

## Joint Communication

### Lao PDR Forest Investment Program – First Joint Mission

6 – 10 June 2011

#### I. Introduction

1. This Aide Memoire provides a record of the First Joint Mission's activities, consultations, and recommendations. This aide memoire was discussed and finalized between the MDBs and the Ministry of Agriculture and Forestry, on behalf of GOL. The MDB mission members<sup>1</sup> appreciated the thorough preparations and hospitality provided by the Government of Lao PDR and look forward to continued close engagement during the coming months.

#### II. Mission Objectives, Discussions and Outputs

##### Objectives

2. During the First Joint Mission the MDB mission members worked together with GOL counterparts to;
  - (a) Review and assess the progress of the REDD+ activities implementation in Lao PDR to date;
  - (b) Review relevant regulatory frameworks, national and sectoral strategies and plans that are relevant to REDD+ and FIP, including the recently approved seventh National Socio-Economic Develop Plan (NSED) for 2011-2015, Forestry Strategy to 2020, Renewable Energy Strategy, and the Lao R-PP to ensure FIP Investment Strategy is aligned with these framework documents;
  - (c) Discuss 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

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<sup>1</sup> **Asian Development Bank** - Mr. Pavit Ramachandran, Environmental Specialist (Regional Cooperation), ADB FIP Co-Task Team Leader; Mr. Barend Frielink, Deputy Country Director, ADB Lao PDR Resident 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; **International Development Association** - Dr. Peter Jipp, Senior Natural Resource Management Specialist, FIP Co-Task Team Leader, WB Bangkok; Ms. Diji Chandrasekharan Behr, Natural Resources Economist, World Bank Washington D.C.; Ms. Khamlar Phonsavat, Environment/Climate Change Analyst, WB Lao PDR; Mr. Satoshi Ishihara, Senior Social Safeguards Specialist, WB Lao PDR; Mr. Viengkeo Phetnavongxay, Environment Specialist, WB Lao PDR; Mr. Thalavanh Vongsonephet, Program Assistant, WB Lao PDR; **International Finance Corporation** Mr. Aimilios Chatzinikolaou, Head of IFC Lao PDR and FIP Co-Task Team Leader; Ms. Vonglatda Omany, Operation Analyst, IFC Lao PDR.

Plan and views on the priority topics in their sector and priority provinces or geographical regions that can be financed by FIP;

- (d) Consult 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
- (e) 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.

3. The Department of Forestry under the Ministry of Agriculture and Forestry in coordination with the National REDD secretariat organized and chaired discussions to exchange information and discuss emerging proposals for consideration under the Forest Investment Program with a broad group of stakeholders including responsible GOL agencies, Civil Society Organizations, Representatives of private sector companies, and other Development Partners. On Wednesday June 8 2011 a one day workshop was conducted in Vientiane to facilitate discussion on the Country Partnership Strategy developed jointly by ADB and World Bank in consultation with GOL.

### **Discussions**

4. **Presentations by MDBs on Initial Concepts** – DOF requested the MDBs supporting FIP development (ADB, IFC and WB) to share initial concepts with GOL counterparts during a meeting organized on Monday June 6 2011. The content of these presentations is included as an annex to this Aide Memoire (Annex 1). As discussed during the January scoping mission many of the initial concepts presented by the MDBs build upon ongoing operations and programs and/or are linked to new programs under discussion at present between the MDBs and GOL. Scaling-up and incorporating REDD+ approaches into ongoing programs is seen as an efficient and effective use of FIP resources because these programs are already supported by the existing legal and regulatory frameworks in Lao PDR. For ongoing operations capacity building programs, operational manuals and safeguard frameworks have already been developed and agreed between GOL and respective MDBs. However it is also agreed that there are additional opportunities for applying FIP resources to pilot new activities and further strengthen REDD+ implementation and these areas will be identified during the technical mission scheduled for the third week of August. The initial concepts presented are considered by the MDBs as inputs to government's ongoing deliberations.

(b) **H.E. Mme. Khempheng Pholsena, Minister to the PMO and Head of WREA<sup>2</sup>** – Mission members met with Mme. Khempheng Pholsena to discuss FIP Investment Plan concepts and the preparation process. The guidance received during this discussion was substantive and focused on two areas; 1) promoting livelihood opportunities and alternatives to slash and burn agriculture; 2) seeking opportunities to incorporate Payment for Environmental Services (PES) and 3) ensuring that biomass clearance shall be the responsibility of the hydropower project developers

(c) **National Consultation Workshop** – A National Consultation Workshop was held on June 7 which presented an opportunity to discuss the FIP preparation process in detail with all of the GOL Departments and Ministries likely to be engaged in implementing FIP and a broad group of stakeholders including civil society, private sector, other Development Partners with ongoing activities in REDD related sectors (forestry land use planning, others). The MDBs again presented the initial concepts to this broader group. The discussion that followed the presentations brought out several key issues that participants hoped would be addressed under FIP including; implementation of laws and regulation on clearance associated with hydro and mining; support for land use planning at provincial level, key drivers of deforestation and the role of unrecorded and illegal logging. The workshop was informed that GIZ was providing support to the development of the regulatory framework for REDD implementation at National, Provincial and District level. There were a number of points discussed with regard to building capacity for FIP preparation, adopting a programmatic approach under FIP, aligning all FIP projects and activities with Lao forest sector policies and laws and mechanisms for coordinating FIP implementation with other Development Partners.

(d) **Private Sector Discussion** – On June 8 the DOF Head of the Planning Department and FIP taskforce and mission members met in the offices of IFC to discuss FIP preparation with representatives of private sector. The meeting was attended by representatives of the Lao Wood Industries Association and two international companies active in the Lao Forestry Sector [Stora Enso Oy (Sweden/Finland) and Oji Pulp and Paper (Japan)]; Aditya Birla (India) was unable to attend]. Discussion included a detailed description by an IFC consultant of Stora Enso's plans for developing a pulp plantation on a concession granted by GOL and the possibility of increasing (nearly doubling) the area by incorporating a wood lot program on nearby land belonging to local farmers. The scheme has been under development for some time and the mission was informed that an Environmental and Social Impact Assessment had already been completed and was soon to be published by UNDP. The design calls for a comprehensive approach including land use planning and allocation, land titling, site preparation (including UXO clearance), rotational intercropping with eucalyptus and agricultural crops. The Mission members appreciated the integrated approach that combined increased tenure security, income generation,

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<sup>2</sup> The Administration has been restructured to become a Ministry of the Natural Resources and Environment since July 2011 with an appointment of the new Minister

and nutritional improvements. The representative from Oji Pulp and Paper appreciated being invited to participate in the FIP preparation process but also cautioned that several challenges remain for successful implementation of private sector involvement including overcoming obstacles such as the high cost of UXO clearance, building strong relations with local communities, managing the risk of fire (recognizing that this is linked to strong community relations). One of the central issues for FIP preparation will be finding a mechanism to engage the private sector under the FIP mechanism. By the end of the first Joint mission there was no clarity or agreement on this issue. It is expected that the technical mission will determine options and scope for this engagement.

5. **H.E. Mr. Sitaheng Rasphone, Minister, Ministry of Agriculture and Forestry (MAF)** – On June 9 the mission team and representatives of the FIP Taskforce met with the Minister of Agriculture and Forestry to discuss progress with FIP preparation and to seek guidance on the process going forward. The mission team indicated that they were aware of plans for creation of a new Ministry of Natural Resources and Environment (MONRE) and a possible restructuring that would shift some of the functions of the current Department of Forestry and possibly also the Department of Forest Inspection from MAFF to the new Ministry. The mission shared with the Minister that they had received assurances from members of the National Steering Committee (NSC) that there would be continuity in the structure and functions of the NSC and that there should be not delays in decision making during the transition process from GOL side. The MAFF Minister appreciated the contributions of the MDBs to the process to date and stated his strong support for expedited development of the FIP in Lao PDR. He encouraged active engagement of Provincial authorities in the preparation process and endorsed efforts to align the FIP with the recently released five year plan and to the Country Partnership strategy that has been developed jointly by GOL, ADB and the World Bank.

6. **Mme. Bounkham Vorachith and Mr. Phouvong Luangxaysana, Department of Environmental and Social Impact Assessment, WREA** – Also on June 9 the mission met with the Director and the Director General of the DESIA to inform them about the Forest Investment Program development and seek their guidance on the conduct of the Environmental and Social Impact Assessment for the potential FIP investments in accordance with the relevant Lao legislation framework on EIA. The team was informed that biomass clearance guidelines have been developed with assistance provided by a consultant team from the project supported by SIDA and the Environmental Protection Law enacted in 1997 is being revised to take into account the need to conduct the Strategic Environmental and Social Assessment (SESA). The department has not yet established a team to review the ESIA documents in forestry, agriculture and infrastructure. However, Finland through the *Environmental Management Support Program* (ESMP) is supporting pilots in Savannakhet and Saravan Provinces to help provincial authorities and key local government organizations to use appropriate environmental management tools and methods consistently and transparently. It was agreed that the initial screening of potential

environmental and social impacts and preparation of the generic Environmental and Social Management Framework (ESMF) would be sufficient at this stage.

7. **Ministry of Finance** – Mission members met briefly with the Minister of Finance to explain the progress and current status of FIP discussions and to seek support from the Ministry in the ongoing preparation process. The mission requested specifically that the Ministry identify a liaison for discussions related to FIP implementation and financing modalities. The Minister responded that this senior person will be identified and by the mean time the MOF staff currently assigned to participate in the REDD National Task Force should temporarily serve the function of liaison for FIP. The mission also raised with the Minister for his guidance the question of engagement with the private sector under FIP– specifically sought his guidance with respect to the inclusion of FIP support for removing obstacles to expanding private sector engagement in the forest sector and specifically in the area of plantation development. The mission briefed him on the initial concept being developed by IFC to engage tier one companies in the development of a model out-grower scheme as described above (and detailed in the IFC presentation attached).

8. **NGOs and CSOs Discussion** – On June 9 the mission also met with a group of Non-Governmental and Civil Society Organizations that are actively involved in forest management and community development in Laos. The Public Administration and Civil Service Authority (PACSA) was also represented in this meeting. PACSA clarified that CSOs in Lao are required to register with PACSA to be eligible to receive international financial support. NGOs may be registered either at the National or at the Provincial Level. The process of registering national CSOs is moving slowly due to lack of budget and strict requirements with regard to size, capacity and structure. Registration is reported to be proceeding more smoothly at the provincial level but this is an area that needs to be explored and understood more fully during the next mission. DOF was also represented at the meeting and conveyed the Department’s intention to work closely with civil society and meet its international commitments through implementation of FIP. DOF asked CSOs to discuss and agree among themselves how to organize themselves and group together to represent the broader community of CSOs in Laos. DOF also asked for CSOs to give consideration to how CSOs can share information with Government and how best to allocate activities to CSOs to help implement PSFM not just under FIP but also under SUFORD and other activities. Attending CSOs were given the opportunity to explain their ongoing programs, existing links with national and local government programs relating to forestry, community development and biodiversity conservation, and intersections with the proposed FIP. The meeting included a lively discussion related to the legal framework for communal management of forest resource and the classification of collective land use rights under the Ministerial Instructions on Adjudications Pertaining to Land Use and Occupation for Land Registration and Titling (No. 564/NLMA).

9. **Meeting with JICA** – The mission met with JICA counterparts to learn more about the important role JICA plays in donor coordination and information management in support of the

Ministry of Agriculture and Forestry, Department of Forestry. The mission was briefed by the JICA advisor on the current and planned program of JICA and the team discussed with JICA support for maintaining and updating the list of ongoing REDD related activities in Laos PDR which was prepared as part of RPP preparation.

10. **Wrap-up with the National REDD Task Force** – A wrap-up meeting chaired by the Director of the Department of Forests was held on June 10 with the active participation of the National REDD Task Force. The mission’s observations and recommendations were shared and the schedule for further preparation steps was discussed and agreed. The mission noted that financial resources available under FIP were substantial but limited in relation to the high expectations with regard comprehensive transformation in the forest and related sectors. The FIP resources will make an important contribution but it will be essential to fully explore links and opportunities to leverage the Country Partnership Strategy that is being developed with ADB and WB and to coordinate and reference appropriately the related work of other DPs active in the sector. The mission also highlighted the importance of developing a communication strategy to improve public awareness and facilitate coordination among DPs and between GOL agencies.

11. The mission also noted that there appeared to be broad agreement on the proposal to build on existing programs and pilot new initiatives to ensure reaching the phase of active implementation as quickly as possible. This mission also acknowledged that GoL will require some time for internal consultation and to be in a position to provide additional guidance on the scale and geographic scope of FIP operations during the next mission. MDBs agreed to provide additional background work (on carbon benefits and projected costs) if this would be helpful for GOL internal deliberations. Finally the Mission endorsed the composition of government agencies involved in the taskforce but suggested that Focal Points also be named for MOF, NLMA and DSEIA to ensure effective coordination.

### **III. Next Steps**

12. The timeline of activities will be confirmed in discussions with the National Environmental Council and the FIP SC but is expected to include the following dates and deliveries:

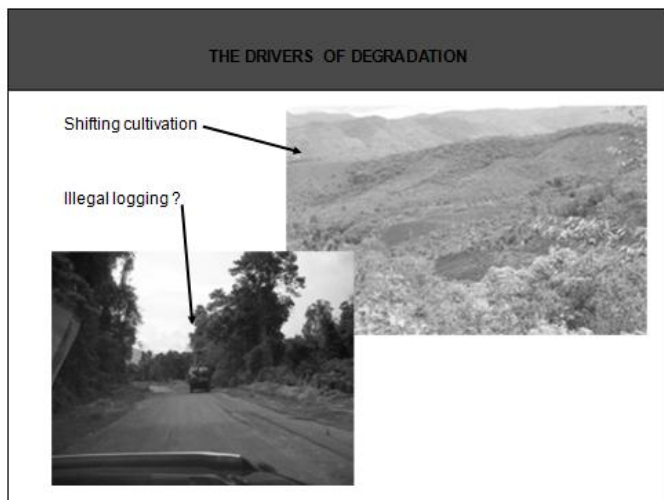
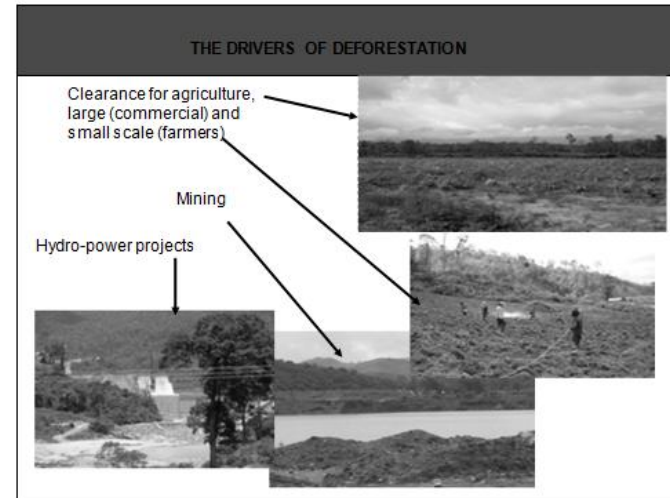
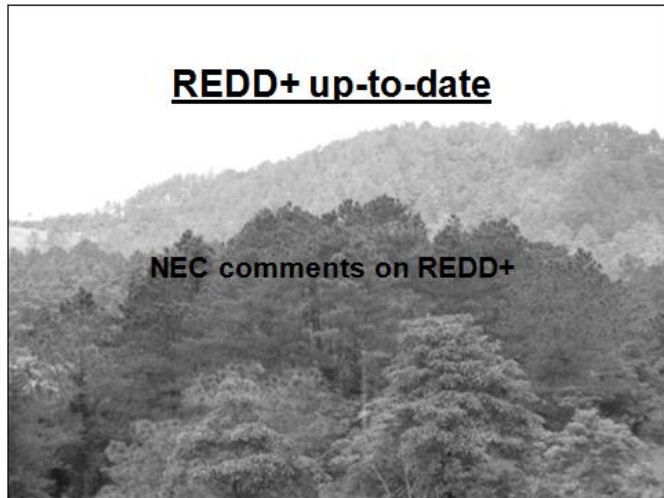
<b>Activity Description</b>	<b>Responsibility</b>	<b>Date/Deadline (2011)</b>
Signing of the Grant Agreement for Preparation of the FIP IP and open a designated account at Bank of Lao	MoF/DoF	Completed
Completed a recruitment of FIP Consultant Team	DoF	End of July; Lead consultant has been hired and TORs have been agreed for other positions and

		recruitment is underway.
Technical Mission to review the preliminary draft of the Investment Plan	MDBs and DoF	August 15-19
Pre-draft of FIP IP for internal ministerial review	DoF	August 30
Second Joint Mission and Second National Workshop to finalize the draft FIP IP	MDBs and DoF	September 5-9
Review and incorporate comments to the draft IP	MDBs and DoF	September 13 – 16
Submit FIP final draft IP for: i) external reviewer to be hired by CIF and ii) government review and approval	DoF	September 16
Review and endorsement of the final FIP IP by the government (NEC)	GoL	September 19 – 28
Submission of the final FIP Investment Plan to CIF Administration Unit for consideration at the FIP Sub-Committee (SC) Meeting	GoL	September 30
FIP SC Meeting	CIF	October 30 – November 4

**List of Attachments (Outputs)**

- GOL presentation
- MDB Presentations
- Proposed TORs
  - TA team lead
  - TA National and International Social Development Specialists
  - National and International TA for ESMF Preparation
- GOL FIP Poster Presented in Cape Town





**CURRENT EMISSIONS**

The most recent data approved by the government on forest cover gives us the change between 1992 and 2002 which shows a reduction in forest area of about 134,000 ha annually and a reduction in the standing timber volume of about 25 million m<sup>3</sup> annually

We don't know exactly how much of the lost growing stock was in the forest that was cleared and how much was lost from the remaining forest as a result of over-cutting

We do know that the area of dense forest (with more than 70% crown closure) declined sharply between 1992 and 2002

	Crown density classes					
	Low stocked/ degraded forests (20 - 39 %)		Medium stocked/ regenerating forests (40 - 70 %)		Well stocked forests (>70 %)	
Year	1992	2002	1992	2002	1992	2002
Share (%)	16.4	28.9	54.5	62.7	29.1	8.3
Area (million ha)	1.83	2.87	6.09	6.23	3.25	0.83

**OPTIONS FOR DEFORESTATION**

**1. Mining and Hydro-power**

These activities are very important for national development and generate large revenues for government. Therefore the emphasis will be on careful appraisal of *Environmental Impact Assessments* and *Environment Management Plans* to ensure that the least amount of forest possible is cleared and restoration plans are appropriate.

*The Biomass Disposal Plan for Hydro Projects* that is required as part of the Environment Management Plan will be carefully appraised and compliance monitored to minimise emissions of CO<sub>2</sub> and Methane.

Experience and information from NT2 will be collated and used to improve the performance of future projects

Discussions will be held with mining and hydro-power companies to determine whether there are companies interested and willing to pilot emission reduction activities in relation to their land-use plans, including resettlement, biomass disposal and environmental monitoring

**OPTIONS FOR DEFORESTATION (continued)**


**2. Land clearance for Commercial Agriculture and Plantations**

This type of development is also required for the national economy, but there is more flexibility than with mining and hydro-power for the sites that can be used.

The main focus of the strategy will be on *Land-use planning at Provincial and District level* to incorporate assessment of carbon stocks into the land valuation.

The zoning of forest areas will need to include information on the density, stocking and quality of forest in order to prioritize those areas where developments should be avoided

**OPTIONS FOR DEFORESTATION (continued)**



Well-stocked (> 70%)	Medium (40 - 70%)	Degraded (20 - 40%)	Fallow (5 years)	Plantation (Teak/ 6 years)
~ 220 t C/ ha	~ 82 t C/ ha	~ 20 t C/ ha	32 t C/ ha	51 t C/ ha
~ 792 t CO <sub>2</sub> / ha	~ 223 t CO <sub>2</sub> / ha	~ 72 t CO <sub>2</sub> / ha	~ 115 t CO <sub>2</sub> / ha	~ 184 t CO <sub>2</sub> / ha

With CO<sub>2</sub> valued at US\$ 5 per tonne, the dense forest has a value of around US\$ 3,800 per ha, while degraded forest is only about US\$ 350 per ha.

One option for government is to charge developers for the carbon that they will be removing; this will provide an incentive for developers to use land with the lowest carbon stocks

**OPTIONS FOR DEFORESTATION (continued)**

**3. Small-scale clearance/conversion of forest by farmers**

This type of development has links to government aims to reduce poverty and increase food security, but the expansion of smallholder agriculture needs to be managed to minimise the conversion of forest with >20% crown closure

PLUP will be the most effective way of influencing farmer's decision on which land to clear for agriculture

An option for government is to introduce an assessment of carbon stocks into the PLUP process so that the land allocated to farmers for expanding permanent agriculture is on the site with the lowest carbon stocks

As part of the PLUP process, areas that the community can protect and restore, which will be eligible for REDD+ funding will be identified and communities will be trained to assess carbon stocks so that they become more aware of the consequences of clearing forest and can also monitor changes

**OPTIONS FOR FOREST DEGRADATION**

**1. Unrecorded and Illegal Logging**

This is the most serious problem facing the forest sector, because damage to the forest regeneration caused by illegal loggers reduces the growth potential and future supplies of timber for industry and domestic consumption.


There are three options for reducing the impact of illegal logging, which will bring much greater benefits than just reduction in CO<sub>2</sub> emissions:

- Improved enforcement of the law and in particular, the legal requirement that all harvesting machinery is registered. This would enable the harvesting capacity to be balanced with the Allowable Annual Harvest.
- Measure domestic wood consumption and trade to get accurate information on the total amount of wood that is being consumed. This tells us how much is actually being logged unrecorded or illegally.
- Carry out intensive surveillance using a UAV drone.

**Sustainable Forest Management**


Forest category	Areas (M. ha)
• Protection Forest	8.2
• Conservation Forest	4.7
• Production Forest	3.1
<b>Total</b>	<b>16</b>

**Timber harvesting**



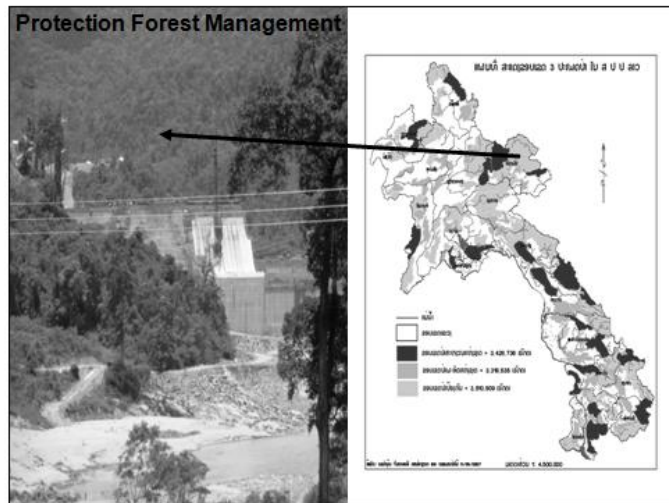
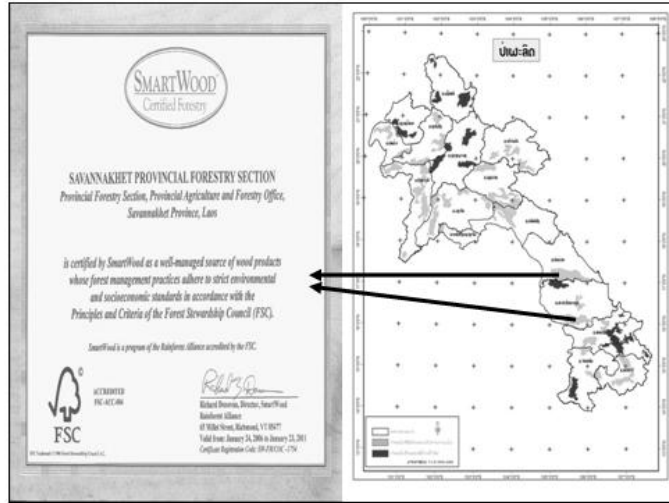
- Based on Forestry Law and PM decree, the Government permits for logging only in production forest areas, which are already under sustainable forest management plans, and from other areas such as government construction projects for infrastructure.
- Logging must be carried out in the so designated areas and in accordance with the plans approved by the government.
- Harvesting only the species and trees marked and stamped to be cut by the Forest Management Organization;

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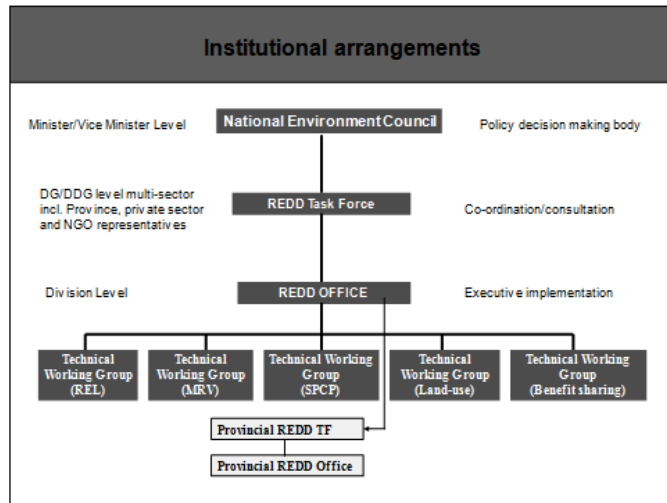


**Commercial Timber logging in production forest management areas**

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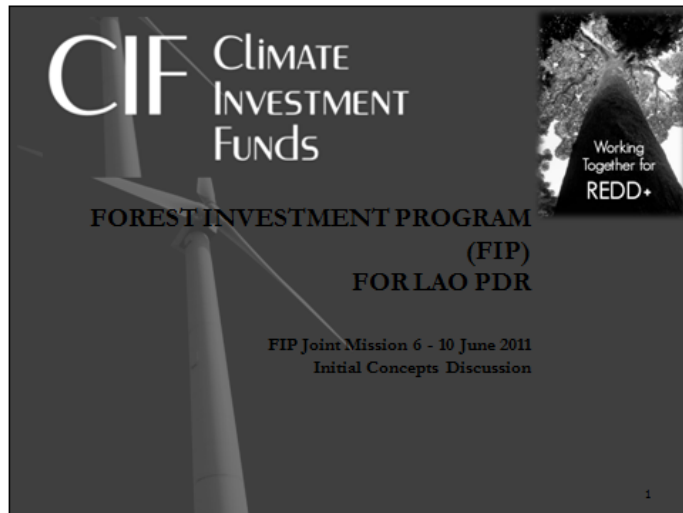
- Key Components in REDD+ Implementation Framework**
- Institutional Arrangement
  - Regulatory Framework
  - Financial Arrangements
  - Benefit sharing



## Up-dating the R-PP

- ### Revisions to the October version
- Additional discussion on leakage
  - An additional appendix giving TORs for Social and Environmental Impact Assessment
  - Additional explanation in Component 5 regarding the budget and sources of funding, especially from FCPF and FIP
  - New Component 6 on a Monitoring and Evaluation Framework
  - **The update version of R-PP was sent to FCPF in February 2011.**

- ### Next steps
- Grant Agreement GOL and the WB -3,4 Million USD
  - REDD+ institutional Set-up based on NEC's instructions
  - REDD+ strategy development
  - Regulatory frame work on REDD+ development
  - Other activities specified in the R-PP



### A few considerations...

- Fully aligned with Government priorities
  - RPP
  - FS2020
  - NESDP
  - DOFI 2020 (draft)
- Sequencing
  - Build on proven models
  - Pilot new initiatives
  - Get the legal and regulatory frameworks right
- Geographic distribution
  - Carbon density mapping – follow the carbon
  - Focus on threatened areas
- Limited resources and relatively high expectations
  - Transformative
  - Comprehensive
  - Equitable
  - Demonstrable impacts

### Areas of potential collaboration

- Expansion of Participatory Sustainable Forest Management
  - Build on SUFORD model of forest management planning with active community participation in production forest areas
  - Develop models to protect unclassified forest (village forest)
  - Develop and test participatory reforestation
- Capacity building and implementation support for DOFI
  - Domestic and International Partnerships in Forest Governance
  - Fostering Bilateral/Regional Cooperation on controlling wildlife trade
  - Support for Lao WEN
- Legal framework review
  - Natural resources management – request from National Assembly
  - Benefit sharing mechanisms
  - Payment for Environmental Services (joint with ADB and Finland)

### Areas of potential collaboration

- Monitoring, Reporting and Verification
  - National forest cover change detection
  - Local community monitoring and reporting
- Country Partnership Strategy (under discussion this week)
  - Capacity building in ex-ante and ex-post concession review
  - Support Provinces with integrated demand-driven investment
  - Strengthening land and usufruct tenure (request from MPI)
- Expanding protection for National Biodiversity Conservation Areas
  - Partnering with GIZ, NGOs and GEF

**Climate Investment Funds (CIF)**  
**Forest Investment Program (FIP)**

**Joint Mission**  
 Vientiane, 6-10 June 2011

**Asian Development Bank**





### Anchor Investments

Based on country priorities (in R-PP, Forest Strategy 2020, NESDP, DOFI 2020 draft)

- Land use planning
  - GMS Biodiversity Conservation Corridors Initiative (BCC)
- Regional **coordination** to address leakage; regional environmental planning
  - **Core Environment Program (CEP)**
- Focus on protection forests
  - Sustainable Natural Resource Management and Productivity Enhancement Project in Lao PDR (SNRMPEP)
- Biomass disposal

### GMS Biodiversity Conservation Corridors Initiative (BCC)


- \$69 million
- 3 countries (CAM, LAO, VIE)
- Lao PDR: 3 provinces, 69 villages in Protection Forests
- Village development funds can be used to channel REDD+ payments
- Address habitat fragmentation
- Promote sustainable resource use
- Improve productivity in critical landscapes



GMS Biodiversity Conservation Corridors in Cambodia, Lao PDR and Viet Nam  
 ADB R/PFTA 769  
 Boundaries are not necessarily authoritative.

### Sustainable Natural Resource Management and Productivity Enhancement Project in Lao PDR (SNRMPEP)

- Rationalizing land allocation and land use planning processes
- Resource Management and Small holder productivity investments
- National - Building technical capacity for appraising investments; Internalizing carbon stock assessment in land use planning process
- ...Unclassified forest areas
- Sub-national – land suitability assessments



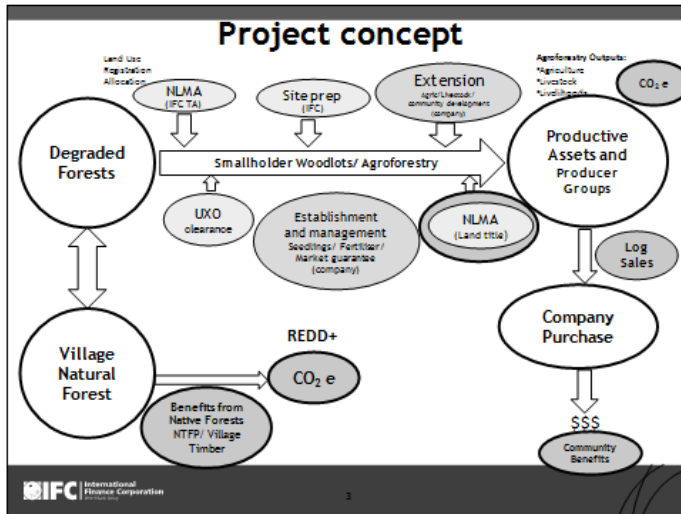
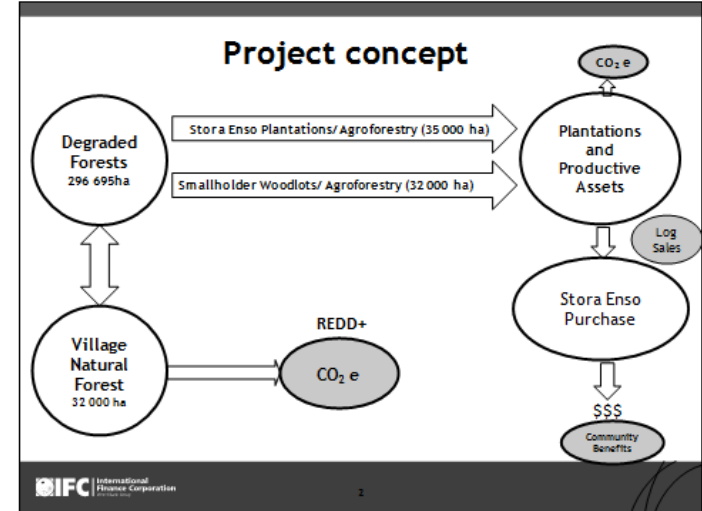
Lao PDR - SNRMPEP Focus Provinces  
 ADB R/PFTA 769

### **Biomass disposal..**

- Inundated biomass in hydropower dams generates methane 25 times more powerful than CO<sub>2</sub>
- ADB has been supporting development of Nam Ngeum River Basin and this provides opportunity to combine piloting biomass disposal with sustainable management of catchment including restoration of forest cover



**IFC** International Finance Corporation  
 Opportunity for IFC and Private sector through the Forest Investment Program  
 Aimilios Chatzinikolaou  
 Head of IFC Vientiane Office



### Meet the FIP Investment Criteria

- Climate change mitigation potential
- Addressing drivers of deforestation and degradation
- Forest-related governance
- Country ownership, preparedness and capacity
- Leveraging additional financing including private sector
- Integrating sustainable development
- Inclusiveness of process and participation of stakeholders
- Capacity building measures
- Coordinating with other REDD+ efforts
- Demonstration, learning and impact capacity
- Safeguarding the integrity of natural forests
- Measurable outcomes and results-based approach

## Meet the priorities of the key stakeholders

### Government of Lao PDR:

- Strengthening the capacity of the NLMA and DoF to support **livelihoods development** in remote areas
- Progress towards fulfilling the **Forestry Strategy 2020**, national objectives of the 7<sup>th</sup> NSEDP and **alleviating poverty**
- Progress towards legal commitments to the **Convention of Cluster Munitions** as 32 000 ha of land are cleared of UXO under site preparation
- Contributing towards **global/country's REDD+ efforts** to mitigate climate change through the **enhancement of forest carbon stocks (Reforestation to Avoided Deforestation)**

## Meet the priorities of the key stakeholders

### Villagers:

- Significant contribution to the **local economy** in some of the poorest districts in Lao PDR through sale of wood to the linked industry and sale of crops in excess to local market
- Increased **agricultural production** and greater **food security**
- Issue of permanent **land title** to participants
- Increased **village safety** through **removal of UXO**
- Credible options for **alternative livelihoods**
- Improved infrastructure and facilities

## Meet the priorities of the key stakeholders

### Private company:

- Supplementary supply of wood
- Increased credibility with participating communities
- Enhanced credibility with the government of Lao PDR

### IFC:

- Involvement with an established client and a credible partner
- Contribution to developmental priorities of the government of Lao PDR
- Leverage additional funds from the target company and other companies
- Potential for replication in other Districts with other companies.

## Consultations

- Minister of Agriculture and Forestry
- Vice Minister NLMA
- DG of Planning Department MAF
- DG of Department of Forestry, MAF
- DG of Land Management, NLMA
- National Regulatory Authority
- NUoL (Director, Climate Change)
- SUFORD / GIZ Projects
- DDG of DoF
- Plantation Companies:
  - Stora Enso
  - Oji Lao
  - Birla Lao



### A few observations...

- Limited resources and high expectations
  - Transformative, Comprehensive, Equitable
- To meet expectations and achieve expected outcomes
  - Fully explore links between FIP and Country Partnership Strategies of ADB and WB
  - Coordinate and reference related work of other DPs
    - JICA, GIZ, KFW, IFAD, INGOs, others
  - Coordinate with other National stakeholders
    - NUOL, LWU, LNF, LBA, CSOs
  - Communication strategy (public awareness, among DPs and between GOL agencies)

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### A few more observations...

- Broad agreement on the proposal to 1) build on existing programs and 2) pilot new initiatives
- GoL needs time for internal consultation and will provide more guidance on scale and geographic scope during the next mission
- Scope for Individual MDBs to do some additional background work (on carbon benefits and projected costs)
- Mission endorses the composition of government agencies involved in the taskforce but suggests that Focal Points also be named for MOF, NLMA and DSEIA

3

### We hear you...

- Alternatives to slash and burn agriculture
- Expand payment for environmental services (including REDD)
- Improve land tenure security
- Challenges to mobilizing funds from DGM
- Private sector – land allocation, assurance on the carbon market
  
- Institutional changes coming
  - Steering committee will continue

4

## Time line to November

**July**

Safeguards Review (WB); TA team on board by end July;

**August**

Technical mission; Consultation; Draft IP; Quality Enhancement Review (joint with ADB and IFC)

**September**

Second Joint Mission (Sept 5); National Consultation on Draft IP; Request external reviewer comments (Sept 17), Seek Government approval

**October**

Submission of IP (Oct 4; Package includes IP, Government approval, External Reviewer Comments)

**November**

CIF SC meeting (Nov 1)

## **Forest Investment Program (FIP)**

(TF098977; P0125660)

### **Terms of Reference (ToR)**

#### **International Consultant (Short Term Appointment)**

#### **Team Leader/Project Preparation and Planning Specialist**

### **FOR PREPARATION OF THE LAO FOREST INVESTMENT PLAN**

#### **Background**

The Lao Readiness Plan Proposal (R-PP) was submitted to the FCPF Forest Management Team (FMT) on August 2010. A revised R-PP was submitted to the FCPF Secretariat on October 12, 2010 and formally presented at the Seventh Meeting of the Participant Committee (PC7) in Washington D.C. on November 3<sup>rd</sup>, 2010. The R-PP was endorsed at the PC7 and comments provided by the Technical Advisory Panel (TAP) review and PC members have been incorporated in the final R-PP ). On July 4, 2011 a grant of \$227,900 has been signed between IDA and GOL to provide support for the preparation of a Forest Investment Plan under the Forest Investment Program (FIP). In addition a grant for \$3.4 million is being prepared for Lao PDR to implement the prioritised REDD+ activities identified in the approved R-PP over the next 4-5 years. Both of these grants will be executed by the Department of Forestry (DoF) within the Ministry of Agriculture and Forestry (MAF) which has been designated as a National REDD Focal Point for Lao PDR on behalf of the Government and channelled through the World Bank Office in Lao PDR as a Trustee of the Readiness Fund.

#### **- Duties and Responsibilities**

The Consultant will work closely with National REDD Task Force, R-PP Technical Working Group members and the MDBs staff, and will coordinate and lead the work of other technical specialists hired by the Department of Forestry to assist them in preparing the draft FIP Investment Plan for Lao PDR.

#### **- Specific tasks**

- The consultant is expected to conduct the following tasks:

(f) Review the draft TORs for other consultants to be hired by the Department of Forestry and assist DOF with the recruitment process;

(g)

Based on the review prepare Section 1 Description of the country and sector of the FIP Investment Plan (see Annex 1 to the TORs)

(h) Review and update where necessary, data and information compiled by the R-PP consultants on the existing and planned REDD+ activities currently being or planned to be financed by development partners (such as JICA, GIZ and Finland), INGO (such as WCS, IUCN, WWF, SNV), private sectors (e.g. Earth Systems Lao, Stora-Enso) and others;

(i) Review existing projects and proposals for new or extensions of existing projects being financed by MDBs and other development partners, where additional investment of FIP funds would make use of project management capacity in place and add REDD+ activities and prepare Section 5 of the IP (see Annex 1 of these TORs);

(j) Conduct a broad assessment of the outputs obtained from the consultation and desk review against the R-PP to identify gaps and opportunities for investment and capacity

building using the FCPF Readiness Fund that will compliment the assistance to be provided by other donors, private sectors and NGOs and prepare Annex 1 for the IP (for details see Annex 1 of these TORs);

(k) Together with the forest economics consultant and in close consultation with the REDD+ TF, make recommendation on the priorities that should be given to each of the activities proposed for FIP funding in the R-PP based upon the degree to which they meet the criteria for FIP funding, their contribution to the Forestry Strategy 2020, their expected cost effectiveness in terms of the potential value of the CO<sub>2</sub> emissions directly or indirectly avoided or sequestered and their potential for replication nationally.

(l) Prepare Section 6 of the FIP IP on Implementation potential and risks

(m) Together with the forest economics consultant prepare the Financing plan describe the financial instruments to be used in accordance with Section 8 of the IP (see Annex 1 to these TORs)

(n) Prepare a Results Framework for the IP in accordance with Section 9 (see Annex 1 to these TORs) and identify the baseline and indicators that will be used to monitor the expected progress, and define any additional indicators that projects through which FIP funds will be channelled will need to report on.

(o) Consolidate and edit the contributions to the final FIP IP submitted by other consultants.

#### - **Outputs**

1. A draft FIP Investment Plan;

#### - **Expertise and Qualifications**

The consultant shall have extensive experience in preparing and leading natural resource management projects. A minimum of fifteen years experience in managing projects financed by multilateral development agencies are required. In addition, experience and familiarity with World Bank/IDA projects and knowledge of forestry and climate change issues and related international processes in Southeast Asia and Lao PDR in particular will be an advantage. The consultant is expected to be proficient in English and shall have appropriate qualifications in forestry/natural resource management at advanced level.

#### - **Duration of Assignment and Duty Station**

The assignment will be for a total of 60 days.

The duty station will be Vientiane and travel to the field will be expected during the assignment.

## **Lao PDR Forest Investment Program (FIP)**

TF No.:098977, P0125660

### **Terms of Reference**

#### **For International and National Environmental Safeguard Specialists to Develop an Environmental and Social Management Framework (ESMF)**

1. 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.
2. According to the data provided in the Lao REDD Readiness Preparation Proposal (R-PP, December 2010), the national Reference Emission Level (REL)<sup>3</sup> showed that in 1982 annual emissions from forestry sector were at 95.3 million tCO<sub>2</sub>e and declined to 60.6 million tCO<sub>2</sub>e by 2010. The average annual emission is currently estimated at 51.1 million tCO<sub>2</sub>e and this is expected to decline very gradually as areas recently planted begin to sequester CO<sub>2</sub>. A number of strategies have been identified that could increase the rate of decline in emissions below the BAU Baseline.
3. 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 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.
4. 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) and is also the focal point for the Forest Investment Program. 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.
5. The GoL is currently in the process of preparing the FIP Investment Plan. Preparation of the investment plan is a country-led and country-driven process. The Investment Plan should be designed to support the country's REDD-efforts, by providing up-front bridge financing for readiness

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<sup>3</sup> estimated using historical rates of change and inventory data and factoring in national development objectives

reforms and public and private investments identified through national REDD readiness plan building efforts, while taking into account opportunities to help adapt to the impacts of climate change on forests and to contribute to multiple benefits such as biodiversity conservation, protection of the rights of ethnic minorities and local communities, poverty reduction and rural livelihoods enhancements.

6. The Investment Plan is to be developed through a transparent participatory stakeholder process and should assist in achieving nationally-defined REDD+ objectives. It will identify key opportunities for reducing emissions from deforestation and forest degradation as well as the conservation and enhancement of forest carbon stocks and describe investment opportunities that meet the FIP criteria.

7. The Investment Plan has a specific structure with nine sections and five annexes. For a positive outcome, it is central that the Investment Plan mainstream environmental and social considerations. The structure of the Investment Plan provides many ways of doing so. The two main places in the structure that focus on environmental and social risks and measures for mitigating them are: (i) Section 7: Implementation Potential and Risk Assessment (1-2 pages) and (ii) Annex I where for each project concept there is a need to describe various aspects of the concept including a brief discussion of safeguards (item (g)).

8. The Investment Plan will describe the investments being considered for financing using FIP resources. While detailing out the key areas of engagement, the Investment Plan will not be providing specifics regarding where an investment may occur or the details of the actual projects. This will occur during the second phase of work for the FIP focused on project preparation. Accordingly providing a clear sense of environmental and social risks and measures for mitigating these risks can be difficult as the specifics of each identified project is not know.

9. As the specifics associated with an investment are unknown at the Investment Plan preparation stage, fulfillment of environmental and social risk mitigation and safeguards requirement will involve proposing what measures will be taken to ensure that potential impacts will be duly address. This is best done by developing a simple framework for how such risks will be managed. This framework would present processes that will be adopted, rapid assessment that will be taken, or steps that will be followed to mitigate potential risks.

10. Given that the activities considered for FIP financing will be building on ongoing activities being implemented as part of existing projects, the work associated with this consultancy should draw heavily from existing analytical work and mitigation measures developed for the projects. Example of some of the material that the consultant should review to understand the analytical work done and mitigation measures identified for the existing projects include:

- Environmental Impact Assessments associated with SUFORD I (2001) and SUFORD II Additional Financing (2008)
- Stora Enso proposed project for commercial plantation in Savannakhet and Saravan – Environmental Impact Assessment and associated annexes on: Soil and Water Management and Carbon Sequestration as well as Rapid Participatory Biodiversity Assessment (2008).
- Initial Environmental Examination of the GMC Biodiversity Conservation Corridors (2010)



## **Scope of Work**

11. The National Environmental Safeguard Specialist (National consultant) will lead the preparation of the ESMF with virtual support provided by the International Environmental Safeguard Specialist (International Consultant) especially with regards to quality control, coaching and reviewing the final output prepared by the National Consultant. The National Consultant will work closely with the Social Safeguard Specialists, the Team Leader and the FIP focal point at DoF as well as MDB team members and other government officials where relevant to:

- Extract what are considered to be key environmental considerations in the forestry/REDD+ context by drawing on materials prepared for the R-PP and previous investments and MDB activities that will be co-financed by FIP fund.
- Discuss with the FIP focal point at DoF the activities that have not been implemented under existing projects but which may be implemented under FIP
- Identifying main environmental risks associated with the proposed projects/investments as laid out in the proposed Investment Plan. These risks shall be more or less link to the key social risks identified by the Social Safeguard Specialists. Special attention should be paid to risks of (i) displacing negative environmental impacts (leakage), (ii) having a significant carbon footprint for a specific activity, (iii) affecting water quality and quantity, (iv) affecting wildlife habitat or critical forest areas (e.g., high conservation value forest, etc. If the key environmental considerations identified above are different from those mentioned in this paragraph, the potential impact of a proposed activity on these key environmental consideration should also be examined.
- Identify the main points of intervention in the activities considered for financing in the national FIP Investment Plan (e.g., the main points of intervention for an activity on scaling up participatory forest management could involve tree planting and nursery establishment by forest communities or creation of enabling policy environment)
- For each of the proposed FIP investment activity, identify potential environmental risks.
- In proposing the mitigating measures for the environmental and social risks the following will be done:
  - Identify the necessary capacity and the type of risk reduction/safeguard systems that might be necessary to minimize the occurrence of the key environmental risks.
  - Assess the gap between the existing capacity and needed capacity to minimize the risks. Similarly, assess the gap if any between the risk reduction/safeguard systems and the existing systems (e.g., those associated with ongoing or recently closed projects) that could be used.
  - Briefly discuss how this gap would be handled.
  - If any of the sub-bullet points above are difficult to ascertain in the timeframe available, the framework should specify the process or steps that will be taken during project

preparation to generate the necessary information and provide an indication of the timeframe in which this will be done.

- Present the information associated with this exercise in a tabular format similar to the one attached.
- Based on the ESMF document completed, work with the Team Leader and the Social Safeguards Specialists to provide the input into relevant sections of the Investment Plan.
- Present the key environmental safeguard as part of a broader ESMF during the consultation.
- Integrate the feedback provided into the table prior to including this as part of the FIP Investment Plan.
- For each of the activities specify the MDB that will be supporting the activity and the respective MDB safeguards could be triggered (e.g., The ADB safeguards that are triggered by the activities being supported by ADB).

## **Outputs**

12. The following deliverables are expected:

- From the National Consultants:
  - A close to final draft of the Environmental and Social Management Framework (ESMF) document for FIP Investment Plan in English (this will be developed with inputs from the international consultant and in close collaboration with the National social safeguards specialist)
  - Translation of the executive summary jointly with the National Social Safeguard Specialist into Lao language for dissemination and consultation with stakeholders.
- b. From the International Consultant
  - Finalization of the ESMF document for the FIP Investment Plan in English (this will be done with inputs from the national consultant)
  - Input into specific sections of the FIP Investment Plan on environmental safeguards;

## **Expertise and Qualifications**

13. Both specialists shall hold at least a Master degree in environmental science, environmental/natural resource management or related field with at least 5 years experience for the national consultant and at least 10 years experience for international consultant. Experience in working with projects financed by multi-development banks (MDBs) in Southeast Asia, especially Lao PDR would be an advantage. Additional knowledge on safeguard in the context of forestry and REDD+ will be an asset. The National Consultant is expected to be highly proficient in English and demonstrate the ability to work in a multi-cultural environment and under pressure.

### **Duration of Assignment and Duty Station**

14. The total duration of the assignment will be 20 working days or 1 month part time for the National Consultant and 5-10 working days part time for International Consultant with possible extension.

### **Timeline/Milestones**

- August 1 2011: Consultant recruited and starting work
- August 10, 2011: Table listing key activities associated with proposed investments for financing by FIP
- August 25, 2011: Identification of key environmental and social considerations and potential environmental and social risks
- September 10, 2011: Measures for addressing the risks and indicative list of MDB safeguards that would be triggered for each activity.
- September 13-24, 2011: Share with stakeholders for feedback including WREA
- October 4, 2011: Finalize the table for inclusion in the FIP.

### **Attachments:**

15. Attached is an excel spreadsheet with some preliminary thoughts regarding potential environmental impacts. Building on this, the consultants should identify the full spectrum of issues that should be addressed in the EMSF, based on the review of existing analytical works, experience under on-going projects and discussion with the client.

## Lao PDR Forest Investment Program (FIP)

TF No.:098977, P0125660

### Terms of Reference (ToR)

## INTERNATIONAL and NATIONAL

### Social Development Specialists

## for the preparation of the FIP Investment Plan

### Background

1. Lao PDR has been selected as one of the eight countries worldwide as a pilot country of the Forest Investment Program (FIP), which is a targeted program of the Strategic Climate Fund (SCF), one of two funds under the Climate Investment Funds (CIF).<sup>4</sup> The Lao PDR Ministry of Finance's letter of June 21, 2010 sent to the CIF Administrative Unit confirmed the Lao PDR's interest to participate in the FIP.

2. 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.

3. In addition to FIP, Lao PDR is also a recipient of the Forest Carbon Partnership Facility (FCPF) which the World Bank is the trustee. The country first received the grant of \$200,000 in 2008 from FCPF Readiness Fund to formulate the REDD Readiness Preparation Proposal (R-PP). The R-PP assessed all REDD+ related activities currently supported by development partners in Lao PDR and identified a number of important gaps between the overall needs to fully prepare the country for REDD+ and the coverage provided by these projects. Essential Institutional development and Capacity Building was proposed for funding by FCPF and investment to support and test the preliminary REDD+ strategy were proposed for funding by FIP. The final draft was presented and approved by the FCPF Participant Committee during its 7<sup>th</sup> meeting in Washington D.C. in November 2010 which led to another approval of US\$3.4 million in grant funding to Lao PDR at the same time to implement selected prioritized activities identified in the R-PP to get the country ready for the next phase of REDD financing, i.e. investments, from bilateral and multi-lateral donors. These activities may include *inter alia*: i) setting up a new National REDD Office within the Department of Forestry; ii) and capacity building of the new and existing national staff related to MRV (monitoring, reporting and verification) systems and reference scenario; iii) benefit sharing mechanisms and iv) Strategic Environmental and Social Assessment (SESA) and the Environmental and Social Management Framework (ESMF).

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<sup>4</sup> Other countries selected are Brazil, Mexico, Democratic Republic of Congo (DRC), Indonesia, Ghana, Peru and Burkina Faso. For more information please see <http://www.climateinvestmentfunds.org/cif/>; <http://www.climateinvestmentfunds.org/cif/node/5>

4. Consistent with the FIP Operating Guideline, FIP Scoping Mission was scheduled with the MDBs during the FIP Pilot Country Meeting in Washington D.C. and was undertaken from January 19-21, 2011. The Request for an Investment Strategy Preparation Grant (“the Grant”) in the amount of US\$227,900 was developed and submitted by the Department of Forestry, Ministry of Agriculture and Forestry on behalf of the Lao government to the FIP Committee members together with the Terms of Reference for the Scoping Mission. The grant was approved in January 11, 2011 during the FIP Committee Members meeting. The Grant Agreement for the amount of \$227,900 (the above caption project) will be processed through the International Bank for Reconstruction and Development (IBRD) on behalf of the MDBs and in accordance with the “*FIP Operational Guidelines*” and OP/BP 14.40 on Trust Funds of the World Bank. It will be executed by the Department of Forestry over a period of 1 year (i.e. June 2011 to 2012).

5. A Scoping Mission and a formal First Joint Mission were conducted in January 19-21 and June 6-10 respectively. Both missions were led by the Department of Forestry (MAF), with technical supports provided by MDBs (the ADB, the World Bank and IFC). Representatives of the key line government agencies, development partners, private sector, CSOs, NGOs and ethnic group representatives from the National Assembly and the Public Administration and Civil Service Authority (PACSA) attended the national and small workshops scheduled during both missions. More information about topics discussed and the outcomes of the workshops can be found in the mission Aide Memoires which are available from the Climate Investment Fund’s website (and from the DoF/MDBs).

6. At present the key government regulatory framework on Environmental Impact Assessment (EIA) and compensation and resettlement include:

- Prime Minister’s Decree on Environmental Impact Assessment (No. 112, 16 February 2010);
- Prime Minister’s Decree on the Compensation and Resettlement of People Affected by Development Projects (No. 192, 7 July 2005);
- Regulations for Implementing Decree 192/PM on Compensation and Resettlement of People Affected by Development Projects (No. 2432/STEA-PMO, 11 November 2005);
- Technical Guidelines on Compensation and Resettlement in Development Projects (STEA-PMO, 11 November 2005)."

7. Currently, the Environment and Social Impact Assessment (ESIA) Department, is responsible for implementing all daily operations, management and administration including reviewing of reports on social and environmental impact assessment and the mitigation plans<sup>5</sup> submitted to WREA for approval. It also conduct field visit to inspect the implementation of the environment and social mitigation measures and safeguard instruments as well as providing guidance to and coordination with the concerned sectors and local authorities at the provinces who are responsible for monitoring environmental and social safeguards compliance, specifically compensation and resettlement issues in accordance with the Decree 192.

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<sup>5</sup> They include resettlement plans and indigenous peoples plans, as required under the World Bank’s safeguard policies.

8. Apart from these, the MDBs also have their own environmental and social safeguards that need to be adhered to for all investment projects. These need to be taken into account when preparing an individual investment project by each MDB once the overall proposed Investment Plan is approved by the FIP Sub-Committee. For the mean time, since most of the proposed investment activities/projects that are anticipated to be included in the FIP investment plans would be either expansion or extension of existing investment projects supported by the MDBs, it is expected that existing analytical works and associated environmental and social impact management/ mitigation plans would provide sufficiently information and guidance to identify potential impacts and develop mitigation plans. The task that has to be done urgently for the preparation of this FIP investment plan is therefore to build on and pull together the existing analytical works into a coherent Environmental and Social Management Framework (ESMF) which will address potential environmental and social impact that may result from the relevant FIP investments.

9. Another important element of the FIP is the agreement to establish the Dedicated Grant Mechanism (DGM) for Indigenous People and Local Communities by the Sub-Committee in order to provide grant funding to support the indigenous people and local communities in the FIP pilot countries to participate in the development of FIP strategies, programs and projects. In line with the approved *Terms of Reference for the Development of a Dedicated Grant Mechanism for Indigenous Peoples and Local Communities* (FIP/SC.3/5), a self-selected group of indigenous people and local community representatives is working on the design of the DGM through conducting a desk review, making a presentation and discussing the concept at the Ninth Session of the United Nations Permanent Forum on Indigenous Issues (conducted on April 23, 2010) as well as organizing a series of regional and global workshops to consult and receive feedback/comments from the local/regional representatives. More information on the consultation process and outcomes can be found following this link: <http://www.climateinvestmentfunds.org/cif/node/1956>.

### **Objective of the Assignment**

10. This ToR outlines the roles and responsibilities of the International Social Development Specialist to be recruited by the Department of Forestry (DoF) to assist in conducting social assessment and public consultations with relevant stakeholders and identifying and addressing broad social issues that are associated with the preparation and implementation of FIP investments. In particular, the Consultant is expected to support developing the implementation arrangement and some initial idea to be supported under the Dedicated Grant Mechanism (DGM). The Consultant is expected to provide constructive inputs to the design of FIP investments from social perspective and also to design safeguard instruments to mitigate negative impacts, and also to coordinate and consult with relevant CSOs/ NGOs to develop concrete actions to be implemented as part of the DGM.

### **Duties and Responsibilities**

11. The International Social Development Specialist (the consultant) will work closely with the National Social Development Specialist and the other consultants of the project as well as the FIP focal person and Director/Deputy Director Generals of the Department of Forestry (MAF), the National REDD Task Force members and the MDBs staff to prepare relevant safeguard sections of the FIP IP including preparation of an Environmental and Social Management Framework (ESMF) and provide input into on the social safeguard and CSOs/NGOs and ethnic groups engagement sections for the FIP Investment Plan (see Annex I).

12. Specifically, the consultant are expected to lead the conduct the following tasks:
- Review relevant government regulatory framework and assess the institutional set up/ government capacity for social risk management associated with prospective FIP investment, and identify gaps and propose measures to develop needed capacity. In particular, the Consultant should review the existing legal and administrative framework for CSOs/ NGOs as well as the status of their activities, including formal registration process, the number of CSOs who have formally registered or in the process of registering at the national and relevant provincial levels where there are potential FIP investments;
  - Review the existing environmental and social risk management instruments developed for existing projects in the area and associated analytical works, and develop a summary table of impacts expected under the potential FIP investments and develop a Environmental and Social Management Framework (ESMF)<sup>6</sup>.
  - Discuss with the clients and relevant stakeholders to identify areas of FIP investments that are new to the country and therefore for which an environmental and social risk management instruments does not exist. Assess potential environmental and social risks associated with such investments, develop potential mitigation measures and include them in the ESMF.
  - Identify the potential social risks associated with the proposed investments in the forestry sector and provide proposed mitigation measures. *In particular, those issues related to land tenure, livelihood of ethnic minorities and other local population, cultural beliefs, physical and cultural resources and other intangible resources that may be affected, their overall attitudes to potential FIP investments, and so on, will be assessed.* The Consultant should address broad social issues including but not limited to social safeguards policies;
  - Engage the representatives from ethnic groups as well as key CSOs/NGOs working on forestry and REDD+ to document their activities, assess their capacities and identify constraints and challenges in working on REDD+ agenda in Laos.
  - Inform them about the progress on the development of the Dedicated Grant Mechanism (DGM)<sup>7</sup>;
  - Explore the opportunities for implementing the DGM in the Lao context that are in line with the FIP Sub-Committee guiding documents and relevant government policies;
  - Conduct consultations with the relevant groups of stakeholders to inform and receive feedback on the result of the study as well as the potential scope and nature of FIP investments;
  - Provide recommendations to the team on possible options for implementing the DGM in Laos and incorporate them into the FIP Investment Plan.

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<sup>6</sup> It is expected that the majority of FIP investments to be included in the Plan will be the extension or expansion of existing initiatives for which sufficient analytical works had already been conducted and safeguard instruments have already been in place.

<sup>7</sup> See the latest document: FIP/SC.6/6 Proposal for the Design of the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities under the FIP.

## **Outputs**

13. The following deliverables are expected from the consultant:
- A social component of an Environmental and Social Management Framework (ESMF) document;
  - A study report on the CSOs/NGOs and ethnic groups engagement in FIP using the DGM;
  - Input into specific sections of the FIP Investment Plan on social safeguards and potential engagement of CSOs/NGOs and ethnic group representatives in the implementation of the DGM in Laos (see Annex I);
  - Translated presentations in Lao language where relevant (national consultant);

## **Expertise and Qualifications**

14. The **international** consultant shall hold at least a Master degree in social development, anthropology or related field with at least **10 years experience** working with the NGOs and CSOs or local community development projects. Experience in working with projects financed by multi-development banks (MDBs) in Southeast Asia, especially Lao PDR would be an advantage. Additional knowledge on safeguard in the context of forestry and REDD+ will be an asset. The consultant is expected to be proficient in English and demonstrate the ability to work in a multi-cultural environment and under pressure.

15. The **national** consultant shall hold at least a Master degree in social development, anthropology or related field with at least 5 years experience working with the NGOs and CSOs or local community development projects. Experience in working with projects financed by multi-development banks (MDBs) in Southeast Asia, especially Lao PDR would be an advantage. Additional knowledge on safeguard in the context of forestry and REDD+ will be an asset. The consultant is expected to be proficient in English and demonstrate the ability to work in a multi-cultural environment and under pressure.

## **Duration of Assignment and Duty Station**

16. The total duration of the assignment for the **international** consultant will be 1 month (20 working days) with possible extension for another few weeks. The consultant will be based in Vientiane with some travel to the provinces where there are potential investments.

17. The total duration of the assignment for the **national** consultant will be 2 months (40 working days) with possible extension for another few weeks. The consultant will be based in Vientiane with some travel to the provinces where there are potential investments



## *Annex I*

### **Guidance for Preparing the Country-Level Investment Plan**

#### **Principles, Objectives and Outcomes**

Principles. The Investment Plan should be country-led and country-driven, and should be designed to “support developing countries’ REDD-efforts, by providing up-front bridge financing for readiness reforms and public and private investments identified through national REDD readiness plan building efforts, while taking into account opportunities to help them adapt to the impacts of climate change on forests and to contribute to multiple benefits such as biodiversity conservation, protection of the rights of indigenous peoples and local communities, poverty reduction and rural livelihoods enhancements”<sup>8</sup>.

FIP funding should be additional to current ODA and should allow for blending grant and highly concessional finance with domestic and international public and private financing. This financing will be made available through the MDBs. The processing of FIP financed projects and programs will follow the MDBs’ established policies and procedures and comply with the FIP investment criteria.

The Investment Plan should adopt a programmatic approach, building on and avoiding duplication of existing work and development strategies, including REDD readiness programs and strategies, and should clearly demonstrate the initiation of transformational change in forest-relevant sectors and monitorable contributions to emissions reductions. Specific investment criteria are spelled out in the FIP Investment Criteria and Financing Modalities (FIP/SC.3/4).

Objectives. Country-level Investment Strategies will support the objectives of the FIP<sup>9</sup> which are to:

- (a) initiate and facilitate steps towards transformational change in developing countries’ forest-related policies and practices;
- (b) pilot replicable models to generate understanding and learning about the links between forest-related investments, policies and measures and long-term emission reductions and conservation, sustainable management of forests and the enhancement of forest carbon stocks in developing countries;
- (c) facilitate the leveraging of additional financing resources for REDD+, leading to an effective and sustained reduction in deforestation and forest degradation, thereby enhancing the sustainable management of forests; and
- (d) provide valuable experience and feedback in the context of UNFCCC deliberations on REDD+.

Immediate Outcomes of the Implementation of an Investment Plan. The immediate outcomes of the implementation of a country-level Investment Plan are:

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<sup>8</sup> Paragraph 10, *FIP Design Document*

<sup>9</sup> Paragraph 11, *FIP Design document*

- (a) strengthened institutional capacity, improved forest governance and availability of information;
- (b) integration of climate mitigation measures and other forest ecosystem service considerations in the forest sector; and
- (c) reduction of pressure on forests, including from other land use sectors.

### **Annotated Outline for Investment Plan**

The following general structure for the Investment Plan is suggested, recognizing that country or regional circumstances may differ. The Investment Plan would likely cover the information requested under the consolidated investment criteria for programming priorities in a FIP pilot (see document FIP/SC.3/4/Rev.1 Investment Criteria and Financing Modalities). More detailed suggestions for structuring the document are provided below.

#### **Section 1 Description of the country and sector context (3 pages)**

The Investment Plan will be developed through a transparent participatory stakeholder process on a country-specific basis to achieve nationally-defined REDD+ objectives. Therefore, a brief summary of the government's existing forest-relevant development plans or programs that include low carbon objectives related to forests should be prepared, including specific forest or other relevant sectors and climate change strategies. The following sector-specific background information should be provided:

- (a) description of the major national forest- or forest landscape-based sources of GHG emissions and projected trends
- (b) status and trends concerning forest and woodland resources
- (c) economic importance of forestry sector and those sectors affecting forests (local livelihoods, contribution to GDP, poverty linkages)
- (d) explanation of the key drivers of deforestation and degradation
- (e) summary of national REDD+ program/plan or equivalent
- (f) summary of other ongoing REDD+ programs (e.g. FCPF or UN-REDD) for forest, woodland and wider forest landscape management, including funding sources
- (g) description of forest governance arrangements (legislation, regulations, land rights and tenure systems, institutions and their capacities, participation of key stakeholders including indigenous and other forest communities, and accountability arrangements)

#### **Section 2 Identification of opportunities for Greenhouse gas abatement (2 pages)**

The Investment Plan will identify key opportunities for reducing emissions from deforestation and forest degradation as well as the conservation and enhancement of forest carbon stocks. The interventions should be sufficiently flexible to include a wide range of possible public and private sector activities. The investment opportunities should meet the FIP investment criteria as outlined in the FIP Investment Criteria and Financing Modalities..

#### **Section 3 Enabling policy and regulatory environment (1-2 pages)**

The Investment Plan should

- (a) describe the fiscal and regulatory framework, land use policies, market structure, other incentives, and medium-term expenditure frameworks in the forestry (including REDD+ readiness) and related sectors to support the operations envisaged in the plan;
- (b) describe the extent to which the existing regulatory and policy framework supports, or conflicts with, REDD+ objectives; and
- (c) further identify existing regulatory gaps and governance challenges and describe the barriers that exist and what the potential impacts of public and private sector interventions could be if these barriers are addressed.

#### **Section 4 Expected Co-Benefits from FIP Investment (1 page)**

The Investment Plan should identify expected co-benefits from FIP investments, including the contribution to the improvement of local livelihoods, poverty alleviation, and human development of forest dependent communities, including indigenous peoples, as well as, the protection of biodiversity and other ecosystem services; enhance climate resilience, and the promotion of gender equality and social sustainability. A key element will be the description of environmental and social outcomes and benefits of the FIP investments.

#### **Section 5 Collaboration among MDBs and with other Partners**

The Investment Plan should discuss the collaboration potential among MDBs and with other development partners (e.g. FCPF, UN-REDD, GEF) in preparing the Investment Plan as well as potential collaboration during implementation of the Investment Plan. This should include a brief description of relevant ongoing or planned activities of potential partners, the status of interaction and the potential to leverage financial and technical resources with the view to enhancing the implementation of the Investment Plan and making it more comprehensive.

#### **Section 6 Identification and rationale for projects and programs to be co-financed by FIP (4 pages)**

A sub-set of interventions for FIP co-financing should be selected from the wide range of opportunities identified in Section 2. For each project or program, the Investment Plan should:

- (a) Prioritize activities that
  - i. would enable the scaling-up of approaches, forest management models, technologies, and solutions that are successfully piloted but not in routine use, and/or
  - ii. would help generate working examples of low carbon forest development that might be applied at scale to the country, geographic sub-region or sub-sector. An appropriate justifications needs to be presented for why these activities are prioritized.
- (b) Assess the cumulative emissions savings, explaining how investments
  - i. would explore new opportunities previously unrealized at scale, and/or
  - ii. are linked to policy and regulatory change t that will stimulate much wider action by creating new opportunities and removing barriers.

- (c) Estimate the replication and scalability potential of the project or program, e.g. its potential impact on the deforestation rate, pace of rehabilitation of degraded areas, conservation of existing forest carbon stocks, REDD activities and payments, and/or forest carbon emissions.
- (d) Provide evidence of poverty reduction, environmental and social co-benefits by prioritizing activities that
  - i. help reduce poverty by enhancing economic growth or by improving services to the poor, taking into account the gender dimension of poverty and/or
  - ii. provide local or regional environmental benefits such as greater biodiversity, improved watershed management or better soil quality.
- (e) Take into account the framework of the MDBs' Country Assistance/Partnership Strategies, other relevant national planning exercises and activities of other development programs, including the FCPF, UN-REDD, bilateral development agencies, UN and GEF.
- (f) Establish 2-3 results indicators consistent with the FIP Results Framework and identify methodology to measure those along with a timeline for achieving results.

## **Section 7 Implementation potential with risk assessment (1-2 pages)**

An assessment of the implementation potential of the alternative GHG emission reduction options in the Investment Plan should be considered. This would include an analysis of the technical and management capacities of the executing agencies or project sponsors/entities as well as their financial health. If there are bottlenecks in related infrastructure or land use, the ability of executing agencies or project entities to resolve these problems should also be addressed. The Investment Plan should include an initial description of potential risks that might affect the implementation of proposed investments including: country and sub-national level risks; sector policies and institutions; technology, governance, environmental, and social risks.

## **Section 8 Financing plan and instruments (half-page)**

The Investment Plan should provide a projected amount of FIP co-financing and total financing requirements for each intervention, potential sources of public and private financing (including carbon finance, bilateral development banks and agencies, and non-traditional financiers). The Investment Plan should also identify FIP leverage ratios and types of financial instruments e.g., commercial loans, concessional financing, grants).

## **Section 9 Results Framework for Investment Plan (1-2 pages, table format)**

Consistent with the FIP Results Framework<sup>10</sup>, each FIP pilot country Investment Plan should provide a higher level results framework presenting expected results from FIP investments, success indicators and means of verification (e.g. information on methodology how indicators

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<sup>10</sup> To be approved by the FIP Sub-Committee.

will be measured or relevant data gathered). Projects and Programs supported under the Investment Plan will have to present their own respective results frameworks but have also to report against relevant key indicators in the results framework for the investment plan (aggregation). This section should also provide information on baseline information against which progress will be monitored.

## **Annexes**

The Investment Plan should include five annexes that summarize:

Annex 1: the proposed project and program pipeline, including the notional FIP resource allocation, an estimate of resources that would be leveraged, projections of potential carbon emissions reductions from both, the co-financed portfolio as well as the larger transformational impact and other results indicators.

For each project concept, a project outline annex (maximum two pages) should be provided that includes:

- (a) MDB and lead Government Agency(-ies)
- (b) Problem statement (1-2 paragraphs)
- (c) Proposed transformational impact and co-benefits (1-2 paragraphs)
- (d) Implementation readiness (1-2 paragraphs)
- (e) Potential national and international partners including their REDD+ financial support(1 paragraph and a table)
- (f) Rationale for FIP financing (1-2 paragraphs)
- (g) Safeguards
- (h) Financing plan
- (i) Project preparation timetable
- (j) Request for project preparation grant if required

Annex 2: A stakeholder involvement plan which presents an assessment of the relevant stakeholder groups in the pilot and how these groups have been involved in the design and will be involved in the implementation of the Investment Plan and related projects and programs.

Annex 3: Information on how funding from the Dedicated Grant Mechanisms for Indigenous Peoples and Local Communities will be part of the Investment Plan.

Annex 4: FCPF/UNREDD Readiness Preparation Proposal (R-PPs), National REDD+ Plan, Action Plan or equivalent (if available)

Annex 5: Voluntary review of the country Investment Plan by an expert/peer review group (if available)

## Template for Summary of Investment Plan<sup>11</sup>

FOREST INVESTMENT PROGRAM		
Summary of Country Investment Plan		
<b>1. Country/Region:</b>		
<b>1. FIP Funding Request (in USDmillion)::</b>	Loan:	Grant:
<b>1. National FIP Focal Point:</b>		
<b>1. National Implementing Agency (Coordination of Investment Plan):</b>		
<b>1. Involved MDB</b>		
<b>1. MDB FIP Focal Point and Project/Program Task Team Leader (TTL):</b>	Headquarters-FIP Focal Point:	<i>TTL:</i>
<b>1. Description of Investment Plan:</b>		
<p>(a) Key challenges related to REDD+ implementation</p> <p>(b) Areas of Intervention – sectors and themes</p> <p>(c) Expected Outcomes from the Implementation of the Investment Plan</p> <p>(d) Link to activities supported by FCPF and UN-REDD Programme</p>		
<b>1. Expected Key results from the Implementation of the Investment Plan (consistent with FIP Results Framework):</b>		
<b>Result</b>	<b>Success Indicator</b>	
(a)		
(b)		
...		
<b>1. Project and Program Concepts under the Investment Plan:</b>		

<sup>11</sup> To be submitted together with the full plan document for endorsement by the FIP Sub-Committee.

Project/Program Concept Title	MDB	Requested FIP Amount (\$)			Expected co- financing (\$)	Preparation grant request (\$)	MDB Fee
		TOTAL	Grant	Loan			
<b>TOTAL</b>							
<p>1. <b>Timeframe</b> (tentative) – Approval Milestones</p> <p>Project 1:</p> <p>Project 2:</p> <p>Project...:</p>							
<p>1. <b>Link with FCPF and UN-REDD Programme Activities:</b></p>							
<p>1. <b>Other Partners involved in design and implementation of the Investment Plan:</b></p>							
<p>1. <b>Consultations with Indigenous Peoples and Local Communities:</b></p>							
<p>1. <b>Private Sector Involvement:</b></p>							
<p>1. <b>Other relevant information:</b></p>							

