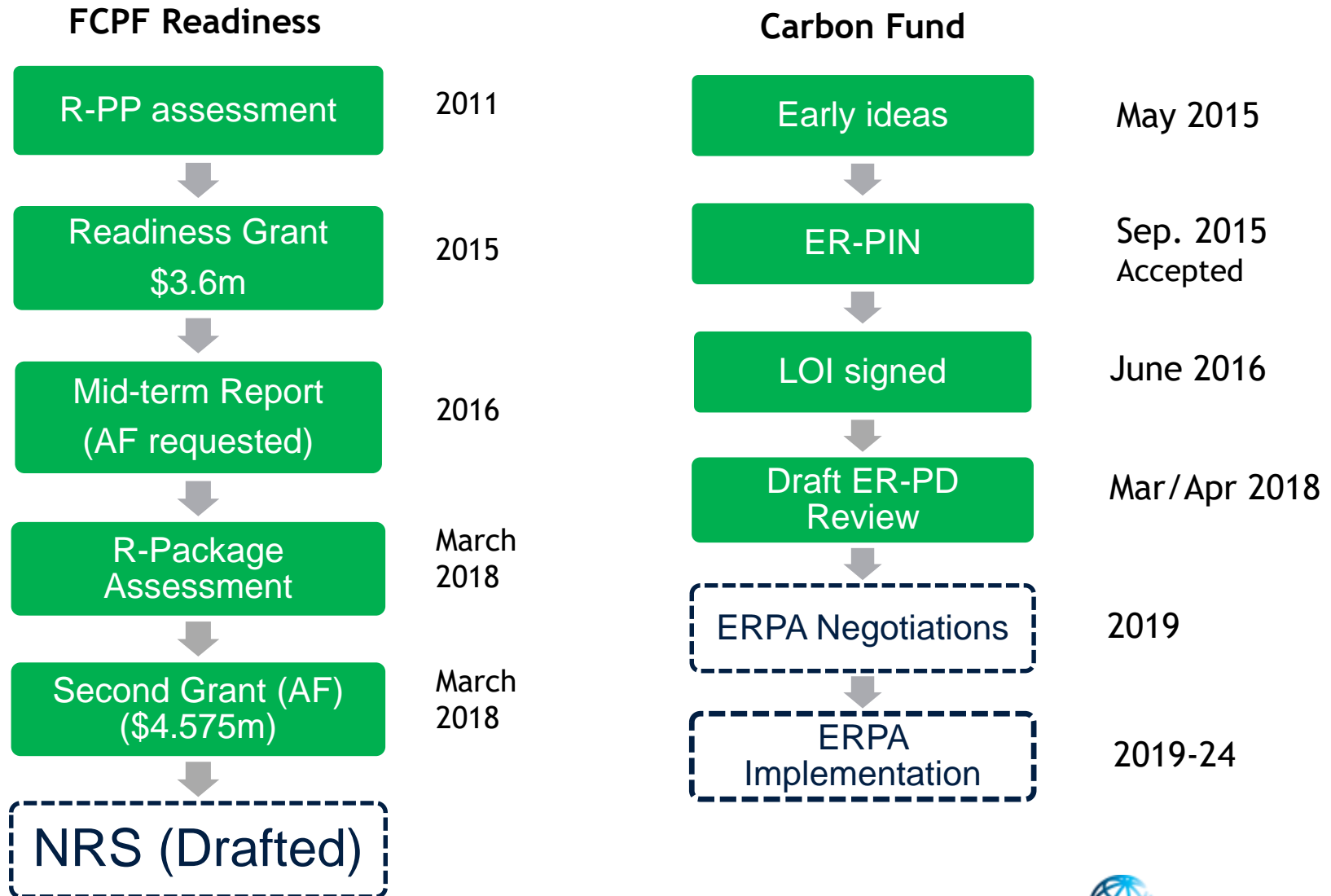


WORLD BANK GROUP
Climate Change

FCPF CARBON FUND: LAO PDR EMISSION REDUCTION PROGRAM

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18th Meeting of the FCPF Carbon Fund
June 20, 2018

Preparation Milestones



Selected Achievements

2008 - 2012	<ul style="list-style-type: none">• Establishment of a National REDD+ Task Force and REDD+ Offices which are now a Division under Ministry of Agriculture and Forestry's Department of Forestry (MAF/DOF)• Establishment of Ministry of Natural Resources and Environment (MONRE)
2012 - 2016	<ul style="list-style-type: none">• 6 Thematic REDD+ Technical Working Groups with clear terms of reference established• Cabinet reorganization gives mandate to MAF for management of all forests and Prime Ministerial Decision No. 57 to implement the institutional arrangements• MONRE handed over responsibilities for protection and conservation forests to MAF
2016 - 2018	<ul style="list-style-type: none">• Provincial REDD+ Task Forces established in the 6 ER-Program provinces• Prime Minister's Order (PMO) No. 15: restricts international trade in logs and unfinished timber, and provides increasing support for control of illegal logging.



ER Program is aligned with WBG Country Partnership Framework

3 Focus Areas of WBG CPF:
inclusive growth, **investing in people**, and **environment**.

CPF supports government priorities in the National Socio-Economic Development Plan (NSEDP)



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WORLD BANK GROUP
COUNTRY PARTNERSHIP FRAMEWORK
for the Lao People's Democratic Republic, 2017-2021

LAO |    

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Complementary WB/IDA, IFC and ADB investments

- **Scaling-up Participatory Sustainable Forest Management (SUFORD-SU, IDA US\$19m / FIP US\$12.83m / Finish Government US\$10.5m from 2013-2019)**
 - Outcomes support post-project sustainability and sensitization across > 1000 villages nationwide, incl. on forest restoration, SFM training, forest landscape plans, and certification.
- **Green Growth Development Policy Financing (IDA GGDPO1 US\$38.6m / GGDPO2 US\$40m; from 2017-2021)**
 - Timber Legality Assurance System (TLAS), certification, Protected Area management support, Strategic Environmental Assessment (SEA), Environmental and Social Impact Assessment (ESIA)
 - Complements other reforms such as PMO 15 (timber ban), land law (under discussion at the Natl Assembly) and new Forestry Law (under advanced preparation for Oct 2018 National Assembly).
- **Protecting Forests for Sustainable Ecosystems Services, as AF to GMS Biodiversity Conservation Corridors (ADB US\$20M / FIP US\$12.84; from 2011-2020)**
- **Smallholder Forestry Project (IFC FIP US\$3.3m; 2012)**
- **Second Lao Environment and Social Project (LENS2, IDA US\$32m / GEF US\$6.83m / Regional Wildlife Program US\$8m; from 2014-2021)**
- **Agricultural Competitiveness Project (IDA US\$25m; from 2018-2014)**
- In the pipeline (potentially): large-scale landscape engagement (protected areas, forestry, watersheds, tourism) using GEF7 and possibly IDA. Team is mobilizing co-financing and leveraging IFC and private sector investments.

Coordination with development partners

- **Development partners:** GoL has prepared a detailed outline of activities to be implemented over the next 2 years with support from several development partners (JICA, GIZ, KfW, World Bank, ADB).
- **Funding:** Development partners have contributed roughly US\$65 million in the last ten years. GoL is now preparing to mobilize funds for implementing in addition to its own fiscal and indirect contribution.
 - GoL continues to seek international support because the starting point for REDD+ and broader climate change response capacity is characterized by significant financial, human, and technical constraints.



Status of due diligence

- Concept Note Review Meeting (December 2017)
 - Feedback: Focus on program financing (conditional and unconditional)
- Draft Project Appraisal Document (PAD) produced
- Development Objective: to make payments for measured, reported and verified Emission Reductions related to REDD+ in the six Lao PDR provinces, and to distribute ER payments in accordance with the agreed Benefit Sharing Plan
- Overall risk: substantial
 - Financial: high - sources of financing still being secured
 - Technical design: high - innovative approach and complexity
 - Other risk categories: moderate
- Risk mitigation measures
 - Mobilize complementary financing; comprehensive programmatic approach
 - Most financing leverages technical assistance
 - FCPF Additional Funding support capacity development and expert input
- If approved by CFPs:
 - Appraisal: December 2018
 - Followed by negotiations

Going forward

Establish, enhance and implement **key systems** for ER Program implementation

1. **Safeguards system** to support risk management and sustainability of the ER Program
2. **Benefit sharing mechanism.**
3. **National monitoring system** (NFMS, Safeguards Information System)

Requires:

- ✓ **Capacity development** for national and sub-national stakeholders responsible for implementing the National REDD+ Strategy and intervention options
- ✓ **Coordination, communication and consultations** across sectors, stakeholders, and sources of financing



Thank you

