

CLIMATE INVESTMENT FUND
Strategic Program for Climate Resilience

Lao PDR Forest Investment Program (FIP)

First Joint Mission

**Terms of Reference (ToR)
for the Preparation of the FIP Investment Plan**

June 6-10, 2011

A. Background

1. The global forest sector produces an estimated of 5.8 billion tons of carbon dioxide annually from deforestation. Around 96% of which is expected to come from developing countries in the tropical regions. In Lao PDR alone, forest cover currently stands at around 40.2% of the total land area which has declined from around 70% or 17 million hectare in 1940 (MAF 2010). Major drivers of deforestation and forest degradation in the past few decades include unsustainable timber extraction as a result of illegal logging and uncontrolled timber harvesting by rural household for domestic consumption; slash and burn agriculture, agricultural expansion by commercial companies and farmers and, infrastructure developments such as hydropower and mining projects. The government is committing to increasing the forest cover to 65% of the total country area by 2015 (Forestry Strategy 2020).

2. According to the data provided in the Lao REDD Readiness Preparation Proposal (R-PP, December 2010), the national Reference Emission Level (REL)¹ showed that in 1982 annual emissions from forestry sector were at 95.3 million tCO₂e and declined to 60.6 million tCO₂e by 2010. The average annual emission is currently estimated at 51.1 million tCO₂e and this is expected to decline very gradually as areas recently planted begin to sequester CO₂. A number of strategies have been identified that could increase the rate of decline in emissions below the BAU Baseline.

3. Lao PDR has been selected by the FIP Sub-Committee to be one of the eight pilot countries around the world. FIP supports the efforts of developing countries to reduce emissions from deforestation and forest degradation, conservation and sustainable management of forests, and enhancement of forest carbon stocks (REDD+). The Program promotes sustainable forest management leading to emission reductions and the protection of carbon reservoirs by providing scaled-up financing to developing countries for REDD+ readiness reforms and public and private investments, identified through national REDD+ readiness or equivalent strategies.

4. The FIP is designed to promote programmatic investments in support of country-led REDD+ priorities and strategies and is meant to build on existing forest sector or related initiatives. The FIP

¹ estimated using historical rates of change and inventory data and factoring in national development objectives

aims to support transformational change in the forest sector or sectors affecting forests. FIP resources can be used to: (i) build institutional capacity, support forest governance and information dissemination; mitigate greenhouse gas (GHG) emissions from the forest sector, including through promoting forest ecosystem services; and (ii) support necessary measures outside of the forest sector to reduce pressure on forests. In addition to generating GHG mitigation benefits, FIP investments are meant to help mainstream climate resilience considerations and contribute to multiple associated co-benefits, such as biodiversity conservation, protection of the rights of forest dependent communities, and poverty reduction through rural livelihoods enhancements.

5. The Department of Forestry (DoF) within the Ministry of Agriculture and Forestry (MAF) has been appointed as the National REDD Focal Point on behalf of the government of Lao PDR (GoL). Multi-Development Banks (MDBs) namely the ADB, World bank and IFC will be provided technical input to the government in preparation of the FIP Investment Plan. Therefore, in line with the Terms and Reference of the CIF, the First Scoping Mission was conducted on January 19-21, 2011. The aim of the scoping mission was to inform and continue the dialogue with the line ministries and other key stakeholders from the private sector, MDBs, other development partners, Civil Society Organizations and NGOs on FIP, especially its financing modalities, and to collaboratively plan for the development of the Investment Plan.

6. During the Scoping Mission, it was learnt that the REDD Task Force Committee was established by the approval of the minister of MAF on January 7, 2011 comprising a total of 15 members at the Director General (DG) and Deputy Director General (DDG) levels from the key line ministries. The Terms of References (ToRs) for members are being developed by the DoF. There was also a regional workshop on the Dedicated Grant Mechanism for Indigenous Peoples and local communities organized by IUCN on behalf of the CIF in Vientiane Capital, Lao PDR from January 25-27, 2011 to discuss and agree on governance and implementation for a Dedicated Grant Mechanism (DGM). A series of regional consultation meetings was undertaken including a global consultation meeting in Bangkok, Thailand from April 8-10, 2011. Twelve CSOs and NGOs representatives from Lao PDR attended the Asia Regional Meeting and self selected three of them to participate in the global meeting.

7. The team was also informed that an additional of \$3.4 million from the Forest Carbon Partnership Facility (FCPF) was committed for the GoL to implement the prioritized activities addressed in the R-PP including setting up the new REDD office, building the capacity of government staff on MRV (Monitoring, Reporting and Verification), exploring the REDD+ benefit sharing mechanism and preparing the Strategic Environmental and Social Assessment (SESA) that will assess potentials for achieving social and environmental co-benefits and provide mitigation measures for potential environment and social impacts that may occur as part of the proposed REDD+ strategy and investments. The FCPF Assessment Note is being prepared for this grant by the World Bank team.

8. A preparation grant of \$227,900 was approved by the MDB Committee on Jan 20, 2011. The grant will be implemented by the Department of Forestry, MAF and the Grant Agreement has been processed by the World Bank.

B. Objectives

9. Lead by the Government of Lao PDR (GoL), the mission is aimed at initiating the preparation of the draft Investment Plan with technical support provided by MDBs and undertaking the public consultation on the FIP key Operational Guidelines, funding modalities, outline of the FIP Investment Plan and key findings from a study on private sector engagement in FIP prepared by IFC.

C. Scope of the Mission

10. Key activities to be undertaken as part of the First Joint Mission include the followings:

- i. Review and assess the progress of the REDD+ activities implementation in Lao PDR to date;
- ii. Review relevant regulatory frameworks, national and sectoral strategies and plans that are relevant to REDD+ and FIP, for example, the recently approved seventh National Socio-Economic Development Plan (NSEDP) for 2011-2015, Forestry Strategy to 2020, Renewable Energy Strategy, R-PP, etc.
- iii. Continue to work with the key line ministries mainly MAF, Water Resources and Environment Administration (WREA), Ministry of Planning and Investment (MPI), National Land Management Authority (NLMA), Ministry of Energy and Mines (MEM), Ministry of Public Works and Transport (MPWT) and Ministry of Finance (MOF) to solicit inputs for preparing the first Draft FIP Investment Plan and views on the priority topics in their sector and priority provinces or geographical regions that can be financed by FIP;
- iv. Organise a workshop with key stakeholders (government line ministries' representatives, donors and development partners working on REDD+, selected CSOs/NGOs representatives who have been involved in REDD+ and participated in the DGM meetings, private sector representatives) to go through the FIP Operational Guidelines, funding modalities, outline of the FIP Investment Plan and a recently completed study on potential private sector engagement in REDD (FIP) in Lao PDR; and
- v. Organise a follow up meeting to consult with the relevant CSOs and NGOs working on REDD in Laos on their roles of engagement in FIP during preparation of the FIP Investment Plan and through the Dedicated Grant Mechanism for Indigenous People and Local Communities.

11. As with the previous scoping mission, key representatives from the relevant line ministries and departments, CSOs/NGOs, development partners, private sector, mass organizations (Women's Union, Lao Front for National Construction², Youth Union) and academia will be invited to participate in the workshop to be hosted by DoF so as to provide them with an update on the Lao PDR FIP progresses as well as discussing initial ideas for FIP investments, institutional framework and others.

² Is a formal organization established by the Lao Constitution as a representative of the ethnic groups in Lao PDR

Follow up meeting will be organized after the workshop with key CSOs/NGOs and the Lao Front, with participation from PACSA (Public Administration and Civil Service Authority) representatives to discuss their roles in FIP, engagement opportunities based on the lesson learnt from other similar initiatives practiced in the country and proposed mechanisms for accessing financial support to be made available from the Dedicated Grant Mechanism for Indigenous People and Local Communities. A separate meeting session with a targeted private company will also be held after the workshop (see draft mission agenda in section F).

12. Establishment of a knowledge management/sharing and lessons learning platform for FIP that links with other ongoing and future REDD initiatives in the country including FCPF and bilateral donors will be explored as part of the development of the Investment Plan during the mission

D. Team Composition

13. The mission will be led by the GoL especially the Ministry of Agriculture and Forestry with supports provided by the line ministries and MDBs (ADB and the World Bank Group). In the event that there has been a delay in signing a grant agreement for the FIP IP Preparation Grant and hiring of consultants to work on developing an Investment Plan, MDBs will be providing an interim technical support to the government until the consultants are on board in the next few months with regards to FIP IP preparation and safeguards aspects as well as facilitating the discussions with line ministries, CSOs/NGOs, ethnic group and the private sector representatives. A list of mission team members³ are provided below:

GoL:

- Dr. Silavanh Sawathvong, Director General (DG), Department of Forestry (DoF), Ministry of Agriculture and Forestry (MAF)
- Mr. Oupakone Alounsavath, Director, Division of Planning, DoF, MAF
- Mr. Khamsene Ounkham, Technical Staff, Division of Planning, DoF, MAF
- REDD Technical Working Group and the REDD Taskforce members from the main line ministries.

MDBs

- Mr. Pavit Ramachandran, Environmental Specialist (Regional Cooperation), ADB, FIP Co-Task Team Leader
- Mr. Barend Frielink, Deputy Country Director, ADB Lao PDR Residence Mission
- Mr. Alastair Fraser, Forest Carbon Specialist, EOC, ADB Bangkok Residence Mission
- Ms. Rowena Soriaga, Project Coordinator Consultant, Climate Change Coordination Unit, Regional and Sustainable Development Department (RSDD), ADB Manila
- Mr. Peter Jipp, Senior Natural Resource Management Specialist, FIP Co-Task Team Leader, the World Bank Bangkok
- Ms. Diji Chandrasekharan Behr, Natural Resources Economist, the World Bank Washington D.C.

³ The mission team members might also include other colleagues from developing partners, CSOs including NGOs, private sectors and academia who express their interests to join the mission

- Ms. Khamlar Phonsavat, Environment/Climate Change Analyst, the World Bank Lao PDR
- Mr. Satoshi Ishihara, Senior Social Safeguards Specialist, the World Bank Lao PDR
- Mr. Viengkeo Phetnavongxay, Environment Specialist, the World Bank Lao PDR
- Mr. Thalavanh Vongsonephet, Program Assistant, the World Bank Lao PDR
- Mr. Aimilios Chatzinikolaou, Head of IFC Lao PDR and FIP Co-Task Team Leader
- Ms. Vonglatda Omany, **Operation Analyst**, IFC Lao PDR

14. The roles and responsibilities, including outputs of individual MDB member are described below:

ADB

Environmental Specialist and ADB Co-Task Team Leader: Lead the discussion on behalf of ADB and providing inputs in the ADB projects/programs that are relevant to FIP investments. Assist the GoL in drafting and reviewing the mission Aide Memoire/report and work program.

Deputy Country Director: Provide Liaison and support in relation to a broader current ADB country programme and on-going projects as well as political context to the mission team.

Senior Project Implementation Officer: Assist the Co-Task Team Leader in coordination with government counterparts, World Bank and IFC colleagues. Provide technical input to the Aide Memoire, political circumstances and facilitate the discussions on the ADB ongoing and planned initiatives related to REDD+ in Lao PDR.

Project Coordinator Consultant: Provide technical support and advice in relation to climate change related initiatives and investments. Assist in the preparation of the mission Aide Memoire.

Forest Carbon Specialist: Provide technical support and advice in relation to the R-PP and REDD+ Strategy for Lao PDR as well as potential investments to be supported by FIP.

World Bank

Senior Natural Resources Specialist and Co-Task Team Leader: Work with ADB and IFC to assist the GoL in mission coordination and lead the discussion and dialogue with national key stakeholders including government counterparts, key development partners, CSOs and NGOs representatives and private sector representatives. Assist the GoL in drafting and reviewing the mission Aide Memoire/report and work program.

Natural Resources Economist: Work on a Study on Dry Dipterocarp Forests linked to Production Forest Area management and FIP. Work with the safeguard team members in laying out the structured guide on the application of the environmental safeguard policy and discuss Strategic Environmental and Social Assessment (SESA) in the context of FIP.

Climate Change Analyst: Assist the Co-Task Team Leaders in coordinating the mission with MDBs, GoL, and key stakeholders. Provide stock of the existing programs and projects related to REDD in the country. Provide clarifications to the team on the FIP Operational Guidelines and Procedures and technical input in the work program and aide memoire.

Environmental and Social Safeguard Specialists: Work with the team members during the course of the mission in reviewing the FIP activities and Investment Plan for assessment of environmental and social safeguard requirements, including instruments to be developed. The team will ensure close coordination and aligning of safeguard policies between FIP and a \$3.4 million investment grant in REDD readiness preparation under the FCPF Readiness Fund.

Program Assistant: Provide logistical support to the team specifically preparing the mission announcement, assisting the GoL in making appointment with identified stakeholders, arranging meeting venue and so on.

IFC

Head of IFC Lao PDR and co-Task Team Leader: Work with ADB and World Bank team in coordination and dialogue with the private sector and relevant government departments. Lead the discussion on the institutional/legal context for the private sector investment in agroforestry in Lao PDR and provide technical input on the opportunities for private sector engagement in FIP. Assist in the preparation of the relevant section for the Aide Memoire.

Operation Analyst: Assist in the preparation of the Aide Memoire with regard to private sector opportunities in FIP. Work with the ADB and World Bank team in making contact with the private sector representatives. Support the Co-Task Team Leader in collating relevant information, technical studies and reports that are relevant to agro-forestry and FIP.

E. Deliverables

15. Upon completion of the First Joint Mission, it is expected the following outputs can be realised:

- i) Mission Aide Memoire/Report: summarizing the progress made to date by the implementing agencies;
- ii) Consultation with key stakeholders on the FIP funding modalities, Outline of the Investment Plan, agreed timeline for submission of the Investment Plan and the indicative of grant and loan to be requested by the government;
- iii) Initial concepts to be included in the draft Investment Plan which highlights of prioritized sectors, overall institutional arrangement for managing the program, indicative activities and budget.

F. DRAFT First Joint Mission Agenda

Date & Time	Activity Description	Participants	Venue
Monday June 06, 2011			

9.00-10.00	- Internal MDBs meeting on reviewing the outcomes of the last Scoping Mission and progress of REDD related activities to date, the mission agenda, etc.	<i>All MDB mission members</i>	WB meeting room (TBC)
10.15-10.45	- Meet with the mission team members to agree on the draft agenda, logistics during the mission and a road map for the preparation of the Investment Plan (timeframe for delivering the IP)	DoF staff, National REDD+ TWG members, MDBs	DoF main meeting room (TBC)
10.45-11.15	- MDBs presentations of initial concepts for FIP investments to DoF	ADB, WB and IFC co-Task Team Leader	
11.15-12.00	- Discussion		
14:00-14.30	- Debrief with <i>H.E. Mr. Sytaheng Rasphone</i> , Minister, Ministry of Agriculture and Forestry (MAF)	All mission members	
15.30-16.30	- Debrief with H.E. Mme. Khempheng Pholsena, Minister to the PMO and Head of WREA	All mission members	
Tuesday June 07, 2011			
9.00-11.30	National consultation workshop to be organized by DoF with the key stakeholders on the FIP key Operational Guideline, funding modalities and proposed ideas for FIP investments by ADB, World Bank and IFC	Dr. Silavanh Sawathvong , DG of DoF	DoF main meeting room (TBC)
Wednesday June 08, 2011			
9.00-11.00	Follow up meeting with selected group of NGOs and CSOs to discuss their potential roles in FIP and the Dedicated Grant Mechanism	DoF, MDBs mission members, PACSA , key NGOs/ CSO representatives	TBC
11.00-12.00	Follow up meeting with a targeted company from the private sector to further discuss potential collaboration on FIP	DoF focal points, MDB mission members and the private sector representatives	IFC meeting room (TBC)
13.30-15.00			
Thursday June 09, 2011			
09:00-10:00	Meeting with H.E. Mr. Somdy Douangdy, Minister of the Ministry of Finance	DoF and all mission members	

15:30-16:30			
Friday June 10, 2011			
9.00-10.00	Wrap up meeting with the MDBs, including achieved outcomes and next steps	DoF focal points and REDD+ TWGs and MDBs mission members	DoF main meeting room (TBC)
10.30-11.30	Internal MDBs meeting to wrap up the mission	All MDBs members	WB main meeting room (TBC)

G. Contact

i) Government

Mr. Oupakone Alounsavath, Head of the Planning Division and FIP Focal Point for Lao PDR

Department of Forestry (DoF), Ministry of Agriculture and Forestry (MAF)

Vientiane Capital, Lao PDR

Email: dofadmin@gmail.com

Telephone: (856-21) 215000

Fax: (856-21) 217483

Mobile: (856-20) 2222 9393

ii) MDB

Headquarters

- David S. McCauley, Principal Climate Change Specialist, ADB, dmccauley@adb.org
- Gerhard Dieterle, Senior Forestry Specialist, the World Bank, gdieterle@worldbank.org
- Giuseppe Topa, Lead Forestry Specialist, the World Bank, gtopa@worldbank.org
- Noleen Dube, IFC, ndube@ifc.org

Country Office

- Mr. Barend Frielink, Deputy Country Director, ADB Lao PDR Residence Mission, bfrielink@adb.org
- Peter Jipp, Senior Natural Resource Management, the World Bank Thailand Office, pjipp@worldbank.org
- Ms. Khamlar Phonsavat, Climate Change Analyst, the World Bank Lao PDR, kphonsavat@worldbank.org
- Mr. Aimilios Chatzinikolaou, Head of Office, IFC Lao PDR, AChatzinikolaou@ifc.org