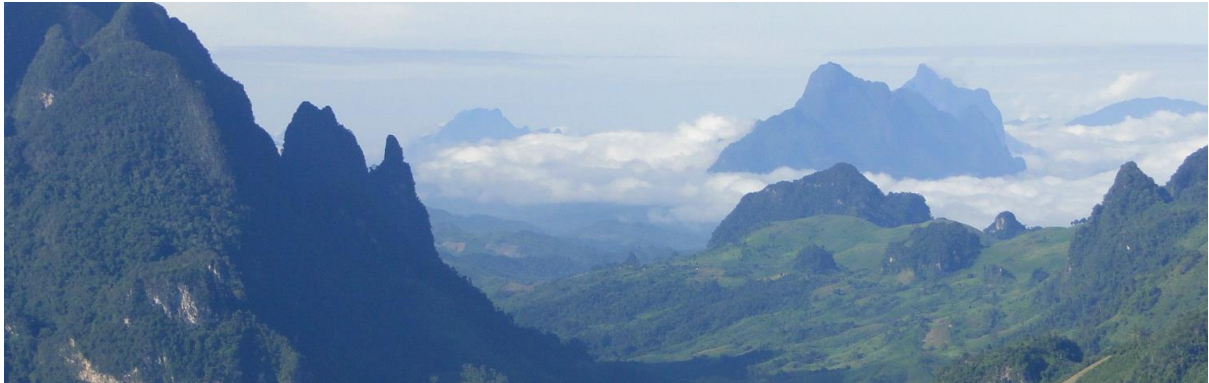




**GFL  
GOVERNANCE, FOREST LANDSCAPES AND  
LIVELIHOODS - NORTHERN LAOS**

**Benefit Sharing Plan  
(FINAL)**



**September 2021  
Department of Forestry  
Ministry of Agriculture and Forestry  
Vientiane, Lao PDR**

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## Acronyms

ADB	Asian Development Bank
BoD	Board of Directors
BSP	Benefit Sharing Plan
BS-TWG	Benefit Sharing-Technical Working Group
CSA	Climate Smart Agriculture
CSO	Civil Society Organization
DAFO	District Agriculture and Forestry Office
DoF	Department of Forestry
DoFI	Department of Forest Inspection
DoPF	Department of Planning and Finance
DoNRE	District office of Natural Resources and Environment
DPMU	District Program Management Unit
EGPF	Ethnic Group Policy Framework
EPF	Environment Protection Fund
ER	Emission Reduction
ERPA	Emission Reduction Payment Agreement
ERPD	Emission Reduction Program Document
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
FAO	Food and Agriculture Organization of the United Nations
FCPF	Forest Carbon Partnership Facility
FGRM	Feedback and Grievance Redress Mechanism
FIPD	Forestry Inventory and Planning Division
FLEGT	Forest Law Enforcement, Governance and Trade
FLR	Forest Landscape Restoration
FPIC	Free, Prior and Informed Consent
FPF	Forest Protection Fund
GCF	Green Climate Fund
GFL	Governance, Forest Landscapes and Livelihoods
GFL-BSP	Governance, Forest Landscapes and Livelihoods-Benefit Sharing Plan
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GoL	Government of Lao PDR
IFAD	International Fund for Agricultural Development
I-GFL	Implementation Plan - Governance, Forest Landscapes and Livelihoods
JICA	Japan International Cooperation Agency
Laos PDR	Lao People's Democratic Republic
LLL	Lao Landscape and Livelihood project
LNCCI	Lao National Chamber of Commerce and Industry
LFND	Lao Front for National Development
LWU	Lao Women's Union
MAF	Ministry of Agriculture and Forestry
MoF	Ministry of Finance

MoNRE	Ministry of Natural Resources and Environment
MMR	Monitoring, Measuring and Reporting
MMRV	Monitoring, Measuring, Reporting and Verifying
MPI	Ministry of Planning and Investment
MRV	Measurement, Reporting and Verification
NDC	Nationally Determined Contribution
NFMS	National Forest Monitoring System
NpA	Non-profit Association
NPMU	National Programme Management Unit
NRS	National REDD+ Strategies
NRTF	National REDD+ Taskforce
NTFP	Non-Timber Forest Product
NUoL	National University of Laos
PAFO	Provincial Agriculture and Forestry Office
PLUP	Participatory Land Use Planning
PMC	Project Management Committee
PMO	Prime Minister's Order
PPMC	Provincial Project Management Committee
POM	Project Operational Manual
PoNRE	Provincial office of Natural Resources and Environment
PPMU	Provincial Programme Management Unit
PRAP	Provincial REDD+ Action Plan
PRO	Provincial REDD+ Offices
PRTF	Provincial REDD+ Task Force
PT	Provincial Treasury
PPSC	Provincial Project Steering Committee
REL	Reference Emission Level
REDD+	Reducing Emissions from Deforestation and Forest Degradation+
RPF	Resettlement Policy Framework
SESA	Strategic Environmental and Social Assessment
SESU	Social and Environmental Safeguards Unit
SFM	Sustainable Forest Management
SUFORD-SU	Sustainable Forestry for Rural Development – Scaling Up
tCO <sub>2</sub> e	Tonnes of Carbon Dioxide Equivalent
TWG	Technical Working Group
UNFCCC	United Nations Framework Convention on Climate Change
VDC	Village Development Committee
VF	Village Fund
VFMA	Village Forest Management Agreement
VFMP	Village Forest Management Plan
VLUFMA	Village Land Use and Forest Management Agreement
VMU	Village Mediation Unit

# EXECUTIVE SUMMARY

## *Introduction*

- i. This document presents the Benefit Sharing Plan (BSP) for the implementation of the Emission Reductions Program (ER Program) titled Governance, Forest Landscapes and Livelihoods – Northern Laos (GFL), in the six northern provinces of Lao People’s Democratic Republic (Lao PDR) approved by the Carbon Fund in 2018. The BSP builds on the indicative benefit sharing arrangements proposed in the Emission Reductions Program Document (ERPD), the Advance Draft BSP (May, 2020) and is a result of broad stakeholder consultation.
- ii. The Program covers an area of 8.1 million hectares, and stems from strong analysis and understanding of the main direct and underlying drivers of deforestation and forest degradation. The area constitutes approximately one third of both the country’s geographical and forest area, with a population of 1.8 million people and where the dominant land use designation is forest.
- iii. Each province in the GFL Program area shares an international border with one of the surrounding countries of Thailand, Myanmar, China and Viet Nam. Northern Lao PDR is characterized by mountainous topography, remote accessibility and limited public and industrial infrastructure, unique ethnic minority communities, and a persistent prevalence of poverty, as well as extensive degradation and loss of forest. The area hosts important watersheds, which feed major tributaries that include the Mekong River.
- iv. The ER Program is expected to generate in excess of 16.1 million tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) of emission reductions (ERs) and removals over the term of the Emission Reduction Payment Agreement (ERPA), which covers six years from 2019-2024. This is comprised of 8 million tCO<sub>2</sub>e emission reductions, which is equivalent to a reduction of 20 percent compared to the Reference Emission Level (REL), and increases in removals equivalent to 3 million tCO<sub>2</sub>e, which is an increase by 57 percent,<sup>1</sup> compared to the removals in the Reference Level. Of the total ERs generated, 11 million tCO<sub>2</sub>e would be potentially transferrable to the Forest Carbon Partnership Facility (FCPF) Carbon Fund.<sup>2</sup>

## *ER Program Financing*

- v. Lao PDR signed an ERPA with the FCPF Carbon Fund for the sale and purchase of 8.4 million of these emission reductions, valued at USD 42 million.<sup>3</sup>

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<sup>1</sup> This high rate in removal activities is due in part to the accounting methodology, where some of the carbon removals are spread over a default period of 20 years depending on their change types. This being the case, removals were generated from activities taken during the reference period (i.e., 2005-2015) in the accounting period. See section 8.3.5 of the ERPD.

<sup>2</sup> This figure assumes a 4 percent conservativeness factor for removals and emissions, due to deforestation and forest degradation (excluding regenerating vegetation (RV)), 15 percent conservativeness factor for using proxy data to calculate emissions from forest degradation associated with RV and selective logging, and a 23 percent reversal buffer (see Sections 11 and 12 of the ERPD for further details).

<sup>3</sup> In case the ER program generates ERs in excess to the ER volume contract mentioned in ERPA, then the additional ERs (2.6 million tonnes CO<sub>2</sub>e could be purchased through “call option”).

- vi. The cost of implementing the GFL ER Program is estimated at USD 136.5 million for a 6-year period from 2020 to 2025. The GoL will use multiple sources of finance to implement the ER Program. Initially, the ER Program activities will be financed by:
- a) Implementation Plan - Governance, Forest Landscapes and Livelihoods (I-GFLL) funded by the Green Climate Fund (GCF) and GiZ.<sup>4</sup>
  - b) Advance payments from the Carbon Fund to partly finance operational costs.
  - c) FCPF Readiness Grant to June 2022.
- vii. The I-GFLL will partly finance implementation of GFL and contribute to generating results-based payments. The I-GFLL project forms a cornerstone of Program implementation and shares an identical target area and accounting system as the GFL.

### ***Beneficiaries, Benefits, Costs and Eligibility Criteria***

- viii. Beneficiaries are the recipients of monetary and non-monetary benefits, which may include sub-entities and other relevant stakeholders (Carbon Fund Methodological Framework, 2016). The categories of beneficiaries are considered in the context of roles and responsibilities, being legal rights holders of the land or forest resources in which emission reductions take place, and directly investing capital and/or labour into REDD+ activities.
- ix. The GFL BSP identifies three main beneficiary categories as follows:
- Government agencies (at all levels).
  - Rural forest-dependent communities, hereinafter named as communities.
  - Actors in pilot initiatives, which will include the private sector, non-profit associations, and research and education institutions.
- x. Communities will benefit the greatest, as they are the people who will contribute the most for the emission reductions to be achieved.
- xi. Two type of benefits will be channeled to the beneficiaries – monetary and non-monetary benefits.

### ***Eligibility Criteria***

- xii. Local communities have the most significant role in the ER Program implementation. Their eligibility criteria are centered around land and forest access or ownership rights, registered as village residence, participation, demonstration of project ownership, strong village level institutions and coordination with local government authorities to ensure ER activities align with the ER Program objectives. For the ER Program, beneficiaries must have a legal status from the government through laws and decrees. The eligibility criteria of communities are closely linked to emission reductions activities defined in the Povincial REDD+ Action

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<sup>4</sup> I-GFLL is also supported through co-financing by GIZ, JICA, FAO, ADB, LLL, and IFAD.



Plans (PRAPs)<sup>5</sup>, and implemented under the oversight of the Provincial Agriculture and Forestry Offices (PAFOs), District Agriculture and Forestry Offices (DAFOs), and Village Development Committees (VDCs).

- Government agencies at all levels (national, province, and district) are eligible to receive benefits, since they are involved in and have a key role in the ER Program implementation, as part of their general roles and responsibilities.

### ***Allocation of Benefits***

- xiii. The gross ER Payments from the Carbon fund will be allocated as follows:
- Seventy seven percent (77%) will be allocated as performance-based allocations to communities, sub-national government agencies, and pilot initiatives.
  - Eighteen (18%) will allocated to cover operational costs.
  - Five (5%) to a performance buffer.
  - The seventy-seven (77%) ER performance-based payment will be broken down as follows:
    - Ninety percent (90%) will be allocated to communities.
    - Five percent (5%) will be allocated to sub-national government agencies as incentives.
    - Five percent (5%) will be allocated to pilot initiatives.

### ***Institutional Arrangements***

- xiv. The National REDD+ Task Force (NRTF) is a multi-sector body, which is responsible for the development and implementation oversight of REDD+ in the country and will have oversight of the ER Program. At the provincial level, the Provincial REDD+ Offices (PRO) and the Provincial REDD+ Task Forces (PRTFs) are the main actors responsible for coordinating REDD+.

### ***The BSP and ER Program Governance Structure***

- xv. Based on the results from the World Bank mission on June 30 2021, the GoL has decided to activate contingency arrangements for fund management, including disbursements during the implementation of ER Payments. Therefore, the FCPF grant mechanism currently operated by the REDD+ Division with supervision from DoF will take over the management and disbursement of finances for the implementation of GFLL. Although the fiscal responsibility for receiving and disbursing ER Payments from the Carbon Fund rests with the National Treasury/Bank of Lao system under the Ministry of Finance.
- xvi. The REDD+ Division will now handle the ER Program advance payment and results-based payments. The fund manager role will be handed over to the Forest Protection Fund (FPF),

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<sup>5</sup> Provincial action plans defined as the primary basis for implementing local level REDD+ interventions to address deforestation and forest degradation at provincial level. Each PRAP is formulated in line with ERPD components.

once the FPF has demonstrated adequate management and fiduciary capacity to manage the ER payments. As such, the FPF will continue to build capacity until it is ready to assume its role as stated in the revised Forest Law 2019 (managing carbon revenue) including beyond the ERPA.

- xvii. A National Project Management Unit (NPMU), embedded with the REDD+ Division, is responsible for the implementation of the GFL. The NPMU has the overall responsibility for ‘day to day’ program delivery and management, including planning, monitoring/reporting, financial management, procurement, as well as recruiting and coordinating technical assistance. The NPMU will also facilitate cross-cutting issues and coordinate with government offices, organizations at the national level, and also with the Provincial Programme Management Units (PPMUs) in the six participating provinces.
- The NRTF will deal with cross-cutting issues, and facilitate coordination between different ministries and departments, including several departments under the Ministry of Agriculture and Forestry (MAF), Ministry of Natural Resources and Environment (MoNRE) and Ministry of Planning and Investment (MPI), in order to enhance coordination and collaboration from the central level to sub-national levels, including village levels. The NPMU, under the direct guidance of the DoF and the NRTF, will carry out tasks as assigned and will coordinate with other relevant organisations.
  - PPMUs and Social and Environmental Safeguards Units will be set up and operated under the guidance of the NPMU. The mode of operation is outlined in the Project Operational Manual (POM).

#### ***Disbursement of Funds to Beneficiaries***

- xviii. Once emission reductions are verified and the report is accepted, ER payments will be channelled from the Carbon Fund to the National Treasury system, via the Bank of Lao. The REDD+ Division as funds manager will subsequently facilitate the transfer of funds to designated beneficiaries, via local custodian banks, within two weeks.
- xix. Both monetary and non-monetary benefits to beneficiaries will be disbursed following the DoF endorsement and the NRTF’s approval. Non-monetary benefits, in the form of goods and services for the community (such as capacity building, livelihood support for community business, public facilities including health and education facilities) will be based on the results of a community consultations which will be facilitated by the VDCs.

#### ***Performance Scenarios, Monitoring and Reporting***

- xx. This BSP assesses four performance scenarios for the achievement of emission reductions targets. The four scenarios are 100%, 50%, 25% and 10%.
- xxi. All beneficiaries will be required to participate in monitoring and reporting of the ER Program’s performance, including the implementation of this BSP. As of necessity, thematic monitoring will be a key priority for social and environmental safeguards, benefit allocation

and targets against emission reductions. At the institutional level, monitoring and reporting on governance, fund management and disbursement to beneficiaries will also be an important priority.

- xxii. This BSP also sets out the methodological approach for monitoring, measuring and reporting (MMR), implementation and monitoring of safeguards, Feedback and Grievance Redress Mechanism (FGRM), and disclosure of information.

### ***Capacity Building***

- xxiii. Capacity building is an integral part of the ER Program, with significant investment in time and resources allocated to build the institutional and operational capacity at national to community levels. A capacity building plan is included as part of the sustainability measures beyond the ERPA, enabling the scaling up of jurisdictional landscape management programs beyond the six northern provinces.

### ***Communication and Disclosure***

- xxiv. As this BSP takes a multi-sectoral approach, with a large number of stakeholders, it adopts the guiding principles established in the national REDD+ Communication and Outreach Program, which ensures stakeholders are well informed through frequent consultations and access to information in local languages. Consultations and outreach programs have remained an integral part of the ER Program.

### ***Document Structure***

- xxv. The BSP is divided into eight sections including annexes. Section 1 provides the background, the context and strategy of the ER Program. It also gives an overview of the general principles and legal context for the preparation of the BSP. Section 2 focuses on the beneficiary categories and end beneficiaries, as well as the underlying eligibility criteria. Section 3 describes the BSP institutional arrangements and funds flow. Section 4 describes the performance and scenarios for emission reductions and their likely implications for the ER payments. Section 5 outlines the monitoring and reporting framework. Section 6 provides details on capacity building aspects. Section 7 describes the communication and consultation aspects of the ER Program.
- xxvi. Section 8 contains all the relevant annexes.

# 1 INTRODUCTION

## 1.1 Background

1. This document presents the Benefit Sharing Plan (BSP) for the implementation of the Emission Reductions (ER) Program titled Governance, Forest Landscapes and Livelihoods – Northern Laos (GFL), implemented in the six northern provinces of the Lao People’s Democratic Republic (Lao PDR) approved by the Carbon Fund in 2018. The BSP builds on the indicative benefit sharing arrangements proposed in the Emission Reductions Program Document (ERPD), the Advance Draft BSP (May, 2020), and is a result of broad stakeholder consultation.
2. GFL is designed as Lao PDR’s first sub-national program in the six provinces of northern Laos, providing a strategic and scalable foundation to address key drivers of deforestation and forest degradation and reduce greenhouse gas emissions. GFL contributes to Lao PDR’s Nationally Determined Contributions (NDC), with significant weight on actions to be taken in the forestry sector, which estimates the removal of 45 million tonnes of carbon dioxide equivalents (mtCO<sub>2</sub>e) from forests or increased forest cover to 70% of land area (i.e., to 16.58 million ha) by 2030 as compared to 2000.<sup>6</sup>
3. The Ministry of Agriculture and Forestry (MAF) will spearhead the GFL Program, with central, provincial, and district level agencies sharing responsibility for implementation. The activities of communities, non-profit associations (NpAs), and the private companies in the forestry and agricultural sectors will lead to the bulk of emission reductions within the program area. These groups will in turn receive the bulk of the share of benefits.

## 1.2 Overview of the Emissions Reduction Program Area

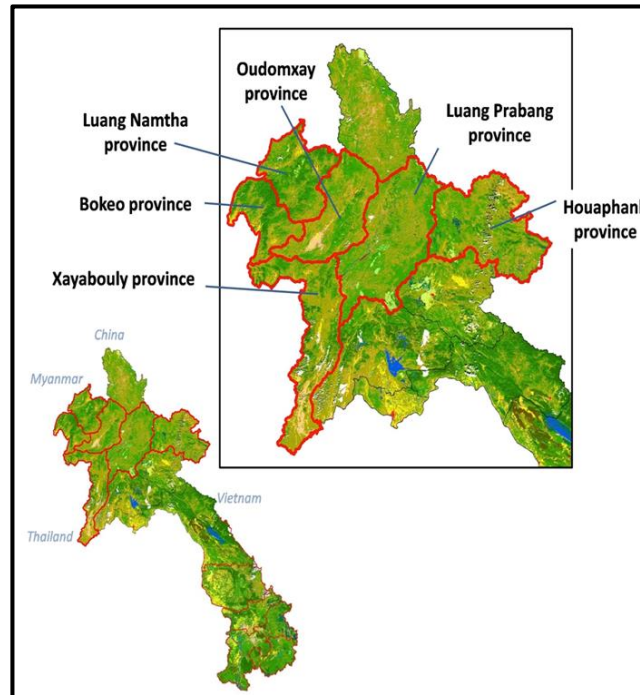
4. As shown in **Figure 1** below, the GFL area comprises of six provinces of northern Lao PDR, an area which constitutes approximately one-third of both the country’s geographical and forested area. The program area is a contiguous landscape, covering the entire administrative areas of the provinces of Bokeo, Huaphanh, Luang Namtha, Luang Prabang, Oudomxay and Xayaboury.

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<sup>6</sup>Lao PDR’s Nationally Determined Contribution (NDC), 9 March 2021.

- Each province shares an international border with one of the surrounding countries of Thailand, Myanmar, China and Viet Nam. Hilly topography, remote accessibility and limited public and industrial infrastructure, unique ethnic minority communities, and persistent prevalence of poverty characterize this northern region of Lao PDR.

**Figure 1 Location of the ER Program Area**



- The selection of the program area of the GFLL was the result of several critical factors. The combined area of deforestation and forest degradation in the program area was approximately 72,000 ha per year during the period of 2005-2015. Approximately 40 percent of total national deforestation and degradation takes place within these six provinces. Each of the six provinces has developed Provincial REDD+ Action Plans (PRAPs), which analyse the key drivers of deforestation, major barriers, and propose actions and measures to reduce emissions from deforestation and forest degradation.
- The region is also well known for the prevalence of shifting cultivation practices, as well as being the poorest region in the country. For such reasons, in the early phase of REDD+ readiness, a number of projects supported by development partners focused on REDD+ pilot actions in these northern provinces. Such activities have led to increased capacity and preparedness for REDD+ activities, which was key in the eventual selection of the six northern provinces as the program area for Lao PDR's first ER Program. This six-province strategy is an aggregation and synthesis of the Provincial REDD+ Action Plans, which were developed for each target province during the period of 2016-2018.

### **1.3 ER Program Strategy and Components**

8. The GFL, referred to as ER Program in this document, will be the first step in Lao PDR's transition from REDD+ readiness to implementation and subsequent results-based payments. The Program design sets the framework for implementing the NRS in a decentralized manner at the sub-national level. While strategically defined at the province level and executed at the district and village level, the ER Program contributes to improving the national institutional and regulatory systems in ways that facilitate replication and up-scaling. The impact of the ER Program will lead to reduced emissions from land use, deforestation, forest degradation, and increased ecosystem resilience and enhanced livelihoods of forest-dependent people.
9. In order to achieve these impacts, the ER Program is designed around four inter-dependent and complementary components:

#### **Component 1: Strengthening enabling conditions for REDD+**

10. Component 1 covers interventions that lay the foundation for the implementation of sustainable land use, and develops the enabling conditions to address drivers of deforestation and forest degradation in key sectors, namely agriculture and forestry, but also in other land use sectors such as infrastructure development.
11. The underpinning strategy is to provide the necessary tools and capacity for institutional and cross-sectoral planning, coordination and policy and regulatory implementation. Activities target the mainstreaming of REDD+ into national and provincial level socioeconomic development planning, and the design of policies and regulations that address the key drivers of deforestation and forest degradation, while also building capacity for implementation. Improved law enforcement and planning activities will be achieved through the establishment and institutionalization of national and province level monitoring systems. The strengthening of institutional capacities to monitor and sanction forest violations will improve the enforcement of existing laws by national, province and district level authorities. The REDD+ readiness work has laid the foundation for strengthening existing policies and regulations.
12. The ER Program will focus on building the necessary capacity for both national and sub-national level institutions, as part of creating the enabling environment. Enabling conditions will be further developed through consistent and aligned provincial, district

and village level land use planning and the necessary capacity development of staff to implement plans. This will be integrated into the existing government planning processes and linked to actions for securing land and resource tenure, including land registration. Land use planning and land registration will take into consideration existing forest landscapes and their protection and sustainable use. Forests and forestland, which for the most part is legally considered as State land and not subject to titling, are often managed as communal or collective and customary lands. Strengthening their legal basis for tenure security will be pursued through developing a due registration process and a system of land use plans and village forest management agreements.

13. The ER Program will engage with the ongoing work in the promotion of responsible agricultural investments across the agriculture sector. By strengthening the enabling environment, the ER Program triggers transformative impact across sectors towards developing a low carbon economy. Activities will aim for: i) strengthening and streamlining policies and the legal framework; ii) improved forest law enforcement and monitoring; iii) improved provincial, district and village level land use planning; and, iv) enhanced land and resource tenure security through land registration and other processes. The activities under this component are often important precursors for the success of further land-based interventions. This being the case, interventions that require quicker progress are planned for earlier implementation, while capacity building related activities would be continuous. It is important to note that for many areas of work, related groundwork is already underway, particularly at the central government level, and that the ER Program interventions will build on these developments.

### **Component 2: Climate smart agriculture and sustainable livelihoods**

14. Component 2 aims to address the cumulative negative impact of unsustainable agricultural practices and its transformation to high productivity with low impact on the environment. A range of technical options have been successfully tested in the northern uplands of Lao PDR over the last few decades, to support transition from mainly subsistence to commercial agriculture. Activities will focus on the promotion of climate smart agriculture investment and improved soil conservation practices, crop diversification, and agroforestry techniques such as terracing and intercropping.
15. The concept of climate smart agriculture will also be integrated with the principles of responsible agricultural investments to embed broader social, environmental and

economic safeguards and perspectives, together with climate related concerns central to climate smart agriculture. This component is designed to significantly curb expansion into forested landscapes and increase household incomes and resilience to climate risks caused by drought, floods, and soil erosion.

16. The investment will be supported through more effective extension services to target groups, strengthening their value chain integration through the promotion of processing, provision of marketing support and market information, and stronger engagement with the private sector.
17. The activities will also focus on building cooperative structures to enhance the negotiation ability of these groups and improve access to rural finance. Women, ethnic groups and other vulnerable groups will receive special attention. Activities will aim for:
  - i) Establishment of an enabling environment to promote responsible, sustainable, deforestation-free and climate-smart agriculture.
  - ii) Implementation of climate smart agriculture models to address market demand, low productivity, lack of alternatives and address land and soil degradation. Examples of good agriculture practices (GAP) can be found in Annex 8.5.

### **Component 3: Sustainable forest management**

18. This component will provide investments into sustainable forest management planning and the implementation of village forest management and sustainable management of production forests. The ER Program is targeting implementing and scaling up forest landscape restoration and management on at least 70,000 ha, including through assisted natural forest regeneration, plantation development and agroforestry systems to enhance forest carbon stocks.
19. These activities will be supported by intensive capacity development and training of government staff and communities, with a strong focus on ethnic groups, women and the most vulnerable groups. Through the preparation and implementation of village forest management planning and agreements, the underlying rationale is to strengthen tenure security of land and forest resources, particularly those land and resources that are regarded as communal/collective and customary assets. These activities will be complemented by value chain integration of the rural population, identification and



mobilization and creation of incentive mechanisms to attract private sector investments into sustainable forest development and forest landscape management.

20. Forestry sector interventions will focus on: i) establishing an enabling environment to implement and scale up forest landscape restoration and management; ii) implementation and scaling up of village forest; and, iii) implementation and scaling up of sustainable forest plantations. In addition, the ER Program will follow social and environmental safeguard guidelines outlined in the Environmental and Social Management Framework (ESMF).

#### **Component 4: Program management**

21. This stand-alone component will support program management for services to manage, coordinate, monitor and evaluate the Program and ensure that activities are implemented as planned and within budgets. This component will also be responsible for safeguards management and gender integration, and will document and disseminate lessons and best practices to improve implementation and impact.

### **1.4 ER Program Financing**

22. Lao PDR signed the ERPA with the FCPF Carbon Fund to purchase 8.4 million of these emission reductions, indicatively valued at USD 42 million.<sup>7</sup>
23. The cost of implementing the GFL ER Program is estimated at USD 136.5 million for a 6-year period from 2020 to 2025. However, emission reductions that are measured and monitored for results-based payments will occur from January 1, 2019 through to December 2024.
24. The GoL will use multiple sources of finance to implement the ER Program. Prior to ER payments, the ER Program activities will be financed by:
  - a) Implementation Plan - Governance, Forest Landscapes and Livelihoods (I-GFLL) funded by the Green Climate Fund (GCF), and the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ).
  - b) Advance payments from the Carbon Fund to partly finance operational costs.

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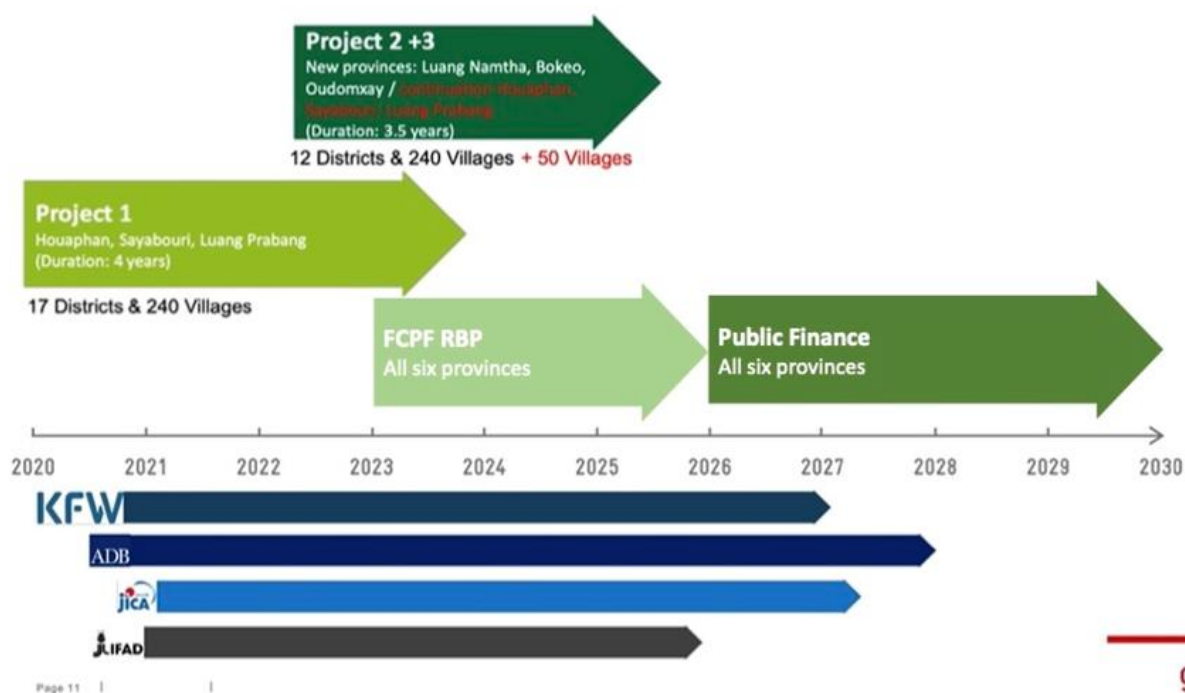
<sup>7</sup> In the event that the ER Program generates ERs in excess of the Contract ER Volume (8.4 million tonnes), 2.6 million tonnes of additional ERs may be purchased (under the Call Option).

- c) FCPF Readiness Grant (to June 2022).
25. The GCF proposal was approved in November 2019 and implementation has occurred since the 1<sup>st</sup> June 2020. The I-GFLL was designed to support the implementation of GFLL and contribute to generating the ER Programme performance. The I-GFLL project is phased into three projects and forms a cornerstone of Program implementation, sharing an identical target area and accounting system as the GFLL. The three projects are as follows:
- Project 1: Huaphanh, Xayaboury and Luang Prabang provinces (Mid-2020 to mid-2024).
  - Project 2: Huaphanh, Xayaboury and Luang Prabang provinces (Mid 2024 to end-2029).
  - Project 3: Luang Namtha, Bokeo and Oudomxay provinces (2022 to end-2029).
26. There are 50 districts and approximately 700 villages in the ER Program. [I-GFLL](#) will target 29 districts, with up to 530 villages.<sup>8</sup>
27. During the period 2020 to 2024 (Project 1), I-GFLL is focusing on 170 out of 240 villages in 17 districts, implementing activities under Components 1, 2 and 3 of the ER Program. Projects 2 and 3 (2022 – 2029) will focus on 290 villages in 12 districts. [Error! Reference source not found.](#)Figure 2 illustrates the I-GFLL phased approach, and **Table 1** the convergence of GFLL and I-GFLL.

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<sup>8</sup> Selection of districts: GCF Funding Proposal explicitly outlined a programmatic approach with Project 1 covering 3 out of 6 provinces of the Lao Emission Reductions Program (ER-Program) under the Forest Carbon Partnership Facility (FCPF) and the subsequent Sub-Projects 2 and 3 (hereafter Project 2) to expand the programme intervention area to 3 more provinces (approx. 240 villages) as well as 50 additional villages in the current project location. The selection process for the districts combined detailed quantitative and qualitative considerations, which are described in Chapter 2.5 of the Feasibility Study.

**Figure 2 I-GFLL Phased Approach**



28. **Table 1** summarizes the interplay between GFLL and I-GFLL.

**Table 1 Convergence of GFLL and I-GFLL**

Project Title	GFLL-NL Governance, Forest Landscapes and Livelihoods in Northern Lao PDR	I-GFLL-NL Implementation Plan -Governance, Forest Landscapes and Livelihoods in Northern Lao PDR
<b>Governance and Management</b>		
<b>Policy and Oversight</b>	Lao National REDD+ Task Force	
<b>Execution</b>	REDD + Division	
<b>Implementation</b>	Integrated National, Provincial and District Management Units	
<b>Plans and Budget</b>	Integrated Annual Workplan and Budget	
<b>Funds Disbursement</b>	FCPF grant mechanism and Forest Protection Fund	Environment Protection Fund
<b>Reporting</b>	Integrated and Differential Reporting	
<b>Operational</b>		
<b>Project Area</b>	Six northern provinces	Three northern provinces <sup>9</sup>
<b>Action Plans</b>	PRAPs	
<b>Beneficiaries</b>	Communities through Village Development Funds and Institutions	
<b>Safeguards</b>		
<b>Assessment</b>	SESA	ESIA

<sup>9</sup> Project area expected to change following a submission of a Concept Note to the GCF (CN= Eur 37.84 million) extending the I-GFLL to 2029 (subject to approval).

<b>Safeguards Management</b>	ESMF, ESMP, EGPF, RPF and PF	
<b>Gender</b>	Gender Action Plan	
<b><i>Design</i></b>		
<b>Instrument</b>	Emission Reduction Project Document	Funding Proposal
<b>Finance Source</b>	FCPF Carbon Fund	Green Climate Fund
<b>Timeline</b>	2020-2025	2020-2024
<b>Modality and Donor</b>	Results-based payment from Carbon Fund	Grant from Green Climate Fund
<b>Budget</b>	USD 42 million	– Project 1 (approved) = USD 16 million – Project 2 and 3 ( subject for approval ) = EUR 37.84 million

## 1.5 Purpose of the Benefit Sharing Plan

29. This BSP has been developed in accordance with the objectives of the ERPD, following the Carbon Fund Methodological Framework (2016) outlining how the ER Program Entity will share the monetary and non-monetary benefits with the beneficiaries. The general principles of the GFLB BSP are effectiveness and efficiency sharing, based on rationales that include hotspot priority, cost, facilitation, emission reductions, and the pro-poor rationale.

## 1.6 Design Principles of the BSP

30. The BSP adheres to the following design principles:
31. *Adaptive Learning Approach*: The GFLB-BSP will use an adaptive learning approach that will give primacy to piloting innovative approaches, high quality documentation of lessons, continuous improvement based on improved land-use change assessment technologies and methodologies, and adapt to ensure planned targets are achieved and benefits secured.
32. *Strategic and Sustained Focus on Key Drivers*: Mechanisms will be established to ensure agile decisions can be made to ensure strategies retain focus on key drivers, and that these are addressed, and that results are reflected in targets and benefits.
33. *Commitment to Communities and Improved Targeting*: The BSP will reflect a transparent commitment to local communities, ensuring that they remain the largest beneficiaries. The BSP will also improve targeting and identifying communities most-dependent on

forest resources, so that benefits are increasingly directed to communities who make the most significant contribution to addressing deforestation drivers and reducing emissions.

34. *Equity*: Ensuring that the distributional aspects of the associated costs, risks and benefits, procedural aspects of participatory decision-making are clear and transparent. The BSP will ensure that the beneficiaries are people/organizations who contribute directly or indirectly to emission reductions objectives of the ER Program. The BSP will further avoid elite capture, and provide incentives for vulnerable groups (women, ethnic minorities, and poor communities who are dependent on forests).
35. *Disclosure Standards*: Transparent and timely disclosure standards will be established to ensure quantitative data on land use change, status of emission reductions, calculation of benefits, and that qualitative documents are disclosed to all stakeholders.

## **1.7 Legal and Regulatory Framework for the BSP**

36. The legislative framework of Lao PDR and specific regulations related to Lao REDD+ management, development, and implementation is unequivocal in granting full authority to the Ministry of Agriculture and Forestry (MAF) as the Program Entity. The legislative framework includes the Constitution of Lao PDR, its Land Law, and Forest Law. There are specific articles that vest responsibility with MAF, and Annex 8.3 provides an overview of these laws and articles. A detailed assessment has been completed with regards to the right of the Program Entity's ability to transfer the ER title to the Carbon Fund, including consultations.
37. The conclusion of this assessment is that the MAF has clear rights to transfer the ER title ownership. In addition, the Lao Bar Association (Attorney Association) has reviewed the assessment note and concluded that the note is in line with current laws and regulations of Lao PDR. It formalizes the conclusion of the assessment note that the MAF has full and complete rights to the transfer of ER titles that will meet the legal requirements of the ERPA.
38. The legal and regulatory basis for the development of the GFLL-BSP and the key institutions that will manage results-based payments is embedded in the GoL orders and decisions displayed in **Table 2**.

**Table 2 Regulations and Policies Relevant to the BSP**

Title	Year	Relevance to BSP
<b>Decree</b>		
Prime Minister's Office Notice No 1236/PMO dated 06 August 2018 on Appointment of MAF to coordinate implementation of Carbon Fund ER Program.	2018	Appointment to be the lead organization responsible for coordination with key stakeholders and for monitoring the Carbon Fund emission reduction Program in six northern provinces of Lao PDR.
Prime Minister's Decree No. 99/PM dated 09 March 2017 on The Organization and Functionalities of The Ministry of Agriculture and Forestry.	2017	The decree outlines location, roles, and duties, scope of rights, organizational structure, principles and working patterns as a reference for the organization and functionalities of the MAF.
Prime Minister's Decree No 06/PM dated 08 January 2011 on Appointment of the Ministry of Agriculture and Forestry as coordinator of NRTF.	2011	The MAF is appointed by the GoL as the ER Program Entity in Lao PDR. The MAF's role is to coordinate and develop the national REDD+ framework and to complete REDD+ readiness preparation to become eligible to receive results-based payments.
<b>Prime Minister Office (PMO) Notice</b>		
Prime Minister Office Notice No. 1895 dated 7 November 2007 on decision MAF as focal point for the implementation of FCPF.	2007	<p>The roles of the MAF in relation to FCPF are as follows:</p> <ul style="list-style-type: none"> <li>- Drafting the Letter of Intent to the Office of the World Bank to be the member of the FCPF.</li> <li>- To be the focal point of the real implementation in regarding to the FCPF.</li> <li>- Give priority to the forest cooperation, which is globally an important issue to solve socio-economic and environment issues, including climate change.</li> <li>- To ingrate money from the Poverty Reduction Fund, which is implemented by the World Bank and the government, to help with the future expansion of the production forest allocation to other provinces, in order to strengthen and upgrade the livelihoods of people in the project area, who have participated with forest allocation.</li> </ul>
Official Notice of the Prime Minister's Office (PMO) No.1896 Appointment of MAF as the Lao member of the Forest Carbon Partnership Facility (FCPF) of the World Bank.	2007	The MAF is the Lao PDR member of the FCPF of the World Bank.
<b>Agreement/Decision</b>		
Minister MAF Decision No. 3887/MAF dated 21 October 2019 on Decision on Approval of the Governance, Forest Landscapes and Livelihoods, in Northern Lao PDR Program, and of Ministry of Agriculture and Forestry to act as the Program Entity of the Governance, Forest Landscapes, and Livelihoods in Northern Lao PDR Program (hereafter ER Program).	2019	<p>Reaffirmation that the MAF acts as the Program Entity of the ER Program.</p> <p>The MAF's approval on Program Entity's ability to transfer ER Tittle to the Carbon Fund.</p>

Title	Year	Relevance to BSP
Minister MAF Agreement No 2750 dated 23 May 2017 on Establishment of the National REDD+ Task Force and Provincial REDD+ Task Force.	2017	The NRTF role is to coordinate and develop the national REDD+ framework and to complete REDD+ readiness preparation to become eligible to receive results-based payments. The NRTF has a significant role to ensure relevant ministries facilitate and implement the ER Program smoothly, including benefit sharing plans implementation.
Agreement of Minister of MAF No.1313 Organisation and Function of the National REDD+ Taskforce.	2008	Establishment of the NRTF.
Decision of the Minister of MAF No. 0006 Establishing a Taskforce Committee for implementation REDD+ activities.	2011	Establishment of Task Force Committee for implementation of REDD+ activities.
Agreement of Minister of MAF No. 7176 Establishing a REDD+ Taskforce for implementation of REDD+ activities.	2013	Establishment of a REDD+ Taskforce for implementation of REDD+ activities.
<b>Instruction</b>		
Minister, MAF Instruction No. 2124/MAF dated 18 September 2018 on Establishment of Six Technical Working Groups to support Lao REDD+.	2018	One of the Technical Working Groups is the Benefit Sharing Technical Working Group (BS-TWG). The group is a key player in coordinating consultations with relevant ministries and stakeholders at national and sub-national levels.

## 1.8 Legal context for Fund Management Arrangement

39. The GoL has made significant progress in establishing stable REDD+ institutional arrangements. Specifically, in 2019 the Forest Law was revised and nominated the FPF as the institution to manage all carbon revenue in the country, however, it was also acknowledged that the FPF is not ready and requires more time for capacity building. Therefore, the FPF capacity building will be an integral part of the ER Program.
40. Based on the result of a Joint Implementation Mission on the ER Program between the World Bank and the MAF in June 2021, it was agreed to activate the contingency plan for fund management arrangements of GFL. The FCPF grant mechanism becomes the default mechanism for fund management under the GFL.
41. The GoL has appointed the MAF as the focal point for the implementation of the ER Program (PMO No. 1895/2007 and PMO No. 1896/2007). The MAF also acts as the Program Entity of the GFL ER Program (MAF Decision No. 3887/2019). In this regard, the DoF (REDD+ Division) under the MAF (as legal entity) will oversee the fund management of the ER Program.

## **1.9 Sub-agreements**

42. Private sector tree planters might be required to enter into sub-agreements to address the issue of carbon rights for planted trees. According to the Lao PDR Constitution and national laws, the GoL has the legal ownership and title to the ERs. Therefore, the MAF, as representative of the GoL and Program Entity, has title to the ERs. Nevertheless, with the aim of avoiding any legal risks and competing claims in relation to carbon rights, sub-agreement contracts with private sector players when planting trees are seen as necessary.
43. The sub-agreement contracts will ensure that only the Program Entity has the full power to transfer ownership of carbon rights for the planted trees. Therefore, the sub-agreement contracts will secure payments and non-monetary benefits under the ER Program, as defined under this BSP, to the private sector, while recognizing that the GoL retains legal ownership and title to the ERs. The activity of planting trees as a pilot initiative is consistent with the ER Program (PRAPs).
44. Such sub-agreement contracts will be managed at the provincial level by different public entities involved in the ER-program implementation: (i) the MAF will enter into sub-agreement contracts with private tree planters, stating that the Program Entity is authorized to transfer the ERs to the FCPF Carbon Fund free of any third-party interest or encumbrance; and, (ii) the Provincial REDD+ Offices (PRO) with guidance by the Provincial REDD+ Task Force (PRTF) and technical supports from REDD+ Division will manage sub-agreement contracts, and they will overview the execution of sub-agreement contracts for the MAF. A template of the sub-agreement is in Annex 8.9.

## **1.10 Broader Climate Commitments**

45. Complementing the legal and regulatory framework are the GoL commitments to reduce greenhouse gas emissions through the Nationally Determined Contribution (NDC) and existing Forestry Strategy. In addition, the National REDD+ Strategy (NRS) to 2025 with Vision to 2030 has been approved. The GoL has submitted the revised NDC (version 9 March 2021) to UNFCCC on the date of 11<sup>th</sup> May 2021. Both documents aim to improve the quality and extent of forests nationwide to provide economic, social and environmental benefits. The policies require all stakeholders, including households, communities and the private sector, to actively participate in the reduction of deforestation and degradation, and the promotion of forest restoration and reforestation. The MAF continues to remain the national institution with the responsibility for policy



making and implementation to meet the GoL commitments with regards to its global commitments, and national goals related to greenhouse gas emission reduction from its forests.

### **1.11 Communications and Consultations**

46. The BSP has been developed with the guidance of the BSP Technical Working Group (BSP-TWG), followed by a review from the DoF and clearance from the NRTF. The BSP was developed through participatory consultations held at the national level and in all six provinces. These consultations involved multiple stakeholders including local communities, ethnic groups, and Civil Society Organizations (CSOs), as well as government, private sector, and social and technical thematic experts (photographs of consultations are provided in Annex 8.11). Consultations were conducted in local languages to enable all stakeholders to participate.
47. The BSP is the result and synthesis of recommendations and suggestions made by multiple stakeholders during participatory and inclusive consultations, including on key aspects of the design, institutional arrangements, benefit sharing mechanism, allocations to beneficiaries and ER title transfer. Consultations specific to the BSP were conducted with key stakeholders at the national level and in the six provinces from January to October 2019. This approach also benefitted from years of REDD+ stakeholder consultations dating back to 2016.
48. In order to gain inputs for the BSP finalization, further consultations were also carried out. However, due to the COVID-19 pandemic, meetings were limited with wider stakeholders including with the PAFOs/DAFOs in the provinces. Consultations on the FCPF grant mechanism for the implementation of advance and results-based payments were made through Benefit Sharing Technical Working Group. The purpose was to consult and obtain advise/recommendations from the members of the group, particularly from the Ministry of Finance. Once restrictions resulting from the COVID-19 pandemic are eased, and the GoL allows for further meetings/workshops, information on the POM and financial management guidelines will be communicated with the PAFOs, DAFOs, and VDCs. The results/recommendations from these consultations will be brought to the Vice Minister (MAF) for further guidance.

## **2 BENEFICIARIES, BENEFITS, AND COSTS OF THE ER PROGRAM**

49. Beneficiaries include government agencies, communities, and actors in pilot initiatives. An estimated 42,000 rural households, totalling approximately 254,000 people, are projected to benefit from the GFL Program. These figures represent approximately 20% of the total rural population across the six provinces. Fifty percentage (50%) of these beneficiaries will be women.
50. Indirectly, the Program will benefit an additional 412,000 people (32% of the rural population) in the six provinces. A significant number of beneficiaries will be from non-Lai-Tai ethnic groups, who live in and adjacent to conservation and protected areas. In addition, at least 280 small and medium enterprises in the forestry and agricultural sectors will benefit from the Program and will support the transformation towards deforestation-free forest and agricultural landscape management. The Program is expected to build the capacities of at least 1,086 government staff members, working mainly in the agricultural and forestry sectors.

### **2.1 Categories and Rationale of Beneficiaries**

51. Beneficiaries are the recipients of monetary and/or non-monetary benefits resulting from the ER Program.
52. The categories of beneficiaries are considered in the context of:
  - Roles and responsibilities.
  - Policy and regulation development, and administration by government agencies.
  - Beneficiaries being legal rights holders of the land or forest resources in which emission reductions take place.
  - Directly investing capital and/or labour into REDD+ activities.
53. Thus, the GFL BSP identifies three main beneficiary categories as follows:
  - Government agencies (at all levels).
  - Rural forest-dependent communities, hereinafter referred to as communities.
  - Participants in pilot initiatives (this includes private companies, CSOs also known as non-profit associations (NpA), and education/research institutions).

54. Communities will benefit the greatest, as they are the ones who will contribute the most if the emission reductions are to be achieved. The key roles and responsibility of each beneficiary category in the ER Program are described in **Table 3**.

**Table 3 List and Rationale of Beneficiaries in the ER Program**

<b>Beneficiaries</b>	<b>Key Roles and Responsibilities</b>
<b>National Government Agencies</b>	
<p><i>Ministry of Agriculture and Forestry (MAF)</i></p> <ul style="list-style-type: none"> <li>- <i>Department of Forestry (DoF)</i> <ul style="list-style-type: none"> <li>o <i>REDD+ Division</i></li> <li>o <i>Other relevant technical Divisions</i></li> </ul> </li> <li>- <i>Department of Agriculture Land Management (DALaM)</i></li> <li>- <i>Department of Irrigation (DoI)</i></li> <li>- <i>Department of Technical Extension and Agricultural Processing (DTEAP)</i></li> <li>- <i>Department of Forest Inspection (DoFI)</i></li> <li>- <i>Department of Agriculture (DoA)</i></li> </ul>	<p>Responsible for the overall implementation and coordination of REDD+ activities throughout the country.</p> <p>Responsible for policy, management and protection of forestry and agricultural resources.</p> <p>Enforcing and strengthening legislation and regulations at national level related to encroachment, unsustainable commercial logging, shifting cultivation, and mining. This also includes mainstreaming national policies on emissions reduction (forest landscape restoration (FLR), sustainable forest management (SFM), Climate Smart Agriculture) to provincial strategies and policies.</p> <p>Reviewing policy and legal framework on incentives mechanisms that may promote sustainable and responsible and therefore, deforestation-free investments in the land use sector.</p> <p>Coordinating and administrating the ER Program, including national forest monitoring system, social and environmental safeguard information system, Measurement, Reporting and Verification (MRV), and coordination of ER activities at national level (with relevant ministries).</p>
<p><i>Ministry of Natural Resource and Environment (MoNRE)</i></p> <ul style="list-style-type: none"> <li>- <i>Department of Land (DoL)</i></li> </ul>	<p>Responsible for land-use planning and allocation for the effective implementation throughout the country.</p> <p>Responsible for reviewing and enforcement on national payment for ecosystem services (PES) and environmental tax provisions.</p> <p>Providing facilitation of enhanced land and resource tenure security, through land registration and other processes.</p> <p>Providing facilitation of capacity building on land registration and land titling processes for 300 villages (located in deforestation hotspots).</p> <p>Providing facilitation for the establishment of a land use information system and monitoring protocol, and the provision of implementation support for land use plans.</p> <p>As a national focal point for UNFCCC for Lao PDR, responsibility to administrate and manage the national registry, and REDD+ and coordination of ER activities at the national level with relevant ministries.</p>
<p><i>Ministry of Planning and Investment (MPI)</i></p> <ul style="list-style-type: none"> <li>- <i>Department of Planning</i></li> <li>- <i>Investment Promotion Department (IPD)</i></li> </ul>	<p>Responsible for the coordination and development of national development strategies and action plans.</p> <p>Ensures the cooperation and integration across ministries to achieve stated national socio-economic goals. Supports the capacity building of its provincial line agencies, to ensure planning processes and development plans integrate spatial planning and forest land management.</p> <p>Providing capacity building and technical support to government staff and communities, to support the implementation and enforcement of improved land use planning approaches (including integrated spatial planning (ISP) and participatory land use planning (PLUP)).</p>

<b>Beneficiaries</b>	<b>Key Roles and Responsibilities</b>
<i>National Agriculture and Forestry Research Institute (NAFRI)</i>	<p>Contributing policy, technical, and market research and analyses in the agriculture and forestry sectors.</p> <p>Providing alternate livelihood opportunities that address the drivers of deforestation and forest degradation, while improving the livelihoods of the rural population.</p>
<i>Forest Protection Fund (FPF)</i>	<p>Under the Forest Law (2019), the FPF's role is to mobilize funding and collect revenue from forest activities and activities relevant to the use of forest resources, as well as the contributions from domestic and international finance that shall be used to support and strengthen forest management, environmental protection and sustainable development of forest resources to achieve the indicative targets of the national socio-economic plans.</p> <p>The role of the FPF is being improved and strengthened for managing carbon revenue.</p>
<b>Sub-National government agencies</b>	
<i>Provincial Agriculture and Forestry Offices (PAFO) and District Agriculture and Forestry Offices (DAFO)</i>	<p>Coordinate and manage the implementation of ER Program activities at province and district levels.</p> <p>Responsible for the management and protection of three forest categories at the provincial level, providing technical, coordination and capacity development and technical supports to DAFO for forestry, agriculture, land-use planning sector. This includes training on the adoption of new agricultural and forestry production methods, expansion of paddy rice area, improved livestock production methods, and law enforcement.</p>
<i>Provincial Natural Resource Environment Office (PoNRE) and District Natural Resource Environment Office (DoNRE)</i>	<p>An entity responsible for land-use planning and allocation. Monitoring of infrastructure projects, including the management of environmental and social safeguards/ impacts at province and district levels.</p> <p>Implementing and enforcing improved land use planning approaches (including ISP &amp; PLUP).</p> <p>Establishing land use information systems and monitoring protocols, and the provision of implementation support for land use plans.</p> <p>Implementing land registration and land titling processes, with awareness raising and dissemination of land law, inheritance law, family law, other land related laws.</p>
<i>Lao Front for National Development (LFND)</i>	<p>Facilitation ethnic issues, awareness raising, and providing assistance for conflict resolution.</p> <p>Supporting enabling conditions to implement ER activities in the field, with coordination with Village Development Committees.</p>
<i>Lao Women's Union (LWU)</i>	<p>Providing capacity buildings to communities, mostly related to financial management such as revolving fund, micro credit access and facilitation.</p> <p>Providing awareness for gender equity in decision making process, participation and empowerment of women.</p>
<b>Communities</b>	
<i>Communities (including village institutions, farmer groups, cooperatives, and women enterprise groups)</i>	<p>Implementation of management plans to support sustainable natural forest management activities; implementation of FLR activities, including the establishment of agroforestry systems and mixed-species plantations (including native species); investments in native tree species plantations; investments in enrichment of natural degraded forests; and, investments in agroforestry systems.</p>
<b>Pilot Initiatives</b>	

<b>Beneficiaries</b>	<b>Key Roles and Responsibilities</b>
<i>Private Companies</i>	<p>Part of the private sector engagement with the community is in implementing sustainable natural forest management practices, complying Forest Law Enforcement, Governance and Trade (FLEGT) policy, rehabilitating natural degraded forests, implementing native tree species plantation, and implementing improved agriculture systems and mixed-species plantations (including native species).</p> <p>The ER Program intends to promote the design and use of lease agreements for contract farming models that ensure long-term land rights are not infringed upon, and that contracts are entered into only with Free, Informed and Prior Consent (FPIC).</p>
<i>Civil Society Organizations (CSOs), also known as Non-profit Associations (NpA)</i>	Facilitating role and being a part of FLR, SFM, and good agriculture practice implementation.
<i>Education/Research Institutions</i>	<p>Providing and contribute policy, research and analyses in the agriculture and forestry sectors.</p> <p>Contributing capacity building modules for alternate livelihood opportunities that address the drivers of deforestation and forest degradation, while improving the livelihoods of the rural population.</p>

## 2.2 Eligibility Criteria

### 2.2.1 Eligibility Criteria of Government Agencies

55. Government agencies at all levels (national, province, and district) are eligible to receive the benefits, since they are involved in and have a key role in the ER Program implementation. This is closely linked to their general roles and responsibilities, as summarized in **Table 3**. **Table 4** summarizes the eligibility criteria for government agencies at national and sub-national levels.

**Table 4 Eligibility Criteria for Government Agencies**

<b>Beneficiaries</b>	<b>Eligibility Criteria</b>
<b>Government agencies</b>	
<i>National Level</i>	
<b>National Government Agencies</b>	<ul style="list-style-type: none"> <li>- Significant role in ER Program implementation, validated against the role and responsibilities arrangements outlined in <b>Table 3</b>.</li> <li>- Have a legal status in Program implementation as the country's authority.</li> </ul>
<i>Sub-National Level</i>	
<b>Sub-National government agencies</b>	<ul style="list-style-type: none"> <li>- Significant role in ER Program implementation validated against the role and responsibilities arrangements.</li> <li>- Have a legal status in Program implementation as the country's authority.</li> </ul>

### **2.2.2 Eligibility Criteria of Communities at Village Level**

56. Local Communities have the most significant role in ER Program implementation and their eligibility criteria is focused around ensuring effective community participation and contribution to the emission reductions and results-based payments, which are only accounted for at provincial level. Hence the focus is on land and forest access or ownership rights, those registered as village residence, participation, demonstration of project ownership, strong village level institutions and coordination with local government authorities to ensure that ER activities align with ER Program objectives.
57. The focus of the ER Program in securing rural land tenure will primarily be through village level land use plans and Village Forest Management Plans (VFMPs). Considering that roughly 40 percent of the ER Program areas are already under land use plans or VFMPs, the ER Program will invest in priority villages in areas that have not been covered or have been covered but require updating or upgrading of the plans.
58. Beneficiaries under the ER Program must have a legal status from the government through laws and decrees. The eligibility criteria of communities are closely linked to emission reduction activities defined in the PRAPs.<sup>10</sup> All PAFOs and DAFOs in the six provinces were involved in the development of PRAPs, while a wide selection of local communities, including the VDCs, were consulted directly and were able to provide feedback on the proposed activities and implementation plans in the PRAPs. In addition, further consultations were conducted during the preparation of the SESA and ESMF documents.
59. **Table 5** lists the community eligibility criteria. Legal status is the primary criteria and must be satisfied in the first instance to allow participation. Secondary criteria and performance criteria enable links to the PRAPs, while the administrative criterion ensures positive outcomes from the ER Program by enforcing necessary consultation between the PAFOs, DAFOs, PPMU, VDCs and within communities regarding the ER Program, VDC formulation, and community workplans under the principles of FPIC.

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<sup>10</sup> Developed through extensive stakeholder consultations at provincial and district levels, with final endorsement by the Provincial REDD+ Taskforce. PRAPs are the building blocks for the implementation of the ER Program and have been endorsed by all district and provincial Governors.

**Table 5 Community Level Eligibility Criteria**

<b>Community level eligibility criteria</b>	
<p><b>Communities</b> (including village institutions, farmer groups, cooperatives, women enterprise groups)</p>	<p><b>Primary Criteria (Legal status)</b></p> <ul style="list-style-type: none"> <li>- <i>Must be residents registered in the village.</i></li> </ul> <p><b>Secondary Criteria (Enables Participation in ER Activities)</b></p> <ul style="list-style-type: none"> <li>- Hold land and forest rights authorised by the Village Authority.</li> <li>- In the absence of forest and land rights, ER activities will be recognised and registered to village authorities through instruments of Village Land Use and Forest Management Agreement (VLUFMA). The VLUFMA are signed by Village Authorities and countersigned by the District Administration. This document is to be used to transfer the formal rights of forest management to the village level and its committee, in line with the stipulations in the Forestry Law (2019).</li> </ul> <p><b>Activity/Performance Criteria</b></p> <ul style="list-style-type: none"> <li>- Significant role in ER Program implementation, as mentioned in the PRAPs.</li> <li>- Village institutions are in place (VDC and its five units).</li> <li>- Have ER Program activity agreements with local authorities (PAFOs/DAFOs) and such activity agreements must align with PRAPs (i.e., related climate smart agricultural practices and village forest management activities).</li> </ul> <p><b>Administrative Criteria</b></p> <ul style="list-style-type: none"> <li>- Consultation reports/Minutes of meetings</li> <li>- Signed FPIC</li> <li>- Signed minutes of VDC formation</li> <li>- Community Workplans</li> <li>- Participatory Land Use Plan</li> </ul>

### 2.2.3 Eligibility Criteria of Beneficiaries Under Pilot Initiatives

60. As noted, beneficiaries under pilot initiatives include the private sector, NpAs/CSOs, and education and research institutions. The purpose of pilot initiatives is to develop scalable and sustainable intervention options that address the critical drivers of deforestation and their underlying causes. The ER Program Components 2 and 3 focus on promoting sustainable and responsible agriculture investments that provide climate smart agricultural models. These include the design and use of lease agreements for contract farming models that ensure long-term land rights.

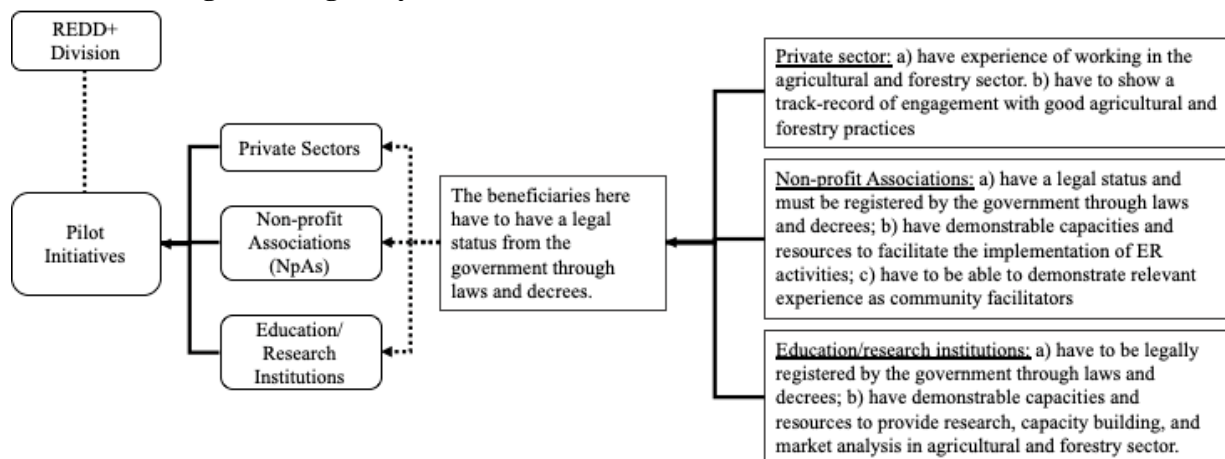
61. **Table 6** summarizes the eligibility criteria for beneficiaries under pilot initiatives.

**Table 6 Eligibility Criteria of Beneficiaries Under Pilot Initiatives**

<b>Pilot Initiatives eligible criteria</b>	
<b>Private Sector</b>	<ul style="list-style-type: none"> <li>- Have a legal status from the government through laws and decrees.</li> <li>- Work in agriculture and forestry sector.</li> <li>- Have a track-record of engagement with good agricultural and forestry practices.</li> <li>- Have demonstrated compliance with social and environmental plans.</li> <li>- Proposals meet criteria of selection assessment (Annex 8.10). Call of proposal will be announced to the public at least six months prior to the first ER Payment in 2023.</li> </ul>
<b>Non-profit Associations (NpAs)/CSOs</b>	<ul style="list-style-type: none"> <li>- Have a legal status from the government through laws and decrees.</li> <li>- Have demonstrable capacities and resources to facilitate implementation of ER activities, including at least two years in mobilizing communities to develop, implement, and monitor agriculture program; or at least two years in facilitating community in participatory land use plan (PLUP), or forest inventory, or forest rehabilitation, or development of community nurseries.</li> <li>- Have demonstrated by compliance with social and environmental plans.</li> <li>- Demonstrate relevant experiences as community facilitators, including demonstrating collaboration with PAFOs, DAFOs, Lao Women Union (LWU), and the Lao Front for National Development (LFND).</li> </ul>
<b>Education/Research Institutions</b>	<ul style="list-style-type: none"> <li>- Legally registered by the government through laws and decrees.</li> <li>- Have demonstrable capacities and resources to provide research, capacity building, and market analysis in agricultural and forestry sector.</li> </ul>

62. Once these organizations are deemed eligible, then they will be selected based on the submission of proposals that meet a set assessment criterion that has been developed and included in the POM. These aspects are discussed in section 3 below.

**Figure 3 Eligibility Criteria for Beneficiaries Under Pilot Initiatives**





## 2.3 Types of Benefits

63. Lao PDR will receive ER payments from the Carbon Fund on the basis of verified emission reductions achieved from GFLI implementation in the two reporting periods (1 January 2019 to 31 December 2021; and 1 January 2022 to 31 December 2024). Two types of benefits will be channelled to the beneficiaries – monetary and non-monetary benefits. The types of benefits for each category of beneficiaries are outlined below.

**Table 7 Types of Benefits for Each Category of Beneficiaries**

Beneficiaries	Types of Benefits		Rationale
	Monetary	Non-monetary	
<b>National Level</b>			
<i>National Government Agencies</i>	Monetary benefits for covering operational costs, defined as expenditures related to the technical support (e.g., MRV, safeguards) and administrative and financial management of the ER Program, and coordination across sectors between and within line ministries and agencies.	Non-monetary benefits in capacity building in financial management systems for the ER Program, strengthening institution for ER project management. Strengthened land use planning through knowledge and tools for spatial planning, land allocation and registration.	The <u>monetary benefit</u> is given to compensate the roles and responsibilities taken under the ER Program implementation. The <u>non-monetary benefit</u> is given as a support for activities to ensure the implementation of the ER Program at the national level.
<b>Sub-National Level</b>			
<i>Sub-National Government Agencies</i>	Monetary benefits for covering operational costs in relation to implementation of ER activities at field levels. This includes monitoring of implementation of ER activities undertaken by communities and private entities.	Non-monetary benefits include capacity development on monitoring implementation of ER activities at province, district, and village levels; and, training on ESMF, FLEGT, Climate Smart Agriculture (CSA), <u>FLR</u> .	The <u>monetary benefit</u> is given to compensate the roles and responsibilities taken under the ER Program implementation. The <u>non-monetary benefit</u> is given as a support for activities to improve the ER Program management and implementation at the sub-national level.
<b>Community Level</b>			
<i>Communities (including village institutions, farmer groups, cooperatives, and women enterprise groups)</i>	Benefits are channeled through Village Development Committees (VDCs);  - Operational costs for the Village Development Committee.	Non-monetary benefits are as follows: - Training in managing funding for community, facilitating communities (e.g., awareness, conflict resolution, etc.). - Capacity building/training and equipment for FLR, SFM, CSA, and livelihoods opportunities for communities. - Forest law enforcement, including patrolling, equipment, and capacity building/training.	The <u>monetary benefit</u> is given to compensate the operational cost for VDC under the ER Program implementation. The <u>non-monetary benefit</u> (not in cash) is given to provide incentives for community achievements in reducing emissions, and to implement long-term strategies in protecting forest and improving community livelihood, as the

<sup>11</sup>Benefits will not be in the form of cash for the communities, instead the benefits will be in a long-term investment to provide long-term impact under the poverty alleviation and environmental sustainability framework, such as seeds for farms, improving agroforestry systems, livestock, and similar investments.

Beneficiaries	Types of Benefits		Rationale
		<ul style="list-style-type: none"> <li>- Development projects (e.g., health, education, public facilities) that do not contribute to deforestation and forest degradation.</li> <li>- Additional livelihood support for community businesses, including capacity building/training, equipment, market access, or agricultural inputs.</li> <li>- Secure land tenure through strengthening village land use planning and improving implementation of land use plans.</li> <li>- Improved productivity from access to agricultural extension services, such as farmer field schools.</li> </ul>	<p>community is the key actor in environmental protection.</p> <p>The <u>non-monetary</u> benefit is given as a support for activities to improve the capabilities in managing and implementing the ER Program on the ground at the village level.</p>
<i>Pilot Initiatives</i>	<i>Monetary</i>	<i>Non-monetary</i>	
<i>Private Sectors</i>	<p><u>Monetary</u> benefits are granted if the eligibility of private proponent meets with the criteria.</p> <p>Note: monetary benefits aim to finance the implementation of proposals by actors from the private sectors.</p>	<p><u>Non-monetary</u> benefits in the form of capacity building/training facilitated by PAFOs/DAFOs are as follows:</p> <ul style="list-style-type: none"> <li>- Proposal development related to mitigating climate change (ER Program).</li> <li>- Sustainable forest management practices in relation to complying with FLEGT policy.</li> <li>- Rehabilitation of natural degraded forest.</li> <li>- Plantations of native trees species.</li> <li>- Improved agriculture systems.</li> <li>- Climate resilience through crop diversification.</li> <li>- Improved soil conservation.</li> </ul> <p><u>Non-monetary</u> benefits include equipment and inputs (e.g., seeds and organic fertilizers) to support sustainable practices.</p>	<p><u>Both monetary and non-monetary</u> benefits are given to improve the private companies' capabilities in managing forest and land, in relation to the achievement of the ER Program objectives.</p>
<i>Non-profit Associations (NpAs)/CSOs</i>	<p><u>Monetary</u> benefits are granted if eligibility of the NpA proponent meets with the criteria.</p>	<p><u>Non-monetary</u> benefits in the form of capacity building/training facilitated by PAFOs/DAFOs in relation to the ER implementation at province and district levels.</p>	<p><u>Both monetary and non-monetary</u> benefits are given to compensate NpAs services in providing facilitation and skills for communities' capacity building, in relation to the achievement of the ER Program objectives.</p>
<i>Education/ Research Institutions</i>	<p><u>Monetary</u> benefits are granted if eligibility of education/ research institution proponent meets with the criteria.</p>	<p><u>Non-monetary</u> benefits in the form of capacity building/training facilitated by PAFOs/DAFOs in relation to the ER implementation at province and district levels.</p>	<p><u>Both monetary and non-monetary</u> benefits are given to compensate education/ research institutions' services in providing analysis and research, in relation to the achievement of the ER Program objectives.</p>

## 2.4 Benefits Allocation

64. Gross ER payments are the entire volume of ER paid to the GoL in each reporting period. The implementation of the ER Program and of its BSP involves a wide range of costs, which were defined in the ERPD. This BSP deducts operational costs and a performance buffer, with the remainder distributed among eligible beneficiaries. The ER Program performance is measured at provincial level and results-based payments are also distributed based on PRAPs, with consideration of the rationales. Based on public consultation with PAFOs from the six provinces in October 2019:

Seventy seven percent (77%) will be allocated as performance-based allocations to communities, sub-national government agencies and pilot initiatives.

Eighteen (18%) will allocated to operational cost.

Five (5%) to a performance buffer.

## 2.5 Performance-based Allocation to Communities, Pilots, and Sub-National Government Agencies

65. Seventy-seven percent of the gross ER performance-based payment will be allocated to communities, sub-national government agencies, and actors in pilot initiatives in each province. The distribution will be as follows:

Ninety percent (90%) of the net ER performance-based payment is allocated to communities.

Five percent (5%) of the net ER performance-based payment is allocated to sub-national government agencies as incentives.

Five percent (5%) of the net ER performance-based payment is allocated to pilot initiatives.

### 2.5.1 Allocation to communities

66. Benefit allocation to communities is aimed at supporting those who have effectively implemented intervention activities that contribute and lead to collective emission reductions within a province. As a matter of principle, the ER Program will not disburse any cash payments to communities, but will establish institutional mechanisms and workplans to deliver benefits to communities. The exact allocation will depend on the overall performance of the province against the baseline. The baseline constitutes the ER potential, presented in Section 4 (Performance scenario), and the eligible community workplans prepared at the beginning of each reporting period.

67. The proposed interventions are a combination of interventions that if implemented effectively should lead to reduced deforestation and forest degradation, which can be detected through remote sensing in each province. Therefore, each community contributes by undertaking specific activities, with Annex 8.6 and 8.7 providing examples of permitted activities. Activities related to forestry and agriculture will be assessed based on the workplan and measured as follows:
- Total forest area in hectares that are compliant with permitted activities in village forests. Such activities include forest patrolling, fire prevention, promotion of natural regeneration, forest enrichment, or other village forest activities acknowledged by local authorities with the purpose to reduce emissions.
  - Total agriculture area in hectares that are compliant with good agriculture practices (GAP), such as agroforestry, improved livestock management, conservation agriculture, or other agricultural activities with the purpose to reduce emissions.
68. The role of communities in implementing the interventions is critical. At the beginning of each reporting period (i.e., 2019-2021 and 2022-2024), assuming that the delivery of the advance payment will be available in the first quarter of 2022, then all eligible communities in the provinces will have to adjust and update their community workplans and budgets based on PRAPs facilitated by VDCs and PPMUs. Once workplans are agreed between the PPMUs and PAFOs, DAFOs, and VDCs, a monitoring and evaluation framework will be prepared. At this point the total number of participating communities would be known and this would enable subsequent planning for benefit distribution. During implementation, progress against these workplans will be closely monitored through a combination of internal procedures outlined in this BSP and external monitoring based on the Carbon Fund Methodological Framework.
69. While actual performance-based payments to each province will be based on verified emission reductions, the allocation to communities will use a set of quantitative data sets backed by qualitative information and criteria. This approach gives due consideration to technical constraints, as the unit of administration for measuring change in emission reductions can only be done at the provincial level. While funds that arrive in each province will be results-based, downstream deployment of these funds would be on the basis of a set of criteria and priorities that will be reflected into annual workplans and budgets by the PAFOs, DAFOs, and the eligible communities.

70. Since communities are critical in the implementation of activities, progress of activity implementation at community level will be closely monitored through the assessment of:
- The process of village consultation, engagement and activity. The village activities based on the PRAPs include free prior and informed consent leading to broad community support, PLUP, VFM, VFMP, Village Forest Management Implementation, and good agriculture practices. Detailed processes for such activities are outlined in the POM (section 4.3.4).
  - Assessment of safeguard compliance through the Social and Environmental Safeguards Unit (SESU), using pre-agreed assessment criteria that refer to the ESMF checklist on determination for eligibility of subproject to be financed by REDD+ funding.
71. At the end of each reporting period, once the total ER emission reductions are determined for each province and results-based payments are received, all provinces will be informed of the actual results and funds will be made available to them based on performance outcomes. This step triggers the VDCs to undertake community level consultations to prepare and adjust community action plans, which are based on the criteria set in annual workplans submitted at the beginning of the reporting period. The VDC would work with communities to select priority actions in line with the permitted activities in Annex 8.6 and 8.7. The PPMUs will ensure such action plans enable the long-term sustainability of the ER Program interventions.
72. Funds would be utilized to finance community infrastructure, help to establish micro-finance schemes, livelihood activities, and strengthen forest patrolling and law enforcement. These actions should align with Component 2 and Component 3 in the ERPD, such as financing or scaling up the implementation of climate-smart agriculture practices (good agriculture practices), village forest management (VFM), village forestry, and forest landscape restoration (FLR). The investments may also be related to development projects (e.g., education, health facilities), which would be based on the results of the pre-agreed assessment criteria that reference the PRAPs.
73. This BSP recognizes existing projects and institutional structures that may already have benefit sharing modalities, which could either be different or similar to what is proposed under the ER Program. For instance, there are villages in production forest areas and villages located in or on the border of conservation forests (protected areas and national parks), which are already part of ongoing projects such as Sustainable Forestry for Rural Development – Scaling Up (SUFORD-SU).

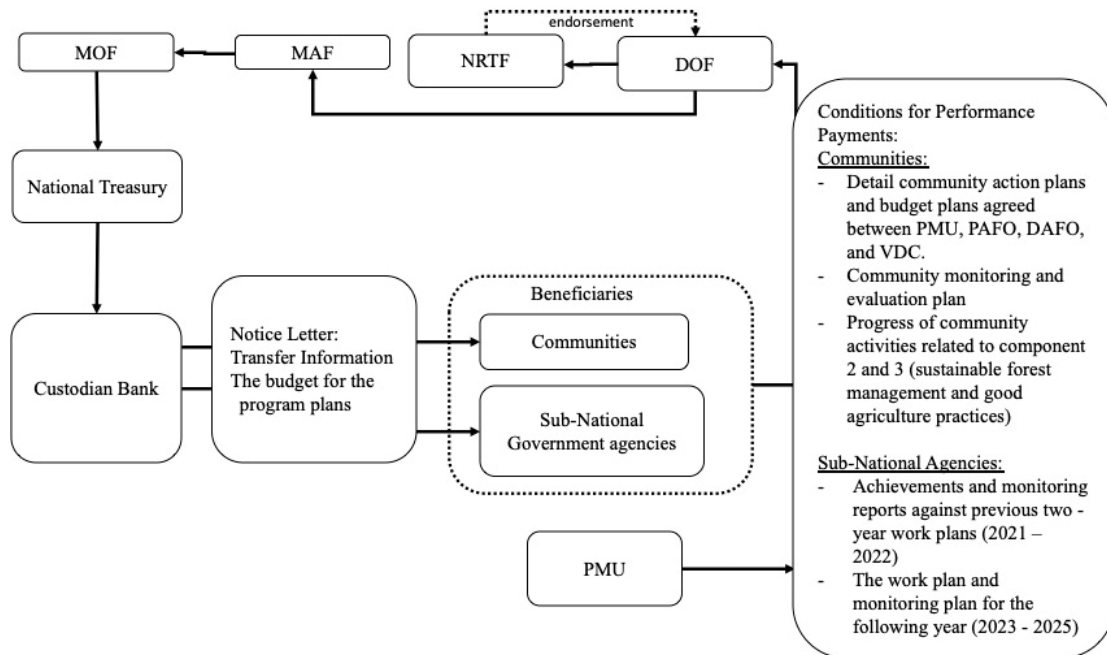
74. Based on the BSP Technical Working Group (TWG) meeting on 12 July 2021, it noted that additional village selection criteria are required to avoid overlapping with other projects. This approach will ensure that all villages in selected districts will get supported. The selection of participating villages will take place in 2022, resulting in lists of prioritized/ ranked villages for each district. This selection process will be funded by the advance payment, and lists may need to be subsequently adjusted based on the ER payments and schedules and could result in reduction or adjustment of proposed priority investment activities. This process has been explained to all villages to manage expectations and the process of village selection is also outlined in the POM document (section 4.3.4)
75. The PMUs at District level will assist the VDCs and provide capacity building to develop workplans and budgets, and will also support communities to establish village committees, if necessary or upon request. In addition, training for the VDCs in accounts, micro-credit, bookkeeping, and monitoring will be provided.

### **2.5.2 Allocation to Sub-National Government Agencies**

76. Benefit allocation for sub-national government agencies is aimed at providing incentives to government agencies based on emission reductions achieved. Sub-national government agencies will receive five percent (5%) of the ER Program performance-based payment, as incentives for providing technical and administrative support for emissions reductions at the sub-national level.
77. The ER Program plans to increase the capacity of government agencies to provide adequate extension services, which will create the enabling environment under ERPD Component 1. For instance, land resource tenure security is particularly important for the ER Program interventions' success. Consequently, activities directly engaging on land related interventions are prominent in the cross-cutting interventions, namely, interventions on integrated spatial planning, land use planning at the village level, land allocation and registration, VFMPs and Village Forest Management Agreements (VFMA). For the VFMA, developing standard templates, including provisions to strengthen legal implications of the management agreements, will need to be implemented. Through the application of VFMA and a corresponding VFMP, it is envisaged that the legal basis for tenure security of communal or collectively managed customary forests and forestlands can be strengthened.

78. These are important roles that sub-national agencies will play and be incentivized to undertake and include in annual workplans. To be effective in these roles, strengthened capacity through improved information systems for land use planning and monitoring will be important outcomes.

**Figure 4 ER Performance-based Allocation for Communities and Sub-National Agencies**



79. The sub-national agencies will be required to provide achievement and monitoring reports against their previous two-year workplans (2021-2022), showing their activities in supporting the ER Program. The sub-national agencies will also need to prepare the work and monitoring plans for the following three years (2023-2025), for submission to the REDD+ Division for reviewing and processing an approval from DoF and the NRTF (before requesting a disbursement of funds from the National Treasury).

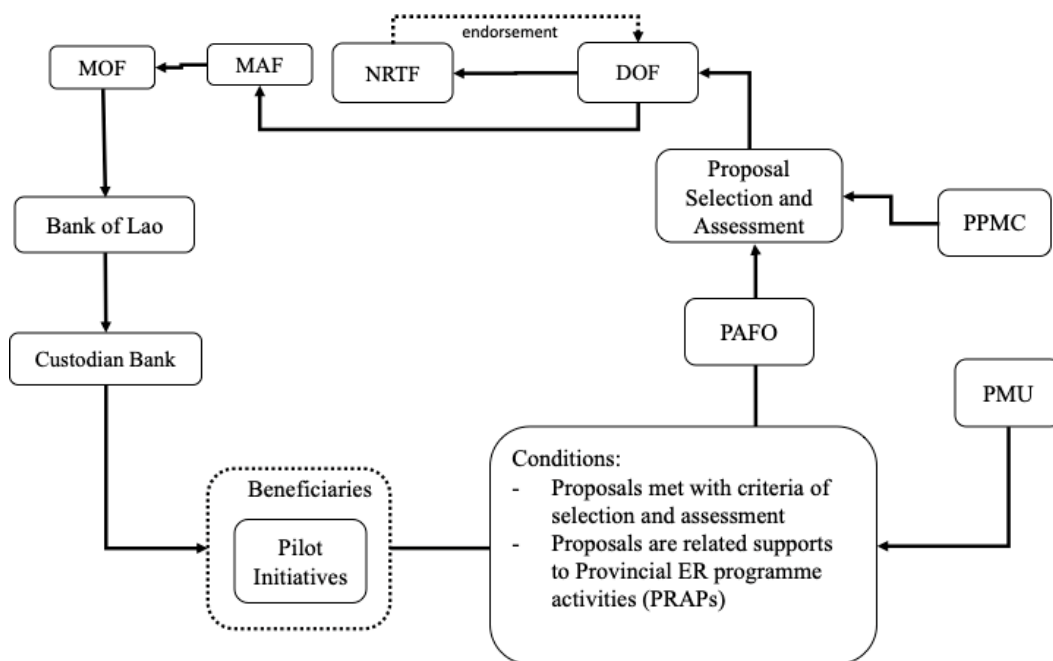
### 2.5.3 Allocation to Pilot Initiatives

80. Five percent (5%) of ER performance-based payment is allocated for grants. The GoL will announce a call for proposals for ER activities in the first reporting period of implementation. The call for proposals will be announced in at least the six months prior to the first ER payment in 2023. The applicants can be private sector, non-profit associations (NpAs), and research and education institutions. The proposals will be submitted to the PAFO, as the secretariat for the PRTF. The Provincial Project Management Committee (PPMC) will assess and select the proposals against agreed criteria to support the ER Program activities in the province (based on the PRAPs).

81. The selection criteria for proposals and eligibility criteria have been developed (see POM section 4.3.3). One of the criteria will be the financial management and relevant capacity of grantees to implement the proposal. Annex 8.10 shows the assessment criteria and matrix for Pilot Initiatives.
82. Proposals for accessing grants under pilot initiatives will need to meet high standards of safeguards compliance, in line with the SESA and ESMF. Full participation and consultation will need to be addressed, with particular care for engaging women, ethnic groups and other vulnerable groups, in order to ensure their buy-in.
83. The applicants can ask for assistance from the PPMU to provide technical guidance on the proposal development. Guidance will draw on the objectives of the ER Program components, which promote activities that provide employment opportunities and income generation for local communities, as well as contributions to the local economy. The applicants shall provide a logical framework/theory of change in the proposals, including indicators to monitor the overall project goals.
84. Once proposals are selected, then the PAFO will submit the successful proposals to the REDD+ Division at the DoF. REDD+ Division, then, will carry out a technical review on the proposal and if it is acceptable, the REDD+ Division will request DoF for endorsement and then the NRTF approval.
85. Contractual agreements (sub-agreements) between the DoF and successful grantees will be developed and agreed by both parties before funds are transferred. The main responsibility of grantees is to provide the reports based on the project indicators (based on proposals approved), and financial expenditures to the DoF after the completion of project implementation. The grantees will provide reports every 3, 6, 9, and 12 months to the DoF. If any activity does not follow the proposal or meet with the project indicators, the DoF will be responsible for monitoring the activity and proposing approaches to revise or cease the funding, which may include not considering the activity/project in the next round call of proposal (2025). The agreement will consist of the following:
  - Items of REDD+ activities (workplan, human resource plan, and financial plan) to be implemented and completed.
  - Funds to be transferred.
  - Scheduled monitoring and evaluation.
  - Scheduled progress and completion report to the DoF.



**Figure 5 ER Performance-based Allocation for Pilot Initiatives**



**2.5.4 Allocation to Operational Costs**

86. Eighteen percent (18%) of the total GFLL is allocated to cover the operational cost of implementing the ER Program. The total estimated operational cost is USD 7.3 million. However, it is fifteen percent (15% from 18%), or USD 6.3 million, from the total operational cost that is contributed from the Carbon Fund ER Payment. The remaining three percent (3%) has been approved from the FCPF Readiness Grant. Therefore, when the first ER Payment is delivered, the 3% from the ER Payment will be allocated as contingency for project management.
87. The operational costs will cover activities that strengthen the operational capacity of national and sub-national institutions in program administration, project management, safeguards implementation, overall performance monitoring, measurement, monitoring, reporting and verification (MMRV), and feedback and grievance redress.
88. Specific costs include the recruitment of additional staff, setting up national and provincial PMUs, setting up three Social and Environmental Safeguards Units (SESU), and training of the PAFOs and DAFOs and village institutions on key aspects of ER Program implementation, which are outlined in the POM. These include additional costs, such as the initial set up costs of hiring consultants to prepare operational guidelines for financial reporting, monitoring, coordination, auditing, and other overhead costs.

89. As a result of the current restrictions due to the COVID-19 pandemic, meetings to update the PRAPs and implementation workplans will be conducted through virtual forums, particularly with members of the NRTF, DoF, and PAFOs from the six provinces.

### **2.5.5 Financing of Operational Costs**

90. The overall requirements for the effective startup of the ER Program, procurement of resources and technical support to meet the objectives of the ERPA, will require a total budget of USD 7.3 million during the period of 2021-2025. A financing plan has been developed to ensure that these funds are available as required and that the ERPA start up is efficient and effective over the five-year period.
91. Operational funds will be utilized for:
- (a) *Project management* for adequate staff and resources to the PMUs to provide oversight, coordinate activities, support safeguards, and monitoring, reporting, and evaluation.
  - (b) *Technical support* will cover key areas based on the requirements of the ER Program components and will include natural resource management, safeguards, Measurement, Reporting and Verification (MRV), capacity building, and strengthening the Forest Protection Fund. Due to the need to strengthen fund management, adequate funds have been allocated to ensure that the fund management structure and capacity is developed, so that it functions effectively and efficiently.
  - (c) *Capital expenses* cover efficient functioning of the national and provincial PMUs, and enhancing mobility and communication for coordination and safeguards management.
  - (d) *Recurring costs* would be deployed to cover operational expenses for the national and provincial PMUs, training, workshops, seminars, and monitoring and evaluation.
  - (e) *Contingency* for project management and preparation of investment plans beyond the six provinces as part of the sustainability strategy.
92. Direct operational costs will be financed in three ways, as follows:

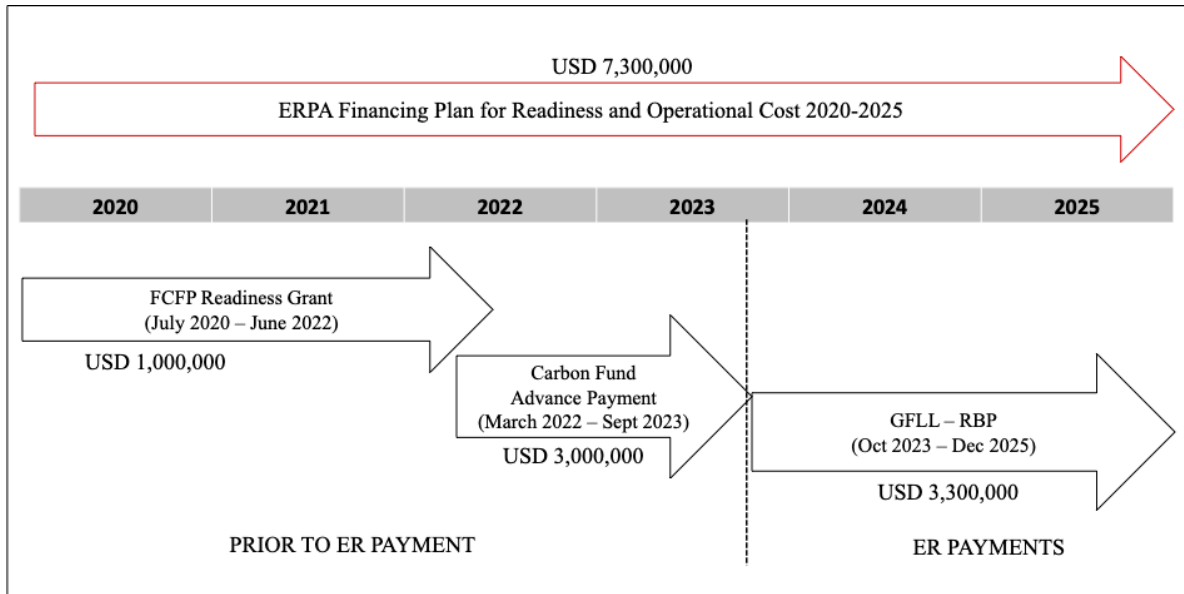
- **July 2020 to June 2022:** The FCPF Readiness grant has been extended until June 2022. Costs amounting to USD 1 million overlap with the early stage of the ER Program implementation. FCPF Grant funds will be utilized to complete REDD+ readiness in the six ER provinces; update provincial REDD+ action plans; finalize institutional arrangements for safeguards and feedback and grievance redress; and on building capacity and capability, so that the ER Program provinces are ready to make the transition from readiness to implementation.
- The deployment of these funds will also provide a foundation that will ensure the ER Program is consolidated and operates in close coordination with I-GFLL - the project financed by the Green Climate Fund (a principal source of financing for the ER Program). These processes and outcomes will also allow the Lao PDR to take due advantage of existing and emerging opportunities to leverage additional finance for the sustainable management of Laos' forest resources, to enhance the wellbeing of forest and adjacent communities, and lead to emission reductions.
- **March 2022 to September 2023:** A USD 3 million upfront advance payment under the ERPA will be used to strengthen institutional arrangements, which will include the national PMU, the provincial and district implementation structures, and, continue to strengthen institutional mechanisms for safeguards management and the feedback and grievance redress mechanism.
- **October 2023 to December 2025:** Operational costs (USD 3.3 million) will be financed from the expected results-based payment.

93. **Table 8** presents operational costs for the ER Program from 2021 to 2025 and **Figure 6** graphically illustrates the operational costs financing plan and source of funds. Additional information on operational costs and timelines are provided in Annex 8.1.

**Table 8 ERPA Operational Costs - Financing Plan 2021-2025**

<b>Project Component</b>		2021	2022	2023	2024	2025	<b>TOTAL (USD)</b>
<b>1</b>	<b>PROJECT MANAGEMENT</b>	<b>1.038.000</b>	<b>1.646.000</b>	<b>846.000</b>	<b>744.500</b>	<b>338.263</b>	<b>4.612.763</b>
<b>1.1</b>	<b>PMU National</b>	<b>608.000</b>	<b>986.000</b>	<b>534.000</b>	<b>432.500</b>	<b>192.263</b>	<b>2.752.763</b>
1.1.1	Management and Support Staff (Project Management Advisors, Financial Management Assistants, Office Admin Assistants, and Supporting Staff)	285.000	291.000	282.000	163.500	108.263	1.129.763
1.1.2	CTA	-	138.000	69.000	-	-	207.000
1.1.3	M and E Consultant	-	36.000	18.000	18.000	18.000	90.000
1.1.4	Senior Liaison and Forestry Consultant	-	42.000	21.000	-	-	63.000
1.1.5	Capital expenses	150.000	200.000	-	-	-	350.000
1.1.6	Recurring Costs	173.000	279.000	144.000	251.000	66.000	913.000
<b>1.2</b>	<b>PMU Province</b>	<b>430.000</b>	<b>660.000</b>	<b>312.000</b>	<b>312.000</b>	<b>146.000</b>	<b>1.860.000</b>
1.2.1	Management and Support Staff	82.000	92.000	72.000	72.000	62.000	380.000
1.2.2	Capital expenses	120.000	290.000	-	-	-	410.000
1.2.3	Recurring costs	228.000	278.000	240.000	240.000	84.000	1.070.000
<b>2</b>	<b>TECHNICAL SUPPORT</b>	<b>481.382</b>	<b>859.055</b>	<b>648.500</b>	<b>374.000</b>	<b>324.300</b>	<b>2.687.237</b>
<b>2.1</b>	<b>Natural Resource Management</b>	<b>0</b>	<b>144.000</b>	<b>144.000</b>	<b>120.000</b>	<b>112.000</b>	<b>520.000</b>
2.1.1	<i>Forest Planning and Management Specialist</i>	0	36.000	36.000	36.000	28.000	136.000
2.1.2	<i>NRM Policy and Research Specialist</i>	0	36.000	36.000	28.000	28.000	128.000
2.1.3	<i>Climate Smart Agriculture Specialist</i>	0	36.000	36.000	28.000	28.000	128.000
2.1.4	<i>Sustainable Livelihoods Development Specialist</i>	0	36.000	36.000	28.000	28.000	128.000
<b>2.2</b>	<b>Safeguards Management</b>	<b>28.400</b>	<b>212.800</b>	<b>193.000</b>	<b>128.000</b>	<b>104.300</b>	<b>666.500</b>
2.2.1	<i>SESU Management Specialist</i>	0	36.000	36.000	21.000	21.000	114.000
2.2.2	<i>Social Safeguards Specialist</i>	0	36.000	36.000	21.000	21.000	114.000
2.2.3	<i>Environmental Safeguards Specialist</i>	0	36.000	36.000	21.000	21.000	114.000
2.2.4	<i>Landscape Governance Advisor (international)</i>	0	69.300	49.500	29.500	20.000	168.300
2.2.5	<i>Benefit Sharing Mechanism Advisor (International)</i>	28.400	35.500	35.500	35.500	21.300	156.200
<b>2.3</b>	<b>Measurement, Reporting and Verification</b>	<b>72.000</b>	<b>72.000</b>	<b>72.000</b>	<b>72.000</b>	<b>54.000</b>	<b>342.000</b>
2.3.1	<i>NFMS and MRV Specialist</i>	0	36.000	36.000	36.000	33.000	141.000
2.3.2	<i>Land Use Change Assessment Specialist</i>	0	36.000	36.000	36.000	21.000	129.000
<b>2.4</b>	<b>Capacity Building</b>	<b>0</b>	<b>172.000</b>	<b>216.000</b>	<b>54.000</b>	<b>54.000</b>	<b>496.000</b>
2.4.1	<i>Capacity Building Assessment Specialist (National)</i>	0	36.000	36.000	9.000	9.000	90.000
2.4.2	<i>Training of Trainers Specialist (National)</i>	0	36.000	36.000	9.000	9.000	90.000
2.4.3	<i>Village Facilitators (6 Specialists)</i>	0	0	144.000	36.000	36.000	216.000
2.4.4	<i>Safeguards Training of Trainers (Firm)</i>	0	50.000	0	0	0	50.000
2.4.5	<i>Landscape Governance Training (Firm)</i>	0	50.000	0	0	0	50.000
<b>2.5</b>	<b>Forest Protection Fund Strengthening</b>	<b>380.982</b>	<b>258.255</b>	<b>23.500</b>	<b>0</b>	<b>0</b>	<b>662.737</b>
2.5.1	<i>Technical assistance</i>	229.120	75.530	0	0	0	304.650
2.5.2	<i>FPF Consultations/Workshops/Trainings</i>	32.534	53.742	0	0	0	86.276
2.5.3	<i>IT Equipment and Software (including installation)</i>	119.328	81.983	0	0	0	201.311
2.5.4	<i>FPF complementary staffing</i>	0	47.000	23.500	0	0	70.500
<b>Total (USD)</b>		<b>1.519.382</b>	<b>2.505.055</b>	<b>1.494.500</b>	<b>1.118.500</b>	<b>662.563</b>	<b>7.300.000</b>

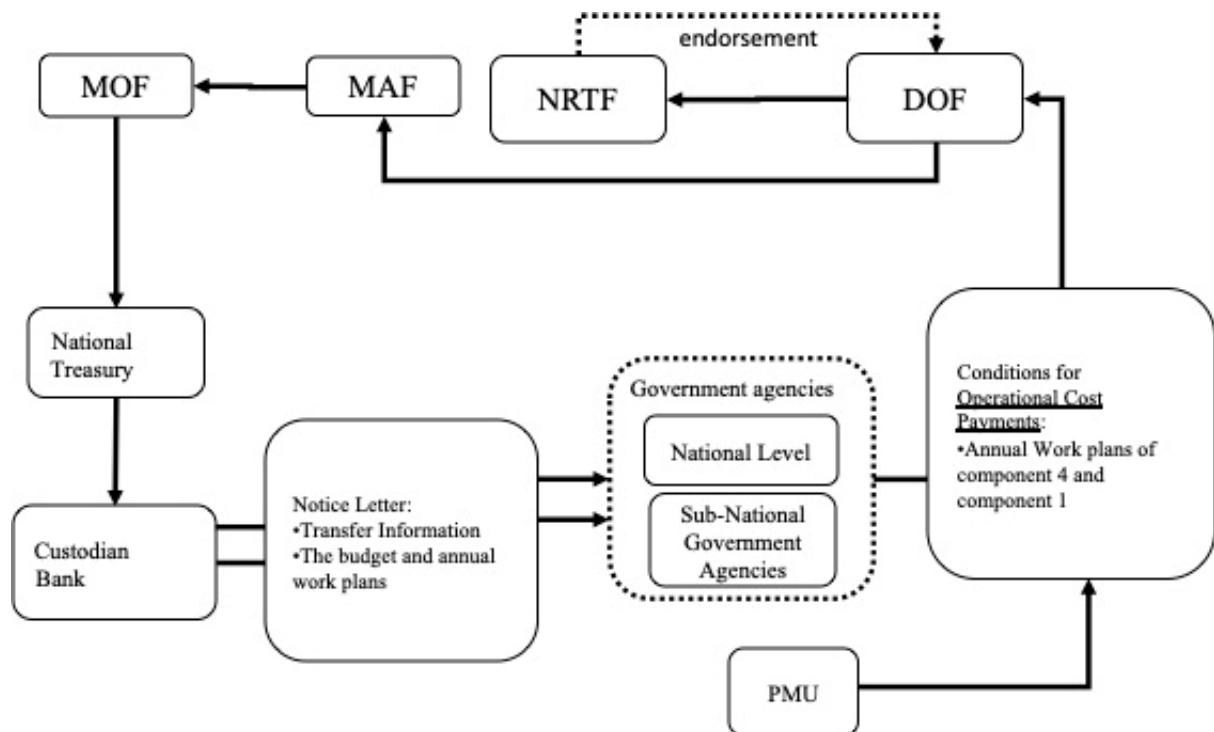
**Figure 6 ERPA Financing Plan for GFL Operational Costs**



94. Operational costs in government institutions will be allocated based on preparation of:
- Detailed annual workplans drawn from components 1 and 4 from the ERPD.
    - Schedule of payments used to finance activities related to technical assistance on safeguards, MRV, Feedback and Grievance Redress (FGRM), administration, and project management.
    - Schedule of activities related to reporting, auditing, operational cost for village institutions, monthly office expenses, finance and administrative support.
95. The workplans need to show activities, objectives, expected outputs, scheduled activities, location, institution or agency in charge, and coordination with other agencies across the proposed activities budget. The national PMU will facilitate and provide assistance to the government agencies for the development of the workplans, in line with the implementation plans in the PRAPs.
96. The plans will be submitted to the DoF for endorsement and to the NRTF for approval. The NRTF will meet in the first and third quarter of each year to review and approve the ER Program’s operational costs.
97. The DoF will provide a notice letter that consists of: a) amount of funds to be transferred; and, b) the budget for annual workplans. The notice letter will include additional information related to scheduled monitoring and evaluation, and scheduled submission of progress and completion report to the DoF.

98. The illustration of the operational cost payment (18 percent of Gross ER Payment) is presented in **Figure 7**

**Figure 7 Operational Cost Payment for Government Institutions**



### 2.5.6 Performance Buffer

99. A five percent (5%) performance buffer is set aside to cope with under-performance of the ER Program in each reporting period. The buffer provides a financial backstop for any eventuality that may contribute to the potential under-performance of the ER Program in the subsequent crediting period. For example, this set-aside amount would be available for use to overcome damage caused by force majeure events, such as natural calamities (if relevant). After the last verification, any potential remaining funds from the buffer will be distributed as net ER performance-based payments under this BSP.

## **3 INSTITUTIONAL ARRANGEMENTS FOR BENEFIT SHARING**

### **3.1 BSP Institutional Arrangements**

100. The operationalization of this BSP is underpinned by existing REDD+ implementation arrangements outlined in the ERPD, with general oversight from the National REDD+ Task Force (NRTF), a multi-sector body, responsible for the development and implementation of REDD+ in the country. For the BSP implementation, the GoL has decided to use the capacity of the Department of Forestry (DoF), overseen by the REDD+ Division, in accordance with the FCPF Grant Mechanism.
101. The GoL has nominated the DoF for GFLB BSP implementation, based on the jurisdictional role of MAF, the new Forest Law (2019), and broad consultation with the National REDD+ Task Force, MoF, MAF, and MPI. The fiscal responsibility for receiving ER Payments from the Carbon Fund rests with the MoF, through the Bank of Lao PDR (BoL), via a designated account. Sub-accounts will be established at custodian (commercial) banks to facilitate the distribution of ER payments to beneficiaries.
102. The REDD+ Division under the DoF, will facilitate the management and disbursement of finances for the implementation of GFLB. As noted, the MAF has setup a NPMU under the DoF to take charge of the implementation of the I-GFLB and GFLB programs. The NPMU is in charge of overall project management; benefit sharing/ distribution; procurement; dealing with cross-cutting issues; and facilitating coordination between different ministries, departments, other departments under the MAF, MoNRE and MPI, in order to enhance coordination and collaboration from the central level to the village level.
103. Provincial Project Management Units (PPMU) will also be set up and operated under the guidance of the NPMU, PAFO and PRTF. Tasks and the mode of operation is outlined in section 3.2 of the POM.
104. Under the responsibility of the NPMU, integrated (complementary/ harmonized) annual workplans will be developed for GFLB and I-GFLB, whereas budget management, procurement and reporting will be coordinated, but separated, as required under each finance source.

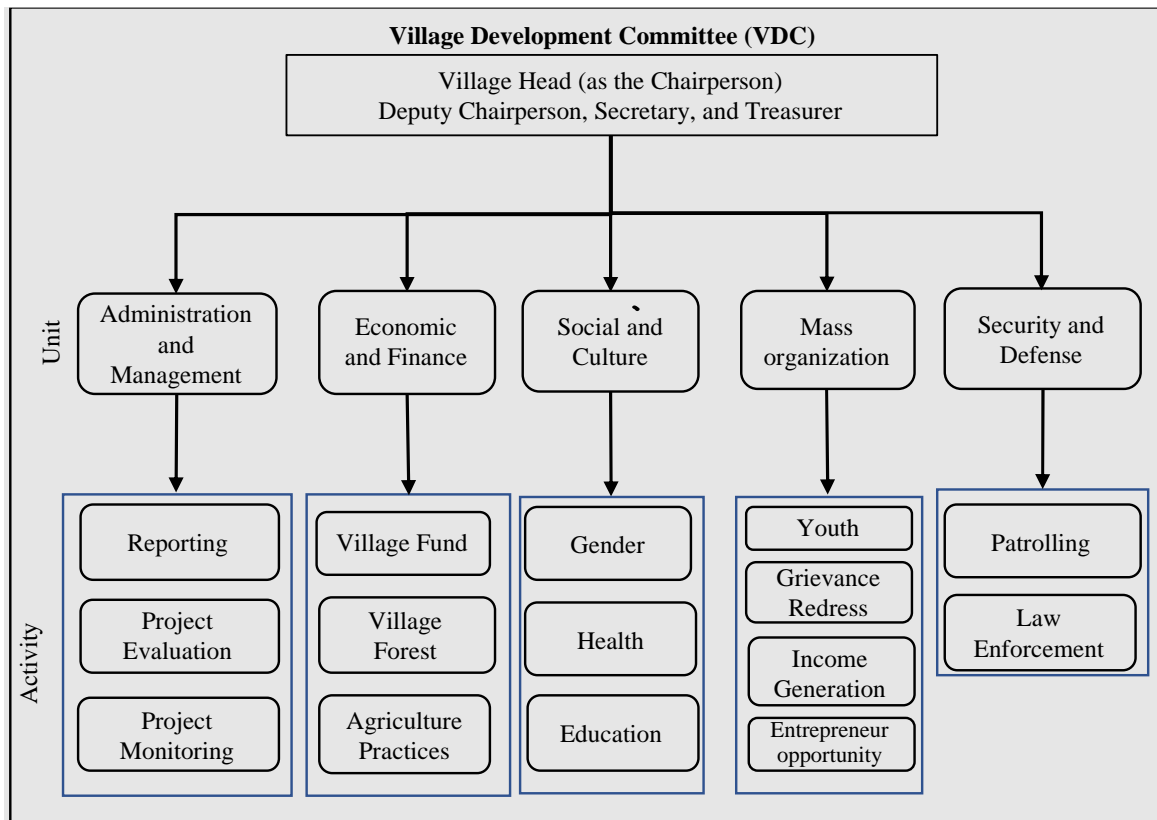
105. The operational roles and responsibilities of national and sub-national institutions are already stated in the beneficiary list in Section 2.1 in **Table 3**. With regards to financial handling in relation to the BSP, specific roles and responsibilities and procedures are presented in the POM.
106. At the village level, the VDCs will play a central role of managing funds via village owned bank accounts at a custodian bank. All activities and processes relating to the management and distribution of ER payments are outlined in the POM.
107. The VDCs are headed by a Village Head (as the Chairperson) and include a Deputy Chairperson, Secretary, and Treasurer.
108. The structural institution of each VDC consists of five sub-committees, mass organizations and units.<sup>12</sup> The ER Program implementation at the village level is based on existing structures, however, additional units might be established as per the requirements of the ER Program. The roles of the sub-committees and units are to coordinate, advise and monitor, including being responsible for the implementation of community activities. Village Forest activities will be under the coordination of the Economic and Finance unit (Village Forestry Unit/ VFU). Decisions and endorsement, including determination of benefits allocation and prioritization of community needs, will be conducted through the VDC meetings, which will be attended by representative unit members. See **Figure 8** for the illustration of structural institutions of the VDCs.

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<sup>12</sup> Law on Local Administration 2015, Article 83.

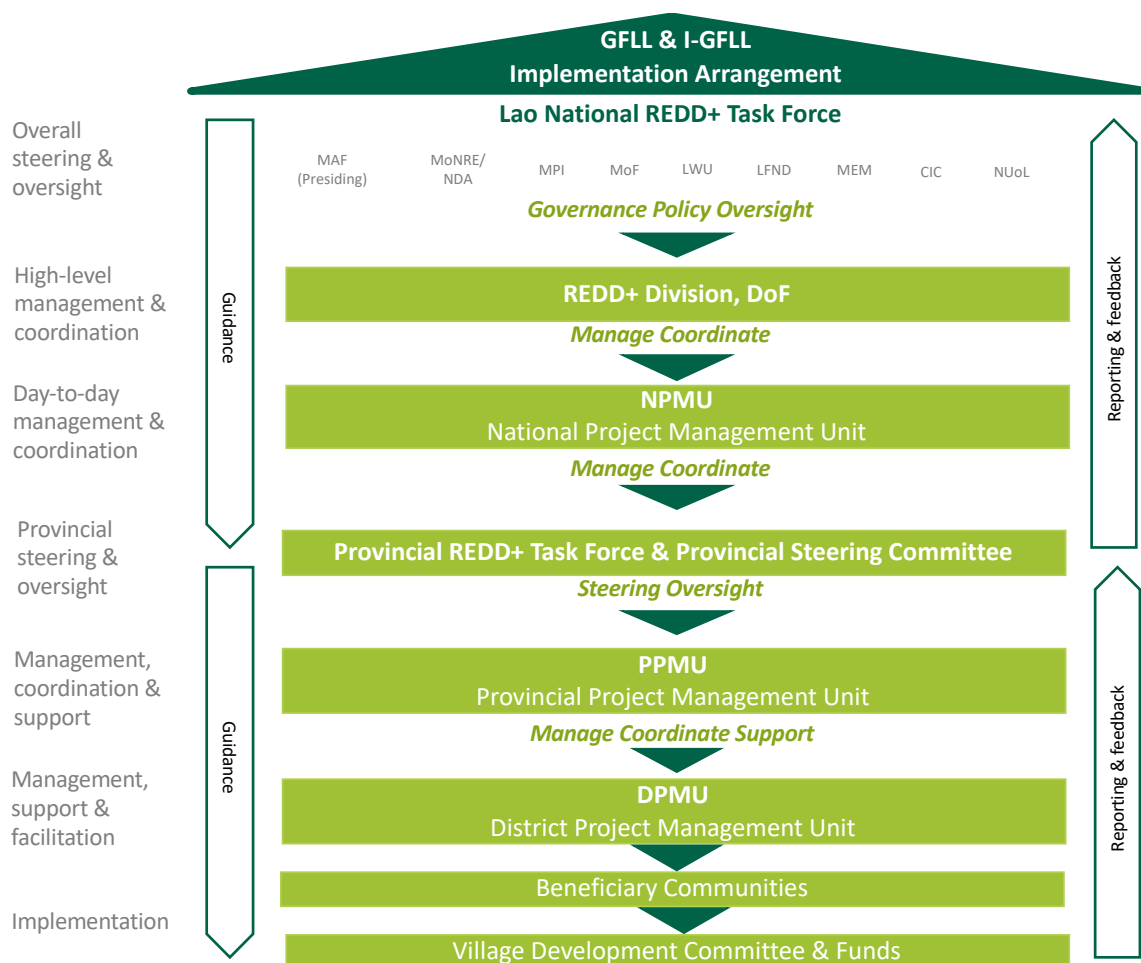


**Figure 8 Illustration of Structural Institutions of the VDCs**



109. The NPMU will be required to prepare financial statements, which will be subject to audits by: a) external auditor; b) DoF/ MAF internal control; and, (c) World Bank fiduciary supervision. The internal control is conducted periodically, World Bank supervision every six months, and external audits annually in accordance with the fiscal year. The detail financial management related to control mechanisms, including internal and external control (audit), is outlined in section 8.6 of the POM.
110. The NRTF will have overall oversight of the ER Program. At the provincial level the Provincial REDD+ Office (PRO) and the Provincial REDD+ Task Force (PRTF) are the main actors responsible for coordinating REDD+. **Figure 9** illustrates the joint implementation arrangement for GFL and I-GFL.

**Figure 9 ER Program Management**



### 3.2 Funds Flow

111. Fund management will be under the responsibility of the DoF, which is aligned with the arrangement under the management and implementation of the FCPF Readiness Grant. Funds flow to the different levels will also be based on the arrangements under the FCPF Readiness Grant. Financial management will be conducted following the financial management procedures utilized for the FCPF Readiness Grant, as well as regulations issued by the MoF as applicable from time to time (e.g., No. 4.000 on allowances December 2018). Financial monitoring and compliance of utilization of funds will be ensured through internal and external control mechanisms and an annual audit.
112. The disbursement modality described in this section is based on the arrangements for FCPF Grant under the responsibility of the DoF/ MAF, in close coordination with the BoL under MoF oversight.

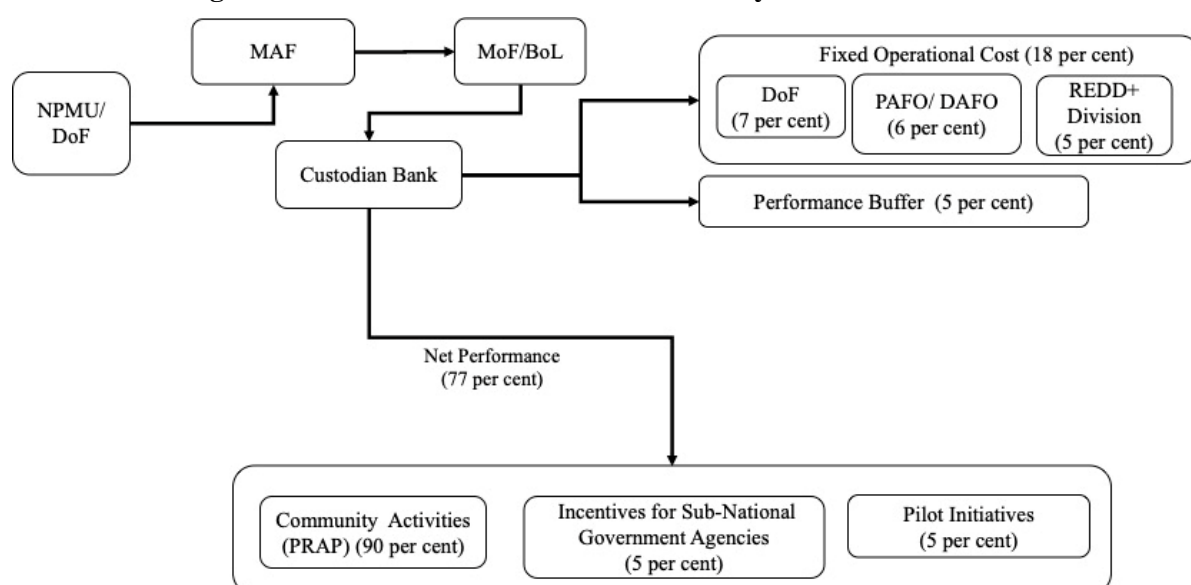
### 3.2.1 Disbursement of Upfront Advance Payment

113. After the advance payment has been transferred from the World Bank/ Carbon Fund to the designated account at the BoL (MoF), the DoF will subsequently request a transfer of the funds from the BoL through custodian banks to beneficiaries based on approved workplans and budget requests.<sup>13</sup> Workplans and budgets will be approved by the MAF, with endorsement from the NRTF.

### 3.2.2 Disbursement of ER Payments

114. Once emission reductions are verified and the report is accepted, the ER payments from the Carbon Fund will be channelled through to the BoL at the MoF.

**Figure 10 Illustration of Disbursement ER Payment to Beneficiaries**



115. Disbursements from the BoL to beneficiaries will be initiated following the request/ approval process illustrated in Figure 10 and **Figure 11**. Based on approved workplans and budgets, periodic replenishment and payment requests will be submitted by the NPMU to the MAF, subsequently to National Treasury at the MoF, and these will form the basis for disbursements. In the context of annual workplan approval by the NRTF, the MPI, as member of NRTF, will review and ensure their alignment to socio-economic development plans.

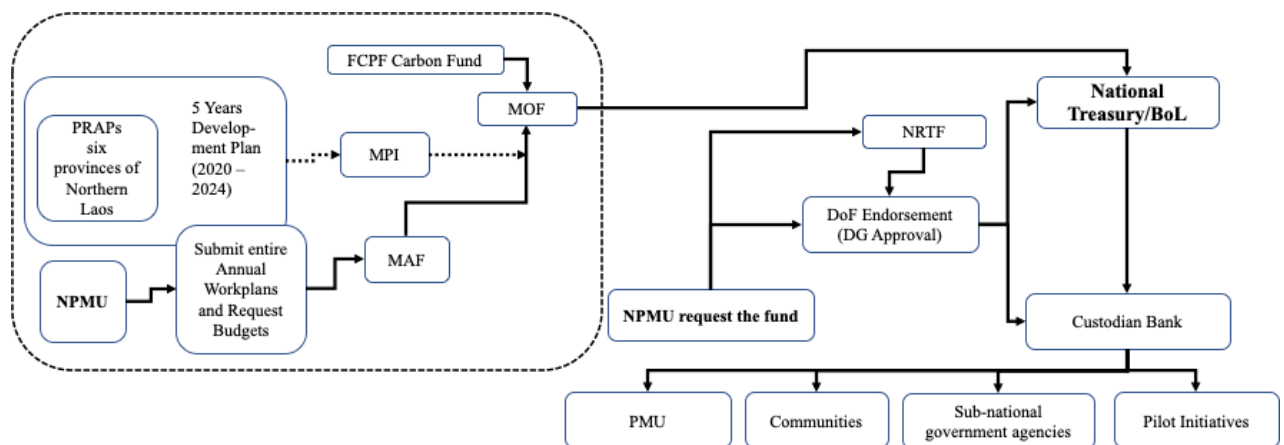
116. In order to reduce administrative delays in disbursing funds from the BoL to beneficiaries, accounts at custodian banks will be established to ensure swift transfer of the funds to

<sup>13</sup>Upfront Advance Payment will be used for strengthening institutional arrangements and operational costs at national, province, district, and village levels. The institutions will include the NPMU, PPMUs, DPMUs, and VDCs.

beneficiaries, based on the approved ER Program annual workplans and requests from beneficiaries. There will be two types of disbursements involved: a) high-level disbursement; and, b) domestic disbursement. The high-level disbursement is the fund flow from the Carbon Fund to the BoL, whereas the domestic disbursement is from the BoL to all beneficiaries. The details for these disbursement mechanisms are outlined in section 8.4 of the POM. Once funds reach the custodian bank, it will take a maximum of two weeks for benefits to be distributed to the beneficiaries in the six provinces. Non-monetary benefits will be funded by disbursed funds at all levels via the procurement of goods, works and services and specific procedures (e.g., crop seeds, community facilities, training, and technology). Specific details are in the POM and procurement guideline.

117. The MoF approves all disbursements after the DoF, the Department of Planning and Finance and the NRTF have endorsed the requests from the NPMU. Once the approval is given, the transfer of funds will take place from the BoL to the accounts at the custodian bank and then to the beneficiaries. See **Figure 11** for the process.
118. A proportion of the results-based payments is also designated for pilot initiatives, through a selection process and defined criteria. Initiatives may include private sectors engaging/ partnering with community organizations, community-based institutions, non-profit associations, and research and education institutions. The funds will be transferred in accordance to contracts between the successful entity and the MAF, based on requests/ invoices by the entity and after deliverables/ outputs, in accordance to the contract, have been verified by the Provincial Project Steering Committee (PPSC) and the DoF.

**Figure 11 GFLF Funds Approval Process**



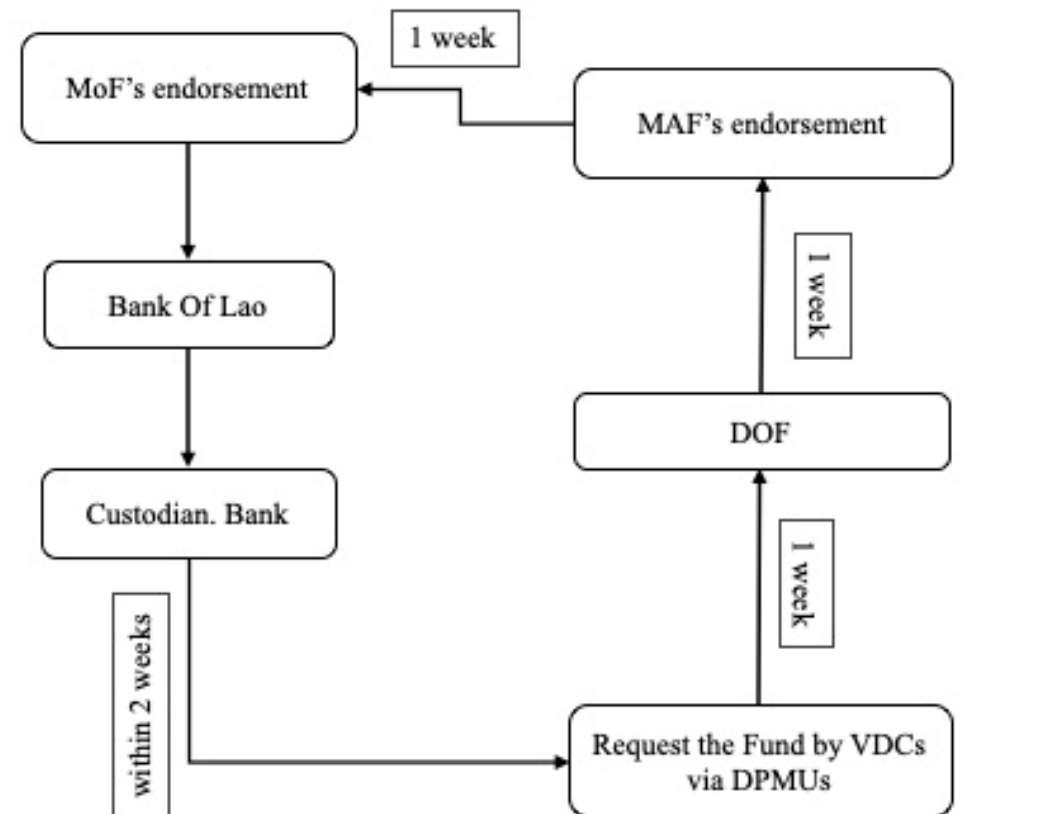
### 3.2.3 Disbursement to Communities

119. For funds to be disbursed, the VDCs must have approved detailed budgets and workplans.

120. Approved workplans and budgets, including budget requests from the VDCs, will be submitted via the DPMUs to the DoF. After endorsement, they will pass on to the MAF and MoF for authorisation for funds to be transferred from the BoL to the village accounts at custodian banks and onto the beneficiaries.
121. At the village level, the funds will be used and disbursed in accordance with approved workplans endorsed by the VDCs, for which details are outlined in the POM and the financial management guideline (POM section 8.4).

**Figure 12 Disbursement to Communities**

### Funds Flow for VDCs under FCPF Grant Mechanism



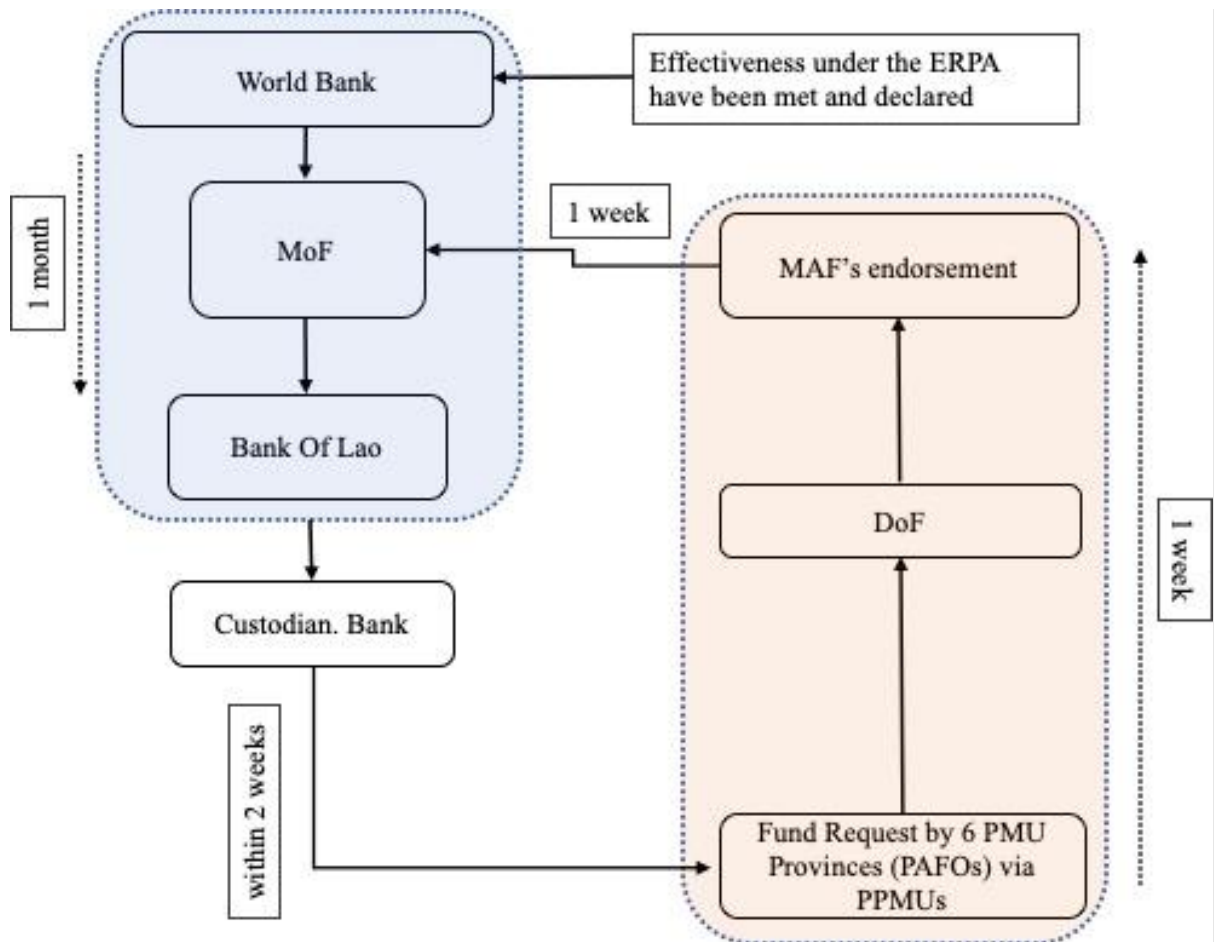
#### 3.2.4 Disbursement to Sub-national Government Agencies

122. Funds will be disbursed from the BoL to the PAFOs, following the approval of annual workplans by the DoF/MAF, which will be monitored and reviewed periodically. Fund requests will need to be submitted to the PPMUs and endorsed by the DoF/MAF and

authorised by MoF for the BoL to transfer the funds to the PAFOs' accounts at custodian banks at sub-national levels.

123. The funds will arrive to beneficiary's bank account within two weeks, after authorisation requests have been submitted to the National Treasury.

**Figure 13 Disbursement to Sub-national Agencies**



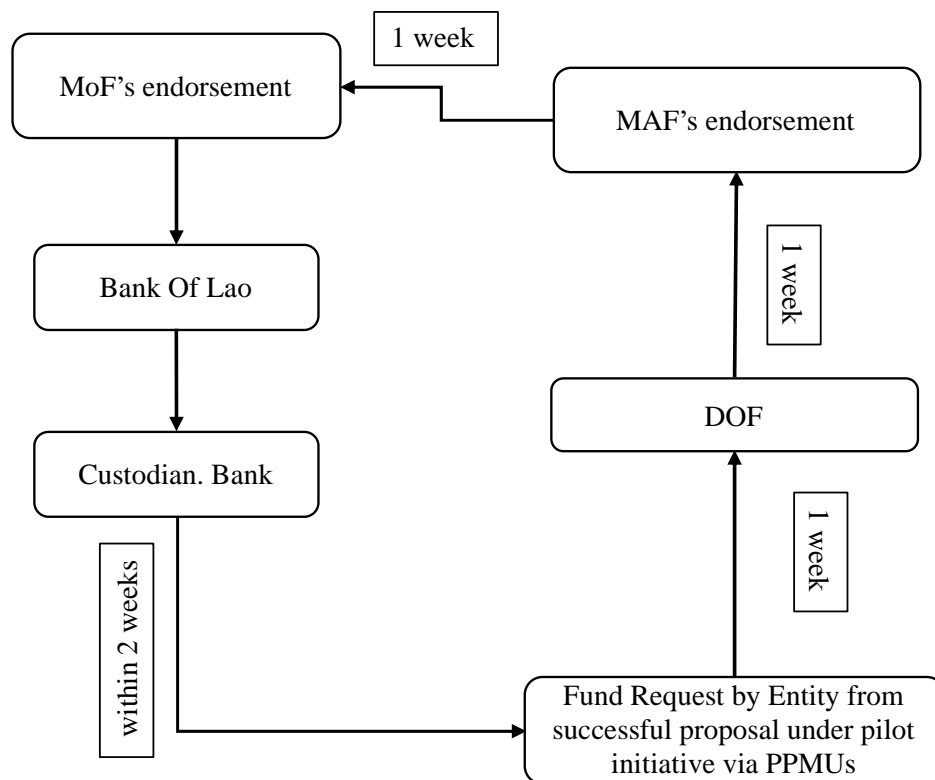
### 3.2.5 Disbursement to Pilot Initiatives

124. For successful entities to implement pilot initiatives, the funds will be transferred in accordance with payment schedules in signed contracts between the MAF and the successful entity. The entity will submit payment requests to the REDD+ Division/ DoF for approval, after which the requests will be submitted to the Department. of Planning and Finance at the MAF for endorsement. The BoL will transfer funds within one week

to the account of the entity in charge of implementing the pilot initiative. Joint monitoring by the DoF, PPMUs and the sub-national government agencies (PAFOs and DAFOs) will be conducted quarterly, to evaluate the progress of the implementation of the pilot initiatives (Figure 14).

**Figure 14. Disbursement to Successful Applicants under Pilot Initiative**

### Funds Flow for Pilot Initiatives under FCPF Grant Mechanism



#### 3.2.6 Disbursement for Operational Costs

125. Disbursement for operational costs will be the same as the procedure of disbursement for sub-national agencies (see Section 3.2.3).
126. The REDD+ Division will provide a notice letter that consists of: a) amount of funds to be transferred; and, b) the budget for annual workplans. The notice letter will include

additional information related to scheduled monitoring and evaluation, and scheduled submission of progress and completion reports to the REDD+ Division.

### ***3.2.7 Integration of Forest Protection Fund (FPF) into BSP Implementation***

127. The activation of the contingency plan puts the DoF as the modality to receive and disburse the advance and results-based payments under the ERPA, while committing to improve the FPF's capacity to meet World Bank's fiduciary requirements. Under this modality, the REDD+ Division under the DoF will oversee funds disbursement and reporting.
128. The GoL remains committed to ensure that the capacity of the FPF is enhanced and strengthened, as per the FPF capacity building plan, so that the FPF is able to demonstrate the required management and fiduciary capacity to manage the ER payments.
129. At the time that the DoF deems that the FPF is ready to take-over fund management, the World Bank will undertake a complete fiduciary assessment to ascertain if the technical and financial management capacity and systems of the FPF are in place to receive and distribute ERPA payments, in accordance with the BSP.



## 4 PERFORMANCE SCENARIOS

130. In this chapter, four performance scenarios are presented – 100% performance, 50% performance, 25 % performance, and 10% performance. The BSP recognizes that the benefit distribution will not change despite performance (i.e., distribution to one group will not be prioritized if there are insufficient funds).

### 4.1 Ex-ante Estimate of Emission Reductions

131. **Table 9** presents the total ex-ante ERs over the life of the ER Program and provides estimates over the ERPA term, through the implementation of the interventions proposed in the ERPD and described in Section 1. This BSP proposes retroactive accounting/measurement from January 1, 2019 to calculate the emission reduction performance.

**Table 9 Ex-ante Estimation of the ERs During the Life of the ER Program and ERPA Term**

	Reference Level Emissions	Reference Level Removals	Ex-ante Estimation of Emissions	Ex-ante Estimation of Removals	Total ex-ante Estimation of ERs	Expected Set-aside for Buffers and Conservativeness	Total ERs without Set-aside for Buffers and Conservativeness
	(A)	(B)	(C)	(D)	(E)=(A)-(C)+(B)-(D)	(F)	(G)=(E)-(F)
<b>2019</b>	10.497.472	-1.964.405	8.386.623	-3.079.856	3.226.301	1.020.378	2.205.922
<b>2020</b>	10.497.472	-1.964.405	8.386.623	-3.079.856	3.226.301	1.020.378	2.205.922
<b>2021</b>	10.497.472	-1.964.405	8.386.623	-3.079.856	3.226.301	1.020.378	2.205.922
<b>2022</b>	10.497.472	-1.964.405	8.386.623	-3.079.856	3.226.301	1.020.378	2.205.922
<b>2023</b>	10.497.472	-1.964.405	8.386.623	-3.079.856	3.226.301	1.020.378	2.205.922
<b>2024</b>	10.497.472	-1.964.405	8.386.623	-3.079.856	3.226.301	1.020.378	2.205.922
<b>2025</b>	10.497.472	-1.964.405	8.386.623	-3.079.856	3.226.301	1.020.378	2.205.922
<b>5 year total</b>	52.487.360	-9.822.025	41.933.114	-15.399.281	16.131.503	5.101.892	<b>11.029.611</b>
<b>6 year total</b>	62.984.832	11.786.430	50.319.736	-18.479.137	19.357.803	6.122.270	13.235.533
<b>7 year total</b>	73.482.304	13.750.835	58.706.359	-21.558.993	22.584.104	7.142.648	15.441.455

### 4.2 ER Payment Scenarios

132. The benefits from the ER Program will come from the ER payment, which is the entire volume of money paid to the GoL in a given monitoring reporting period. The first ER Monitoring Report will be submitted in December 2022 and this will be followed by the first ER payment in September 2023 assuming successful verification. The second Monitoring Report will be submitted in June 2025, followed by the second and last ER payment in September 2025 (see Section 5 on monitoring).

133. Each ER payment will include the 5% allocation for the performance buffer. The buffer will be released if there is damage caused by force majeure events (such as forest fires). After the last verification (2025), the remaining funds from buffer will be re-injected into the net ER performance-based payment. The advance payments will be deducted from the first ER payment.

**Table 10 Proportion of the ER Payments Based on ERPA Terms**

Year	Total ERs Without Set-aside for Buffers and Conservativeness (tCO <sub>2</sub> e)	Calculated ER for ERPA term (tCO <sub>2</sub> e)	Gross ER Payments (USD)	Performance Buffer (5% of Gross ER Payments) (USD)	Operational Cost (18%) (USD)	Net ER Performance-based Payments (77%) (USD)	Total Payment (USD)	Timeline Request Payments to FCPF Carbon Fund
2020	2.205.922	-	-	-	-	-	-	
2021	2.205.922	-	3.000.000	-	3.000.000	-	3.000.000	Advance Payment
2022	2.205.922	3.400.000	-	-	-	-	-	
2023	2.205.922	-	14.000.000	700.000	2.461.833	10.838.167	14.000.000	First ER Payment
2024	2.205.922	-	-	-	-	-	-	
2025		5.000.000	25.000.000	1.400.000	1.923.667	21.676.333	25.000.000	Last ER Payment
	<b>11.029.610</b>	<b>8.400.000</b>	<b>42.000.000</b>	<b>2.100.000</b>	<b>7.385.500</b>	<b>32.514.500</b>	<b>42.000.000</b>	

134. The schedule is in line with the ERPA and is summarized in **Table 11**.

**Table 11 ER Monitoring Reporting Schedule**

Period	Dates	ER Monitoring Report Submission
Reporting Period 1	January 1 <sup>st</sup> , 2019 – December 31 <sup>st</sup> , 2021	December 2022
Reporting Period 2	January 1 <sup>st</sup> , 2022 – December 31 <sup>st</sup> , 2024	June 2025

135. The distribution of net ER performance-based payments will be proportionally divided across the six provinces of northern Laos. The proportion will consider rates of deforestation and forest degradation within the ER Program area (emission level). The province that has the highest annual emission reduction levels will receive a higher portion than others. However, this portion will be evaluated yearly, in order to ensure that the benefits are fairly distributed among provinces.

136. **Table 12** illustrates how the performance-based payments will be channelled to the beneficiaries in the ER Program area in the case of full performance of the ER Program. However, the amount of payments flowing to the provincial governments will always be allocated based on performance and in the case of no performance, the province would not receive any amount of the ER Payment.

**Table 12 Proportion of Benefits Distributed to Beneficiaries per Province**

Province	Bokeo	Huaphanh	Luang Namtha	Luang Prabang	Oudomxay	Xayaboury	Total
Annual emission level (tCO <sub>2</sub> e)	670.320	2.287.320	1.222.200	1.677.480	1.124.760	1.417.920	8.400.000
Weightage (%)	7,98%	27,23%	14,55%	19,97%	13,39%	16,88%	100%
Advance Payments (Total USD 3,000,000)	239.400	816.900	436.500	599.100	401.700	506.400	3.000.000
The First ER Payment (USD 14,000,000)	1.117.200	3.812.200	2.037.000	2.795.800	1.874.600	2.363.200	14.000.000
The Second ER Payment (USD 25,000,000)	1.995.000	6.807.500	3.637.500	4.992.500	3.347.500	4.220.000	25.000.000
<b>TOTAL ER PAYMENT</b>	<b>3.351.600</b>	<b>11.436.600</b>	<b>6.111.000</b>	<b>8.387.400</b>	<b>5.623.800</b>	<b>7.089.600</b>	<b>42.000.000</b>
5% Performance Buffer	167.580	571.830	305.550	419.370	281.190	354.480	2.100.000
18% Operation Cost	589.363	2.011.072	1.074.590	1.474.884	988.918	1.246.672	7.385.500
77% Net ER Payments	2.594.657	8.853.698	4.730.860	6.493.146	4.353.692	5.488.448	32.514.500
Incentives for sub-national agencies (5% of Net ER Payments) (USD)	129.733	442.685	236.543	324.657	217.685	274.422	1.625.725
Community Performance-based allocation (90% of Net ER Payments) (USD)	2.335.191	7.968.329	4.257.774	5.843.831	3.918.322	4.939.603	29.263.050
Pilot initiatives (5% of Net ER Payments) (USD)	129.733	442.685	236.543	324.657	217.685	274.422	1.625.725
<b>TOTAL ER Performance-based Payments (USD 32,514,500)</b>	<b>2.594.657</b>	<b>8.853.698</b>	<b>4.730.860</b>	<b>6.493.146</b>	<b>4.353.692</b>	<b>5.488.448</b>	<b>32.514.500</b>

137. The next Sections describes performance scenarios in terms of benefits in the event performance is 100%, 50%, 25% or 10%.

#### 4.2.1 Scenario 1 100 Percent Performance Scenario

138. In this scenario, USD 29.3 million (90% of net ER performance-based payment) would be allocated to communities; USD 1.6 million (5%) to sub-national government agencies; and, another USD 1.6 million (5%) used to support pilot initiatives.

139. The provincial performance under this scenario is summarized in **Table 13**.

**Table 13 Scenario 1 (100% Performance)**

100%	ER Target from Deforestation and Degradation per Province over 5 years (tCO2e)	Relative Performance Weight	Calculated ER for the ERPA Term by Province (tCO2e) for over 5 years	Gross ER Payment (USD)	Operational Cost (18%) (USD)	Performance Buffer (5%) (USD)	Incentives for Sub-national Agencies (5% of Net ER Payments) (USD)	Community Performance-Based Allocation (90% of Net ER Payments) (USD)	Pilot Initiatives (5% of Net ER Payments) (USD)
<b>Bokeo</b>	880.163	7,98%	670.320	3.351.600	589.363	167.580	129.733	2.335.191	129.733
<b>Huaphanh</b>	3.003.363	27,23%	2.287.320	11.436.600	2.011.072	571.830	442.685	7.968.329	442.685
<b>Luang Namtha</b>	1.604.808	14,55%	1.222.200	6.111.000	1.074.590	305.550	236.543	4.257.774	236.543
<b>Luang Prabang</b>	2.202.613	19,97%	1.677.480	8.387.400	1.474.884	419.370	324.657	5.843.831	324.657
<b>Oudomxay</b>	1.476.865	13,39%	1.124.760	5.623.800	988.918	281.190	217.685	3.918.322	217.685
<b>Xayaboury</b>	1.861.798	16,88%	1.417.920	7.089.600	1.246.672	354.480	274.422	4.939.603	274.422
	<b>11.029.610</b>	<b>100%</b>	<b>8.400.000</b>	<b>42.000.000</b>	<b>7.385.500</b>	<b>2.100.000</b>	<b>1.625.725</b>	<b>29.263.050</b>	<b>1.625.725</b>

#### 4.2.2 Scenario 2: 50 Percent Performance Scenario

140. Under this scenario the volume of ERs is halved, and the resulting ER payment is reduced to USD 21 million. USD 14.6 million would be allocated to communities; USD 0.8 million to sub-national government agencies; and, USD 0.8 million used to support pilot initiatives.

141. The provincial performance under this scenario is summarized in **Table 14**.

**Table 14 Scenario 2 (50% Performance)**

<b>50%</b>	<b>ER Target from Deforestation and Degradation per Province over 5 years (tCO<sub>2</sub>e)</b>	<b>Relative Performance Weight</b>	<b>Calculated ER for the ERPA Term by Province (tCO<sub>2</sub>e) for over 5 years</b>	<b>Gross ER Payment (USD)</b>	<b>Operational Cost (18%) (USD)</b>	<b>Performance Buffer (5%) (USD)</b>	<b>Incentives for Sub-national Agencies (5% of Net ER Payments) (USD)</b>	<b>Community Performance-Based Allocation (90% of Net ER Payments) (USD)</b>	<b>Pilot Initiatives (5% of Net ER Payments) (USD)</b>
<b>Bokeo</b>	440.081	7,98%	335.160	1.675.800	284.886	83.790	64.866	1.167.596	64.866
<b>Huaphanh</b>	1.501.681	27,23%	1.143.660	5.718.300	972.111	285.915	221.342	3.984.164	221.342
<b>Luang Namtha</b>	802.404	14,55%	611.100	3.055.500	519.435	152.775	118.271	2.128.887	118.271
<b>Luang Prabang</b>	1.101.307	19,97%	838.740	4.193.700	712.929	209.685	162.329	2.921.916	162.329
<b>Oudomxay</b>	738.432	13,39%	562.380	2.811.900	478.023	140.595	108.842	1.959.161	108.842
<b>Xayaboury</b>	930.899	16,88%	708.960	3.544.800	602.616	177.240	137.211	2.469.801	137.211
	<b>5.514.805</b>	<b>100%</b>	<b>4.200.000</b>	<b>21.000.000</b>	<b>3.570.000</b>	<b>1.050.000</b>	<b>812.863</b>	<b>14.631.525</b>	<b>812.863</b>

### 4.2.3 Scenario 3: 25 Percent Performance Scenario

142. Under this scenario the volume of ERs is quartered and the resulting ER payment is reduced to USD 10.5 million. USD 7.3 million would be allocated to communities; USD 0.4 million to sub-national government agencies; and, USD 0.4 million used to support pilot initiatives.

143. The provincial performance under this scenario is summarized in **Table 15**.

**Table 15 Scenario 3 (25% Performance)**

<b>25%</b>	<b>ER Target from Deforestation and Degradation per Province over 5 years (tCO<sub>2</sub>e)</b>	<b>Relative Performance Weight</b>	<b>Calculated ER for the ERPA Term by Province (tCO<sub>2</sub>e) for over 5 years</b>	<b>Gross ER Payment (USD)</b>	<b>Operational Cost (18%) (USD)</b>	<b>Performance Buffer (5%) (USD)</b>	<b>Incentives for Sub-national Agencies (5% of Net ER Payments) (USD)</b>	<b>Community Performance-Based Allocation (90% of Net ER Payments) (USD)</b>	<b>Pilot Initiatives (5% of Net ER Payments) (USD)</b>
<b>Bokeo</b>	220.041	7,98%	167.580	837.900	142.443	41.895	32.433	583.798	32.433
<b>Huaphanh</b>	750.841	27,23%	571.830	2.859.150	486.056	142.958	110.671	1.992.082	110.671
<b>Luang Namtha</b>	401.202	14,55%	305.550	1.527.750	259.718	76.388	59.136	1.064.443	59.136
<b>Luang Prabang</b>	550.653	19,97%	419.370	2.096.850	356.465	104.843	81.164	1.460.958	81.164
<b>Oudomxay</b>	369.216	13,39%	281.190	1.405.950	239.012	70.298	54.421	979.581	54.421
<b>Xayaboury</b>	465.450	16,88%	354.480	1.772.400	301.308	88.620	68.606	1.234.901	68.606
	<b>2.757.403</b>	<b>100%</b>	<b>2.100.000</b>	<b>10.500.000</b>	<b>1.785.000</b>	<b>525.000</b>	<b>406.431</b>	<b>7.315.763</b>	<b>406.431</b>

#### 4.2.4 Scenario 4: 10 Percent Performance Scenario

144. Under this scenario the volume of ERs is limited, and the resulting ER payment is reduced to USD 4.2 million. USD 2.9 million would be allocated to communities; USD 0.16 million to sub-national government agencies; and, USD 0.16 million used to support pilot initiatives. However, it suffices to highlight that this is a highly unlikely scenario, given the implementation structure of the ER Program with I-GFLL in prioritizing three provinces and twenty-eight districts with the highest emission reduction potential.

145. The provincial performance under this scenario is summarized in **Table 16**.

**Table 16 Scenario 4 (10 % Performance)**

10%	ER Target from Deforestation and Degradation per Province over 5 years (tCO <sub>2</sub> e)	Relative Performance Weight	Calculated ER for the ERPA Term by Province (tCO <sub>2</sub> e) for over 5 years	Gross ER Payment (USD)	Operational Cost (18%) (USD)	Performance Buffer (5%) (USD)	Incentives for Sub-national Agencies (5% of Net ER Payments) (USD)	Community Performance-Based Allocation (90% of Net ER Payments) (USD)	Pilot Initiatives (5% of Net ER Payments) (USD)
<b>Bokeo</b>	88.016	7,98%	67.032	335.160	56.977	16.758	12.973	233.519	12.973
<b>Huaphanh</b>	300.336	27,23%	228.732	1.143.660	194.422	57.183	44.268	796.833	44.268
<b>Luang Namtha</b>	160.481	14,55%	122.220	611.100	103.887	30.555	23.654	425.777	23.654
<b>Luang Prabang</b>	220.261	19,97%	167.748	838.740	142.586	41.937	32.466	584.383	32.466
<b>Oudomxay</b>	147.686	13,39%	112.476	562.380	95.605	28.119	21.768	391.832	21.768
<b>Xayaboury</b>	186.180	16,88%	141.792	708.960	120.523	35.448	27.442	493.960	27.442
	<b>1.102.961</b>	<b>100%</b>	<b>840.000</b>	<b>4.200.000</b>	<b>714.000</b>	<b>210.000</b>	<b>162.573</b>	<b>2.926.305</b>	<b>162.573</b>

## 5 MONITORING AND REPORTING

146. In line with the requirements stated in Annex 8.1, 8.2, and 8.3 in the ER Monitoring Report, the DoF will prepare reports outlining the status of the implementation of safeguards, BSP, and the generation and enhancement of priority non-carbon benefits.

### 5.1 BSP Performance Monitoring and Reporting

147. Monitoring of benefit sharing has a number of important elements, including monitoring of fund distribution, safeguard plans, use of proceeds against plans, and monitoring of performance for the distribution of conditional performance-based benefits. The monitoring of funds distribution will be a primary responsibility of the REDD+ Division. When the REDD+ Division transfers benefits to beneficiaries at provincial, district, and village levels, the funds will be tracked and monitored. Detailed reporting roles and responsibilities are outlined in the POM. Key institutions, which have significant internal control reporting roles, are the DoF, the Forest Inventory and Planning Division (FIPD), and Department of Forest Inspection (DOFI), under the MAF.

148. At the sub-national level, the PAFOs and DAFOs are key implementers and hold important roles and responsibilities in the operationalization of the ER Program, including monitoring and reporting in their administrative territory, in line with the design of the ER Program and also for feedback on results and improvement.

149. Private sector entities and local communities that engage in the ER Program activities will play a key role in monitoring, as these are the main agents that will deliver on the land-based interventions under the ER Program. For example, businesses with land concessions will have a responsibility to monitor the compliance of their business and mitigate any associated impacts (e.g., encroachment into the adjacent forests). Local communities are expected to monitor their forests based on their land-use plan and any other valid plans agreed upon.

150. **Table 17** outlines the reporting roles and responsibilities for different institutions at national and sub-national levels. These roles and responsibilities will be further refined, taking into account the decentralization and sectoral disaggregation with the DAFOs and PAFOs. Several databases will be required for different activities and these will need to be aligned with the capacity development plans.



**Table 17 Roles and Responsibilities for Reporting**

<b>Institution</b>	<b>Reporting Activities</b>
<b>NATIONAL LEVEL</b>	
<p><i>Ministry of Finance</i></p> <p style="text-align: center;"><b>National Treasury</b></p>	<ul style="list-style-type: none"> <li>• <i>Receipt of ER payments.</i></li> <li>• <i>Prepare periodic statement (financial report) MoF and NRTF.</i></li> <li>• <i>Maintain and update the bank statement of ER payment.</i></li> </ul>
<p><i>Ministry of Agriculture and Forestry (MAF)</i></p> <ul style="list-style-type: none"> <li>- <i>Department of Forestry (DoF)</i> <ul style="list-style-type: none"> <li>○ <i>REDD+ Division and NPMU</i></li> </ul> </li> <li>○ <i>Forest Inventory and Planning Division</i></li> <li>○ <i>REDD+ Division and NPMU (Fund Manager)</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Prepare reports on ER Program performance.</i></li> <li>• <i>Compile and synthesize the separate databases forwarded by the different category beneficiaries.</i></li> <li>• <i>Prepare a synthesis reports and database for each category of benefits (performance based – monetary and non-monetary), allocation to beneficiaries, operation costs, transaction costs etc.</i></li> <li>• <i>Reporting on progress on National Forest Monitoring System.</i></li> <li>• <i>Compiling all data necessary for the preparation of the MMR based on the MRV in 2021 and 2024.</i></li> <li>• <i>Coordinate and administrating the ER Program.</i></li> <li>• <i>ER Program fund management, financial reporting, supporting internal and external auditing by third party by request from Trustee FCPF/ World Bank.</i></li> <li>• <i>Reporting to NRTF.</i></li> <li>• <i>ER Payment Receipt and Disbursement.</i></li> <li>• <i>Facilitate the distribution of ER payments.</i></li> </ul>
<p><i>Ministry of Planning and Investment (MPI)</i></p> <ul style="list-style-type: none"> <li>- <i>Department of Planning</i></li> <li>- <i>Investment Promotion Department (IPD)</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Responsible for the coordination and development of national development strategies and action plans.</i></li> <li>• <i>Providing capacity building and technical support to government staff and communities, to support the implementation and enforcement of improved land use planning approaches (including ISP &amp; PLUP).</i></li> </ul>
<b>SUB-NATIONAL LEVEL</b>	
<i>Custodian Bank</i>	<ul style="list-style-type: none"> <li>• <i>Disbursement to beneficiaries.</i></li> <li>• <i>Provision of Bank Statements.</i></li> </ul>
<i>PAFOs, DAFOs, SESU PPMU</i>	<ul style="list-style-type: none"> <li>• <i>Consolidate Workplans.</i></li> <li>• <i>Coordinate and manage the implementation of ER Program activities at province and district level.</i></li> <li>• <i>Preparation of Annual Workplan in line with the PRAPs.</i></li> <li>• <i>Data collection from the VDCs.</i></li> </ul>
<i>VDCs</i>	<ul style="list-style-type: none"> <li>• <i>Keep up-to-date records on their use of ER benefits.</i></li> <li>• <i>Records should include information on the beneficiary households and the amount each received, the types of forest activities, livelihood improvement activities, and skill-development activities undertaken, and the amount of money invested in each of these categories. The beneficiaries will have to summarize the use of funds in the activities and report to the NPMU.</i></li> </ul>
<i>Communities Groups</i>	<ul style="list-style-type: none"> <li>• <i>Prepare activity workplans.</i></li> <li>• <i>Maintain records of activities in agriculture and forestry (area, maps).</i></li> <li>• <i>House records.</i></li> </ul>
<i>Actors in Pilot Initiatives</i>	<ul style="list-style-type: none"> <li>• <i>Maintaining records on FLR, SFM, and good agriculture practice implementation.</i></li> <li>• <i>Reporting on performance based on project indicators every 3,6,9, and 12 months to the NPMU.</i></li> </ul>

## 5.2 Reports on the Implementation of the BSP (BSP Reports)

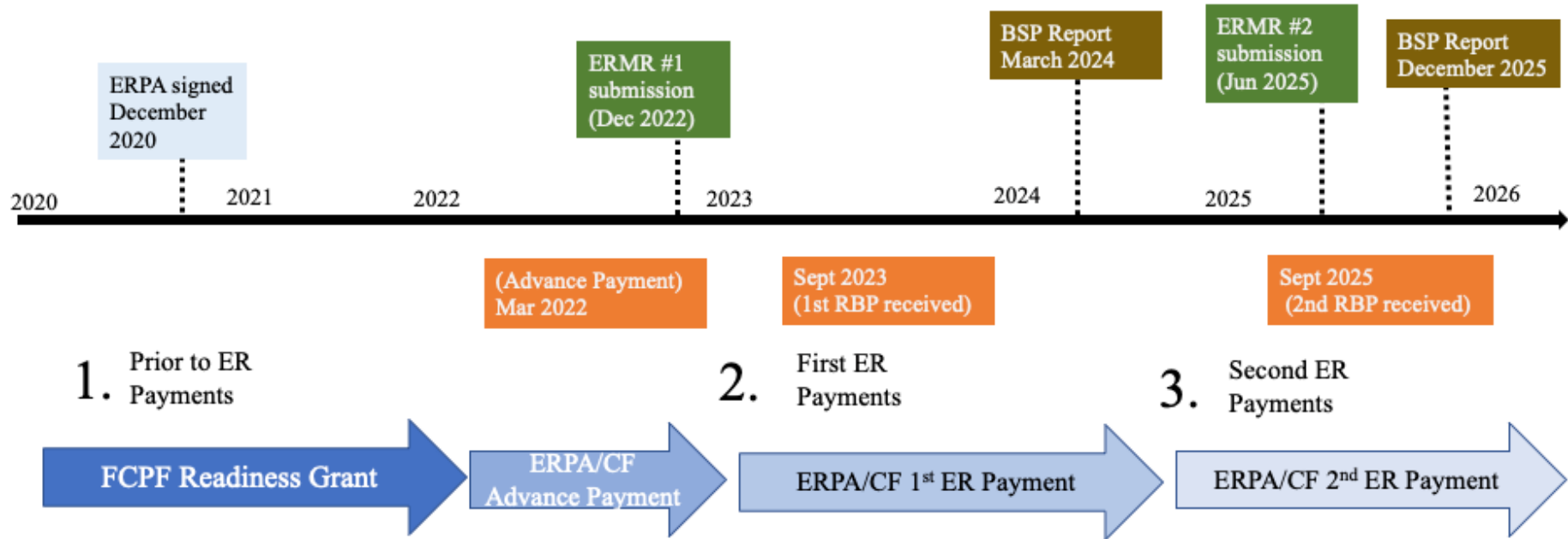
151. Reports will be submitted to the World Bank as required under the ERPA. The BSP reports (reporting on the implementation of the BSP during reporting periods) will be submitted six months after receipt of the first Periodic Payment (ER payment) and annually thereafter. There will be a separate report, in addition to the information prepared and provided in Annex 2 of the ER monitoring report (Dec 2022 and June 2025).
152. The BSP Reports will include the expenditures for operational costs during the period 2022 to 2023, and the expenditures of performance-based ER projects implemented by beneficiaries, as well as the status of the performance buffer, amongst other relevant information. The first BSP report will be submitted in March 2024. The final BSP report will cover the expenditures of performance-based ER programs by beneficiaries (2024 – 2025) and the use of performance buffer. This final report will be submitted in December 2025<sup>14</sup>. The utilization of benefits from the ER Payments are outlined section 4.3.4 of the POM. The illustration in **Figure 15** below shows the phases of the ER Payments and reporting related to the implementation of the ER Program.
153. Monitoring the use of proceeds against plans is detailed in the POM document (Section 4 on Reporting), with coordination from the DoF at the national level and with the PAFOs/DAFOs at the provincial/district levels, who will monitor the outputs of the ER Program against the ER plans (based on PRAPs) proposed by beneficiaries. For provincial/district levels, the REDD+ Division with the PAFOs/DAFOs will conduct regular expenditure checks of the ER Program against the plans. If any irregular expenditures are found, the beneficiaries will have to explain and provide documented proof to REDD+ Division.
154. The beneficiaries will have to summarize the use of funds in the activities and report to the REDD+ Division. The monitoring results of the use of funds will be reported to the NRTF. At the national level, the Director General of the DoF will host performance review meetings, whereas at provincial levels it will be the responsibility of the Heads of PAFOs. At the village level, the REDD+ Division and DAFOs will monitor the use of proceeds according to the monitoring of benefits guideline outlined in the POM document (Section 7.5).

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<sup>14</sup> This timing may change but will not be later than six months after the receipt of the first ER payment

155. The monitoring results will allow the REDD+ Division to determine the proportions of shared benefits per province for the next disbursement.

Figure 15 Sequence of ER Payments and Reporting Timelines



### 5.3 Measurement Monitoring and Reporting (MMR) of ERs

156. **Table 18** summarizes the schedule for performance monitoring. The MRV system of Lao PDR conducts a time-series analysis of forest type maps, in order to analyse trends in land cover change. Forest type maps across different years are overlaid to create time-series change data by forest parcel, allowing for the identification of areas that undergo reversal events.

**Table 18 Schedule of Monitoring and Reporting Milestones**

<b>Year</b>	<b>Activity or Milestone</b>
2019	ER Program Start Date January 2019
2020	ERPA Signature December 2020
2022	Upfront Advance Payment (March 2022)
2022	1 <sup>st</sup> Data Collection and Assessment (NFI/LULC) (January – November 2022)
2022	1 <sup>st</sup> MMR submission (December 2022)
2023	ERPA payment (the First Payment) (September 2023)
2024	2 <sup>nd</sup> Data Collection and Assessment (NFI/LULC) (January – November 2024)
2025	2 <sup>nd</sup> MMR submission (June 2025) <sup>15</sup>
2025	ERPA payment (the second or final payment) (September 2025)

157. The MRV system will enable quantification in area and emissions. The MMR data collection and assessment of land use and land cover (LULC) is currently scheduled to be undertaken twice during the ERPA term (in 2021 and 2024). Near-real time monitoring of drivers and interventions will be developed in a step-wise approach, providing information to strengthen the monitoring, mitigation and management of reversals in a timely manner.

<sup>15</sup>This date is based on the current schedule of the GoL’s schedule for NFI and LULC in 2024. The GoL is working with development partners to refine and potentially streamline technical processes.

158. It is particularly important that any signs of reversals are detected and prevented from further expansion through effective forest management interventions, incorporated in the program design. The monitoring of performance for distribution of conditional performance-based benefits will be undertaken by the FIPD. The distribution of performance-based benefits is entirely dependent on total emission reductions and increased removals achieved by the provinces against the reference level.
159. The total contributions of each province performance are the total amount of the ER Payments to be allocated to beneficiaries, which include the communities, sub-national agencies, and pilot initiatives. In the early years of project implementation, the FIPD will monitor provincial level deforestation and degradation. Thereafter, subject to further accuracy improvements and the development of tools and methodologies, the level of deforestation at the district level may also be monitored.
160. As part of the ER Program, and as outlined in the ERPD, a comprehensive approach for MMR has been developed. This approach includes measurement of emission reductions and increased removals achieved against the reference level, and also the monitoring of drivers and the effectiveness of interventions. Annual and five-year targets of emission reductions and increased removals have been developed for all of the six provinces and these will be reviewed frequently.
161. The methodology will be consistent with the national reference level, which has also generated reference levels for the six target provinces. MMR will be conducted twice during the Program period. The first measurement will be undertaken in 2021 and the second measurement in 2024. These measurements will be conducted using methodologies that are consistent with the construction of the REL (Section 8 – ERPD). The results will be communicated to the Carbon Fund for verification (which will be conducted by independent third-party assessors) and payment for the achieved emission reductions.
162. The DoF already has the initial framework and capacity for its national forest monitoring system (NFMS) to carry out the MMR for the ER Program. These systems and capacities have been developed through the exercises of constructing the RELs for the national level (completed in January 2019), as well as for the ER Program (completed in 2018). To continue stepwise improvement of its NFMS, the DoF has developed a Lao NFMS Roadmap.

## 5.4 Monitoring of Safeguards

163. For ERPA safeguards management, SESU units have been established through a DoF/MAF order. For GFL, a SESU-GFL will be established at the REDD+ Division and will be led by two persons with experience in environmental and social safeguard compliance. This approach will be further complemented by two safeguards staff appointed in each participating province and district. The set-up and responsibilities of the SESU are outlined in the POM document (Section 5.2).
164. The six project provinces will be divided into two SESU clusters, located at Luang Prabang (SESU-LP) and Luang Namtha (SESU-LM). A total staff of fourteen will be deployed for safeguards management in GFL. Prior to the start of implementation, capacity building, production of information, education, and communication material, and community consultations will be initiated.
165. The GFL safeguards package includes the following documents, which will be used to address safeguards and used for project implementation:
- Volume I SESA - Strategic Environmental and Social Assessment.
  - Volume II ESMF - Environmental and Social Management Framework.
  - Volume III Program Operations Manual.
  - Volume IV Technical Manuals:
    - a) PLUP Manual – Participatory Agriculture and Forest Land Use Planning at Village and Village Cluster Level.
    - b) PSFM Manual - Operations Manual for Production Forests.
    - c) Technical Guideline on Village Forestry Management Planning (VFMP).

## 5.5 Feedback and Grievance Redress Mechanism (FGRM)

166. **Basic Principles:** Grievances may result from project activities and these will be resolved following a feedback and grievance mechanism based on the following key principles:
- Rights and interests of project participants are protected.
  - Concerns of project participants arising from the project implementation process are adequately addressed and in a prompt and timely manner.
  - Entitlements or livelihood support for project participants are provided on time and in accordance with the above-stated GoL and World Bank safeguard policies.
  - Project participants are aware of their rights to and have access to grievance procedures free of charge.

- The feedback and grievance mechanism will be in line with existing policies, strategies, and regulations on grievances, as defined by the GoL. These require project owners and proponents to set up grievance mechanisms starting from the village level, and also follow legislation under Decision No. 08/MOJ, 2005 that seeks to strengthen conflict resolution at the grassroots level, by establishing Village Mediation Units.
- The grievance mechanism will be institutionalised in each village by a selected group of people, involving ethnic groups, women, and representatives of other vulnerable groups in the village.
- Established committees at the district, province, and national assembly have a mandate to deal with each grievance or petition.
- Based on the Law on Handling Petitions O12/NA (2015), an individual has the right to submit a grievance to government authorities at the village, district, province, or central levels.
- In addition, reporting grievances outside of the village level structure can be conducted during field visits by the PMU and PAFO/DAFO, undertaken for monitoring and evaluation purposes of the Village ER Program.

167. ***Village Mediation Unit Functions:*** The VMUs assist the village administration authority to enhance knowledge and compliance with State Laws in the villages. The VMUs act as the disseminator of laws and regulations in the village, encouraging people of all ethnic groups within the community, to respect and comply with laws and regulations. The VMUs closely coordinate with judicial and other relevant bodies.

168. The Feedback and Grievance Redress Mechanism (FGRM) under the Program builds on, and seeks to strengthen, existing government systems such as the VMUs, combined with existing local structures, especially for ethnic groups, but primarily includes measures to ensure concerns and grievances of project beneficiaries and affected people will be adequately addressed. The FGRM consists of four steps as follows (see **Figure 1** Figure 16).

***Step 1. Village level:***

169. The first step in case of a grievance is to report to the VMU, a village level institution that involves traditional and spiritual leaders and has a proven track record for resolving minor conflicts at the village level. The VMU will be in charge of documenting the grievance by using the form provided and signed/fingerprinted by the grievant for processing. The project will develop grievance registration forms for use by complainants and recording by the VMU. The VMU will keep the Village Grievance Logbook. The



Technical Team and consultants will strengthen the capacity of the VMUs, especially on gender equity and their knowledge of the project, including safeguard requirements.

170. The VMU will be required to provide immediate confirmation of receiving a complaint and should complete an investigation within 14 days of receipt. Then, within five days after receipt of the grievance, the VMU should meet with the Complainant to discuss and mediate their grievance and will advise the Complainant of the outcome. If the grievance is either a valid grievance that requires investigation and action/compensation, or if the Complainant is not satisfied with the response, the issue is to be transferred within one month to the next level, led by the District Grievance Committee, for further action.

***Step 2. District level:***

171. Grievances that cannot be resolved at the village level will be brought to the district level, which will have 30 days after receipt to review all available information from the investigation by the VDCs and Technical Teams and to analyse and /or investigate each case. Within 30 days, the district must invite the Complainant to discuss the grievance and the Complainant is informed of the outcome of the investigation and the decision.
172. If the Complainant is satisfied with the outcome, the issue is closed, and will provide a signature as acknowledgement of the decision. If the Complainant is not satisfied with the outcome, the Complainant may submit an appeal if there is additional relevant information for reconsideration. Within 14 days, the district will collect facts and reinvestigate, and will invite the Complainant to discuss the appeal. The Complainant will then be informed of the outcome of the investigation and the decisions made. If the Complainant is still dissatisfied with the outcome, he/she can then submit his/her complaint to the PRTF. The district will also be in charge of compiling all grievances into a District Grievance Logbook.

***Step 3. Provincial level:***

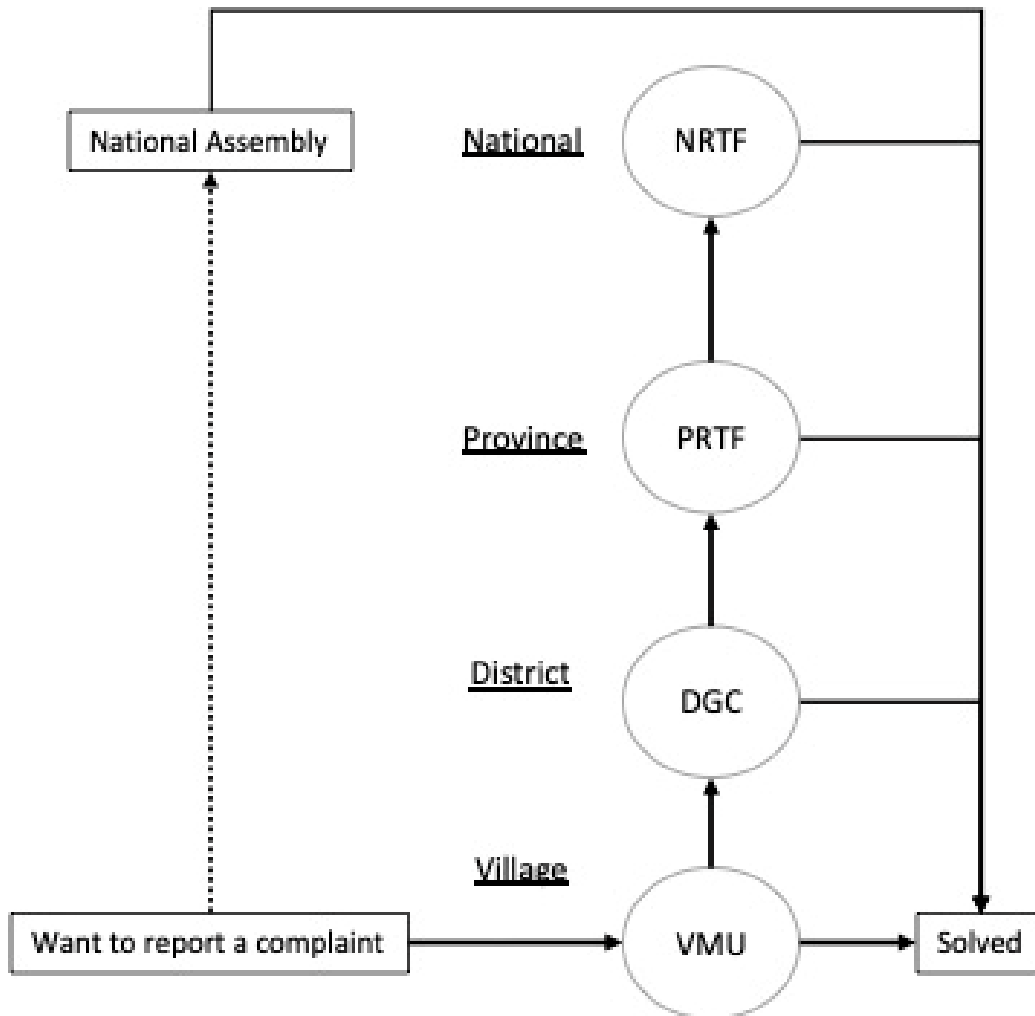
173. In case of unresolved grievances, such as land grabbing cases, these will be referred to the PRTF.
174. The PRTF will collect facts and re-investigate and will invite the Complainant to discuss the outcome of the investigation and the decisions made. If the Complainant is still dissatisfied with the outcome, he/she can then submit his/her complaint to the NRTF. The

PRTF will also be in charge of compiling all grievances into a Provincial Grievance Logbook.

***Step 4. Central level:***

175. Grievances that cannot be solved at the provincial level will be sent to the NRTF. Complainants are also allowed to report their grievances directly to the National Assembly. All staff involved in project implementation, in particular Technical Teams, will provide necessary assistance so that individuals or communities feel free to report grievances. Any outstanding grievances that have not been closed will be monitored through participatory monitoring and evaluation, technical audit, and other monitoring and evaluation mechanisms of the project.
176. In parallel to the project grievance mechanism, the project participating/affected people are able to raise concerns through the participatory monitoring and evaluation process and seek for resolutions at the district level meeting, where consultants hired directly by the project will also participate. They will also be encouraged to report any outstanding grievances to the annual technical audit team, which includes expertise in social issues. Also, complainants are allowed to report their grievances directly to the National Assembly.
177. All solved grievance from all levels will be sent and restored in the PMU database, for recording purposes and lessons learned in relation to program improvements. The recorded grievances would be maintained in order to ensure adequate follow up and timely resolution.

Figure 16 FGRM Process in GFLL



## 5.6 Disclosure

178. The BSP will be duly disclosed by the REDD+ Division at the central level and also at the provincial level in the six provinces and on the World Bank website.

## 6 CAPACITY BUILDING

179. The Lao PDR ER Program has taken due cognizance of not only the importance of capacity in overall program management, field implementation, and safeguards, but has also noted the inter-dependence of capacity in these domains that would have a bearing on the effective implementation and functioning of the BSP.
180. Adequate human and financial resources have been allocated to the national and PPMUs, in order to strengthen capacity through formal and on-the-job training. This will focus on priority areas of financial management, procurement and administrative procedures to ensure the funds disbursement mechanism remain efficient and functions within established timelines. Guidance for PPMUs and field staff are outlined in the POM document (Section 4 on Program Management). The guidance will be used as reference for capacity building activities for PPMUs.
181. Recognizing the importance of safeguards management, institutional arrangements to establish national and provincial SESUs have already been agreed. Appropriate technical assistance will be made available to build the capacity of SESU staff, both at the national and provincial levels.
182. To address capacity development in an organized and targeted manner, a capacity development needs assessment has been undertaken and a capacity development plan has been prepared. This framework identifies and prioritizes three themes and eight modules for capacity building and includes: i) Natural Resource Management; ii) Community Engagement and Safeguards; and, iii) Law Enforcement and Monitoring.
183. The eight modules cover participatory land use; protected area and conservation area management; alternative livelihood development; forest land restoration; gender and social inclusion safeguards; feedback and grievance redress; innovative approaches to community patrolling; and, GIS and law enforcement. These capacity building modules will be offered to PMU staff, as well as to community representatives, NpA staff, the LFND, and the LWU. This integrated approach to capacity building will ensure that the management and implementation ecosystem of the Program ensures the effective functioning of the BSP.
184. The capacity building approach for the FPF is critical to the BSP and is described in a separate document, along with plans for the capacity building for the MMRV.

## 6.1. FPF Capacity Building

185. The GoL has noted that the FPF has made significant progress with its capacity building plan, despite challenges related to the procurement of technical assistance due to COVID-19 limitations. However, for the FPF to assume the role of managing income from results-based payments, additional capacity is necessary. This BSP outlines the capacity building strategy, which is imbedded in the REDD+ Readiness grant and will continue until June 2022. The capacity building of FPF will continue with funding from the advance payment and other pipeline sources including Phase II of the I-GFLL and JICA support. The full details on this capacity building plan are in a separate document.
186. The capacity building plan for the FPF will be implemented and monitored to ensure that the FPF can be integrated and take over agreed functions carbon revenue management and disbursement. It will also include measures to further strengthen the capacity of the DoF/PMU staff (at central, province, and district levels) to ensure effective and prompt fund disbursement.
187. The capacity building aims to help the FPF to redesign its governance structure and revise its standard operating procedures (SOPs), manuals and internal guidance documents, in order to meet World Bank fiduciary requirements. Manuals and internal guidance documents will be completed before the training commences. The additional IT infrastructure will be installed, and software training provided to enhance the operational and electronic financial reporting capacity for effective funds transfers to sub-national offices.
188. The capacity of the FPF will focus on the key areas where gaps have been identified, as indicated in **Table 19**.

**Table 19 Focused Capacity Building for FPF**

<b>Specific Aspects</b>	<b>Key Actions</b>
Financial and administrative capacities	<ul style="list-style-type: none"> <li>• <i>Establish new institutional-level policies, guidelines and processes.</i></li> <li>• <i>Administration and human resources.</i></li> <li>• <i>Finance.</i></li> <li>• <i>Procurement team.</i></li> </ul>
Transparency and accountability capacities	<ul style="list-style-type: none"> <li>• <i>Enhance existing institutional level policies and guidelines.</i></li> </ul>
Fund operations and disbursement capacities	<ul style="list-style-type: none"> <li>• <i>Document existing processes that have not yet been formalised within a documented procedure or guideline.</i></li> <li>• <i>Link to sub-national institutions responsible for ER Program implementation.</i></li> </ul>
Project management capacities including reporting	<ul style="list-style-type: none"> <li>• <i>Capacity building and human resources, especially to implement any new policies, guidelines or processes.</i></li> <li>• <i>Project appraisal (enhanced process needed).</i></li> <li>• <i>Ensuring benefit allocation process are adhered to.</i></li> <li>• <i>Project evaluation (within monitoring and evaluation), ensuring beneficiary eligibility criteria is applied consistent and according to the BSP.</i></li> <li>• <i>Monitoring and evaluation.</i></li> <li>• <i>Transparent grant eligibility criteria and evaluation.</i></li> </ul>

Implementation of social and environmental safeguards and grievance and redress mechanisms	<ul style="list-style-type: none"> <li>• <i>Understanding the operationalization of the SESA. ESMF, EGPF, PF and collaboratively working with different project implementation units (PMU, PPMU, SESU, and NRTF).</i></li> </ul>
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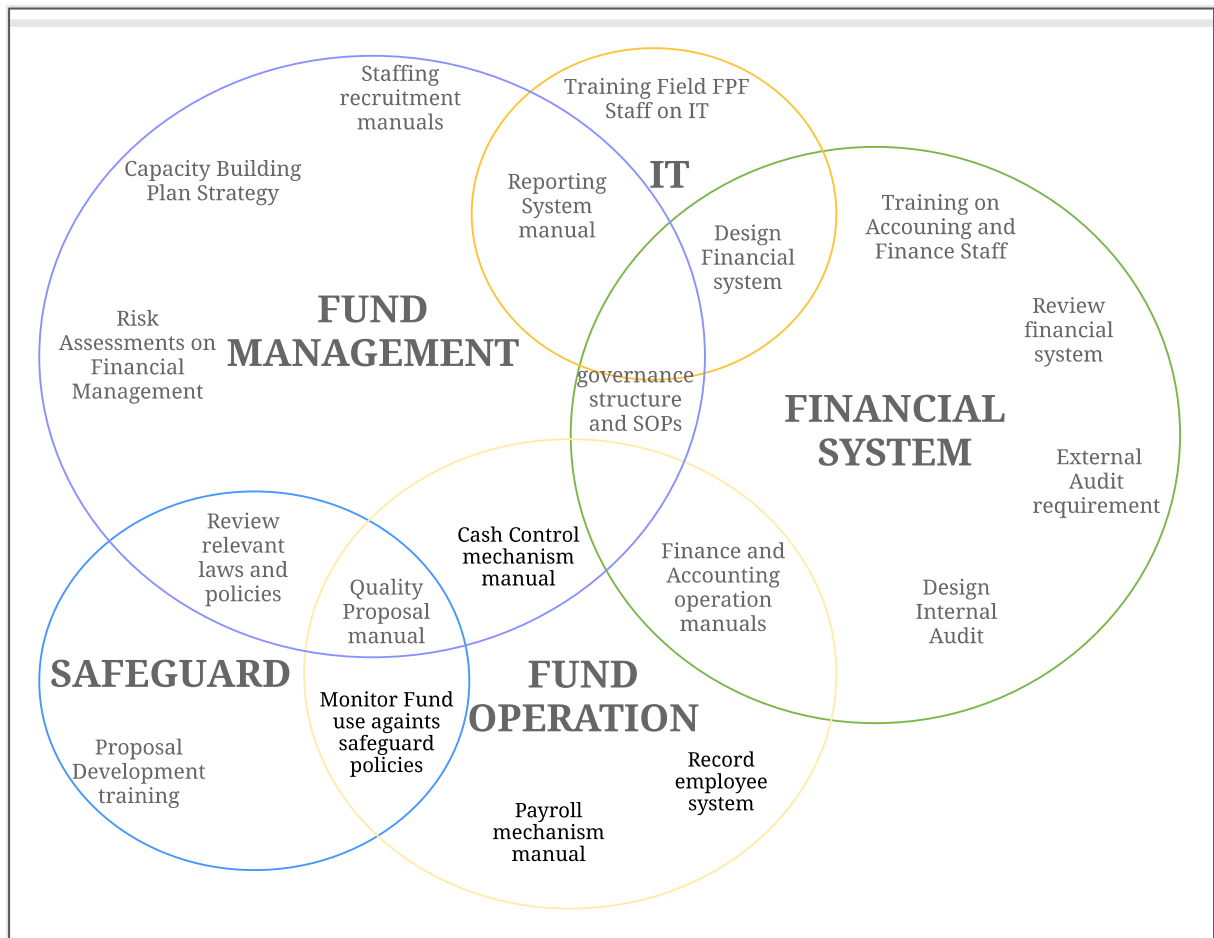
189. An independent Fiduciary Assessment of the FPF was conducted over May-August 2021, in order to identify gaps and capacity needs for FPF improvement. This included improvement for institutional capacity in relation to administration, fund management, financial management, project management and implementation of relevant social and environmental safeguard frameworks for projects. Given the activation of the contingency plan, the assessment will now serve to inform revisions and strategic prioritization of the FPF Capacity Building Plan components. Annex 8.8 provides information on the findings of interim fiduciary assessment.
190. When it is deemed that the FPF has the necessary capacity to be fund manager, the GoL will communicate this position to the World Bank. The World Bank may subsequently determine further action, such as the need for an additional independent fiduciary assessment.
191. The estimated cost for the FPF capacity building has been developed. The focus is to address aspects of: a) governance; b) program management; and, c) financial management. See **Table 20** for capacity building plan for FPF.

**Table 20 Estimated Costs for FPF Capacity Building**

No	Forest Protection Fund Strengthening	Unit	2021	2022	2023*	Total (USD)
<b>A.</b>	<b>Technical Assistance</b>					
1	Int'l Fund Management Consultant/Team Leader	Month	74.200	53.000	0	<b>127.200</b>
2	Financial Management Consultant (National)	Month	10.600	10.600	0	<b>21.200</b>
3	Development of Financial Management Manual +training	Month	48.620	0	0	<b>48.620</b>
4	Development of Procurement Manual +training	Month	60.500	16.500	0	<b>77.000</b>
6	Operations and IT Specialist (short term)	Month	35.200	0	0	<b>35.200</b>
<b>B.</b>	<b>FPF Consultations/Workshops/Trainings</b>					
1	General IT proficiency training (4 FPF Central +12 provincial)	Package	10.590	0	0	<b>10.590</b>
2	General IT proficiency training (29 districts)	Package	0	20.517	0	<b>20.517</b>
3	Advanced Excel training (4 FPF Central)	Package	765	0	0	<b>765</b>
4	Procurement training (4 FPF Central +12 provincial)	Package	10.590	0	0	<b>10.590</b>
5	FMIS training (4 FPF Central +12 provincial)	Package	10.590	0	0	<b>10.590</b>
6	FMIS training (2 FPF Central +29 districts)	Package	0	20.517	0	<b>20.517</b>
7	Budgetting: AWP 2022 workshop (4 PMU +4 FPF Central +12 provincial)	Package	0	5.295	0	<b>5.295</b>
8	Training on monitoring (socio-eco indicators) (2 FPF Central +12 provincial)	Package	0	7.413	0	<b>7.413</b>
<b>C.</b>	<b>IT Equipment and Software (including installation)</b>					
1	FMIS license +parameters +training +hotline (Sage300+PAS for subnational)	Package	57.200	0	0	<b>57.200</b>
2	IT Equipment for FPF Head Quarter	Package	18.788	0	0	<b>18.788</b>
3	Upgrade DOF/FIPD Server Room	Package	27.324	0	0	<b>27.324</b>
4	Provincial offices: 1 laptop, 1 photocopier/scanner, 1 external hard drive	Package	16.016	0	0	<b>16.016</b>
5	District offices: 1 laptop, 1 basic scanner+printer, 1 WiFi	Package	0	81.983	0	<b>81.983</b>
<b>D.</b>	<b>FPF complementary staffing</b>					
1	Procurement Specialist	Month	0	21.000	10.500	<b>31.500</b>
2	FMIS oversight & IT maintenance specialist	Month	0	8.000	4.000	<b>12.000</b>
3	Internal auditor	Month	0	18.000	9.000	<b>27.000</b>
	<b>TOTAL (A+B+C+D)</b>		<b>380.982</b>	<b>262.825</b>	<b>23.500</b>	<b>667.307</b>
	Notes:					
	* = up to June 2023					



**Figure 17 Diagram of subjects areas for FPF Capacity Building**



## 7 COMMUNICATION

### 7.1. Summary of Consultations

#### 7.1.1 *Stakeholder Consultations 2016-2019*

192. Consultations for the development of the GFL and I-GFL started in 2016, with the development of the PRAPs. During the period of 2016-2019, a total of 186 consultations were held, during which 5,525 persons participated, out of which 1,316 were women. Separate consultations were also held with ethnic women groups to develop gender integration plans. Consultations with local authorities and communities, including ethnic peoples in all of the six provinces of the Program, provided information on objectives, description, and components, and potential impacts (positive and negative) of the Program, and the safeguards package.
193. Consultations were held in a manner that would elicit discussion and questions. Key documents pertaining to the Program were made available in a summarized form. In February 2019, additional consultations were held in 30 villages in the provinces. In April 2019, a consultation was conducted with key stakeholders of the six provinces for validation of project components and activities. The ER title consultation with land holders was conducted in August 2019 within the six provinces. The intensive BSP consultations were conducted in September and October 2019.

#### 7.1.2 *Consultations for Development of the BSP*

194. The focused and specific consultative process for the design of the GFL benefit-sharing plan started in January 2019 and undertook a review of existing approaches to benefit sharing in the forestry and natural resources sector in Lao PDR. This culminated in several meetings of the BS-TWG, which endorsed the road map and approach to develop the BSP. In order to understand the Program context and field realities, several members of the BS-TWG participated in consultations held during 2019.
195. Based on the review document, several meetings with key members of REDD+ Division and the BS-TWG have been held to develop the framework for the benefit-sharing plan. Senior staff and policy makers from several key ministries participated in the consultation-workshop, which was held in May 2019 on the ERPA negotiation process.

196. A direct outcome of this workshop has led to revisions in the framework, based on an improved understanding of key elements that will contribute to an effective benefit-sharing plan for the project context. Institutional arrangements and fund agency for benefit sharing were also consulted on during the BS-TWG meeting from July to October 2019. The FPF was chosen as the State Fund Agency for GFLB BSP implementation, with consideration of the new Forest Law (2019).
197. In October 2019, the GoL agreed that the MoF will allow the FPF to manage the FCPF Carbon Fund through a custodian bank. It means that the fund disbursement process will be faster than the normal process, as the approval process from relevant ministries becomes shorter. This means that a timeframe of less than one month can be achieved to disburse the funds to beneficiaries.
198. During the public consultation in provinces, proportions in operational costs between national and sub-national agencies were consulted on. The proportions were calculated based on the role of responsibilities of agencies in the ER Program. Following a robust and long debate, it was finally agreed that national agencies will have a slightly higher (54.5 percent) proportion of funds, for facilitating the ER Program, than the sub-national agencies (45.5 percent).
199. In parallel, the process of assessing the ability of the Program entity for ER title transfer has also resulted in multiple focus group discussions, bilateral meetings with the Legal Department at the Prime Minister's Office, the Law Committee of the National Assembly, and with key ministries. Several meetings of the BSP-TWG, and internal meetings with senior DoF/MAF policy makers, have also been held. To enhance understanding of the ER title transfer issues and the benefit sharing plan, key documents have been translated, presentations made, and discussions held in the Laos language.
200. On 12 July 2021, the BSP-TWG agreed to use the FCPF Grant Mechanism as the benefit sharing mechanism for the ERPA. In addition, the meeting also agreed to extend the FPF capacity building up to July 2023 and recommended that the FPF should be made ready to receive climate finance from the ERPA, or other sources, as soon as possible. Going forward, meetings to update the PRAPs and implementation workplans will be conducted through virtual forums, particularly with members of the NRTF, DoF, and PAFOs from the six provinces.

201. **Table 21** summarizes the BSP consultations, including on ER title with land holders in the six provinces of northern Laos.

**Table 21 Consultations on BSP and ER Title with Land Holders in ER Program Area**

Date	Description	Participants		
		Total	Men	Women
<b>Sub-national Consultations</b>				
2-3 April 2019	Sub-national consultation on safeguards and BSP	76	57	19
<b>BSP TWG Meetings</b>				
31 Jan – 2 Feb 2017	BS TWG meeting on lessons sharing	37	22	15
5-6 Apr 2017	BS TWG meeting	7	5	2
27 Apr 2017	BS TWG meeting	7	5	2
2 July 2019	Consultation on BSP draft	14	10	4
5 July 2019	Consultation on BSP institutional arrangements	11	7	4
18 July 2019	Consultation on BSP institutional arrangements	12	8	4
<b>Consultations on ERs title with land holders in the 6 Northern provinces</b>				
5 August 2019	Oudomxay province	30	24	6
	Xayaburi province	24	19	5
6 August 2019	Luang Namtha province	30	26	4
	Luang Prabang province	19	16	3
8 August 2019	Bokeo province	27	24	3
	Huaphan province	28	25	3
24 September 2019	National REDD+ Task Force Meeting	31	26	5
1 October 2019	ERPA negotiation team meeting (related to Advance Payment)	23	19	4
2 October 2019	BSP National Technical Working Group Meeting	12	7	5
4 October 2019	Vientiane Province (BSP National Consultation with Six PAFO/DAFO)	28	23	5
8 October 2019	Bokeo Province (BSP consultation covering 3 provinces)	66	53	13
10 October 2019	Luang Prabang Province (BSP consultation covering 3 provinces)	46	34	12
<b>Other Consultations</b>				
9 Mar 2017	Consultation on the implementation of the 6 TWGs	11		
12-15 Dec 2017	6 TWGs meeting on REDD+ preparedness progress review with the World Bank	48		
12 July 2021	BSP Technical Working Group	10	6	4

## 8 ANNEXES

### 8.1 ER Program Detailed Operational Costs

Key operational costs include project management (USD 620,700) and technical support (USD 379,300). The project management will cover technical assistance, purchase of IT equipment and operating cost at the national level. Technical capacity at both national and sub-national levels will be strengthened through the recruitment of Financial Management Assistants, a Project Management Advisor, International Senior Advisor to Support REDD+, Junior Foresters, Financial Auditor, and others. IT hardware and software will be purchased for Provincial PMUs. In addition, the existing PMU consultants at the REDD+ Division/DoF will be retained to continue as part of the GFLM PMU.

**Table 22 ERPA Financing Plan for Readiness and Operational Costs 2021 - 2025**

Project Component	FCPF Readiness Fund	Carbon Fund AP	Carbon Fund RBP	Total
1 PROJECT MANAGEMENT	620.700	1.815.700	2.176.363	4.612.763
2 TECHNICAL SUPPORT	379.300	1.184.300	1.123.637	2.687.237
<b>Total (USD)</b>	<b>1.000.000</b>	<b>3.000.000</b>	<b>3.300.000</b>	<b>7.300.000</b>

For effective ER Program implementation, capacity for social and environmental safeguards implementation is required at both national and sub-national levels. Three Social and Environment Safeguard Units (SESU) will be set up, with one at national and two at provincial levels. The two units at provincial levels will be setup in Luang Namtha and Luang Prabang, each representing a cluster of three provinces (Refer to Section 5.3). Setting up and capacity building of these units will be undertaken through the FCPF Readiness Grant between 2021 and 2022, and may continue for 12 to 18 months.

Further operational costs will go towards strengthening the FPF. A full capacity development plan for the FPF is described in a separate document.

See **Table 23** for allocation and total operational cost of the ER Program (2021 – 2025).

**Table 23 ERPA Operational Costs – Financial Plan 2021 – 2025**

Project Component		2021	2022	2023	2024	2025	TOTAL (USD)
<b>1</b>	<b>PROJECT MANAGEMENT</b>	<b>1,038,000</b>	<b>1,646,000</b>	<b>846,000</b>	<b>744,500</b>	<b>338,263</b>	<b>4,612,763</b>
1.1.1	Management and Support Staff (Project Management Advisors, Financial Management Assistants, Office Admin Assistants, and Supporting Staff)	285,000	291,000	282,000	163,500	108,263	1,129,763
1.1.2	CTA	-	138,000	69,000	-	-	207,000
1.1.3	M and E Consultant	-	36,000	18,000	-	-	54,000
1.1.4	Senior Liaison and Forestry Consultant	-	42,000	21,000	-	-	63,000
1.1.5	Capital expenses	150,000	200,000	-	-	-	350,000
1.1.6	Recurring Costs	173,000	279,000	144,000	269,000	84,000	949,000
<b>1.2</b>	<b>PMU Province</b>	<b>430,000</b>	<b>660,000</b>	<b>312,000</b>	<b>312,000</b>	<b>146,000</b>	<b>1,860,000</b>
1.2.1	Management and Support Staff	82,000	92,000	72,000	72,000	62,000	380,000
1.2.2	Capital expenses	120,000	290,000	-	-	-	410,000
1.2.3	Recurring costs	228,000	278,000	240,000	240,000	84,000	1,070,000
<b>2</b>	<b>TECHNICAL SUPPORT</b>	<b>481,382</b>	<b>859,055</b>	<b>648,500</b>	<b>374,000</b>	<b>324,300</b>	<b>2,687,237</b>
<b>2.1</b>	<b>Natural Resource Management</b>	<b>0</b>	<b>144,000</b>	<b>144,000</b>	<b>120,000</b>	<b>112,000</b>	<b>520,000</b>
2.1.1	<i>Forest Planning and Management Specialist</i>	0	36,000	36,000	36,000	28,000	136,000
2.1.2	<i>NRM Policy and Research Specialist</i>	0	36,000	36,000	28,000	28,000	128,000
2.1.3	<i>Climate Smart Agriculture Specialist</i>	0	36,000	36,000	28,000	28,000	128,000
2.1.4	<i>Sustainable Livelihoods Development Specialist</i>	0	36,000	36,000	28,000	28,000	128,000
<b>2.2</b>	<b>Safeguards Management</b>	<b>28,400</b>	<b>212,800</b>	<b>193,000</b>	<b>128,000</b>	<b>104,300</b>	<b>666,500</b>
2.2.1	<i>SESU Management Specialist</i>	0	36,000	36,000	21,000	21,000	114,000
2.2.2	<i>Social Safeguards Specialist</i>	0	36,000	36,000	21,000	21,000	114,000
2.2.3	<i>Environmental Safeguards Specialist</i>	0	36,000	36,000	21,000	21,000	114,000
2.2.4	<i>Landscape Governance Advisor (international)</i>	0	69,300	49,500	29,500	20,000	168,300
2.2.5	<i>Benefit Sharing Mechanism Advisor (International)</i>	28,400	35,500	35,500	35,500	21,300	156,200
<b>2.3</b>	<b>Measurement, Reporting and Verification</b>	<b>72,000</b>	<b>72,000</b>	<b>72,000</b>	<b>72,000</b>	<b>54,000</b>	<b>342,000</b>
2.3.1	<i>NFMS and MRV Specialist</i>	0	36,000	36,000	36,000	33,000	141,000
2.3.2	<i>Land Use Change Assessment Specialist</i>	0	36,000	36,000	36,000	21,000	129,000
<b>2.4</b>	<b>Capacity Building</b>	<b>0</b>	<b>172,000</b>	<b>216,000</b>	<b>54,000</b>	<b>54,000</b>	<b>496,000</b>
2.4.1	<i>Capacity Building Assessment Specialist (National)</i>	0	36,000	36,000	9,000	9,000	90,000
2.4.2	<i>Training of Trainers Specialist (National)</i>	0	36,000	36,000	9,000	9,000	90,000
2.4.3	<i>Village Facilitators (6 Specialists)</i>	0	0	144,000	36,000	36,000	216,000
2.4.4	<i>Safeguards Training of Trainers (Firm)</i>	0	50,000	0	0	0	50,000
2.4.5	<i>Landscape Governance Training (Firm)</i>	0	50,000	0	0	0	50,000
<b>2.5</b>	<b>Forest Protection Fund Strengthening</b>	<b>380,982</b>	<b>258,255</b>	<b>23,500</b>	<b>0</b>	<b>0</b>	<b>662,737</b>
2.5.1	<i>Technical assistance</i>	229,120	75,530	0	0	0	304,650
2.5.2	<i>FPF Consultations/Workshops/Trainings</i>	32,534	53,742	0	0	0	86,276
2.5.3	<i>IT Equipment and Software (including installation)</i>	119,328	81,983	0	0	0	201,311
2.5.4	<i>FPF complementary staffing</i>	0	47,000	23,500	0	0	70,500
<b>Total (USD)</b>		<b>1,519,382</b>	<b>2,505,055</b>	<b>1,494,500</b>	<b>1,118,500</b>	<b>662,563</b>	<b>7,300,000</b>

## 8.2 Development Partner Agriculture and Forestry Project Portfolio and Budget

Table 24 Development Partner Project Portfolio and Budget

No.	Development Partner Status	Project	Location		Budget (million)		Objectives
			GFL	National	GFL	National	
1	IFAD 2020-2025	PICSA Partnerships for Irrigation and Commercialization of Smallholder Agriculture	Huaphan Luang Prabang Sayabouri Xieng Khouang	-	USD 30.25	-	Profitable smallholder irrigated agriculture, improved diets, encompassing increased dietary intake and improved diet quality for nutritionally vulnerable group, school-based nutrition interventions.
2	ADB/EU 2020-2027	Sustainable Rural Infrastructure and Watershed Management Sector Project	Huaphan Luang Prabang Sayabouri Xieng Khouang	-	USD 51.46	-	The project will increase the profitability of the agriculture, natural resources and rural development sector by enhancing sustainable, market oriented agricultural production together with natural resources management.
3	APFNet 2015-2022	SFM-NL Sustainable Forest Management in the Northern part of Lao PDR	Bokeo Luang Namtha Odomxay		USD 3.56		To explore, test and demonstrate effective approaches on forest restoration and forest management and responding mechanism to generate sustainable flow of benefit to closely related stakeholders. To strengthen forest law enforcement and promote cooperation on trans-boundary biodiversity conservation. To share information and knowledge of best practices on forest restoration and rehabilitation.
4	EU 2013-2021	FLEGT Forest Law Enforcement, Governance and Trade	-	National	USD 4.50 (25 percent)	USD 13.50	To improve opportunities for the Laos timber industry to access the EU market, diversify timber industry and products, and increase revenue from timber exports.
5	Carbon Fund 2020-2024	GFL Governance, Forest Landscapes and Livelihoods-Northern Laos	Bokeo Huaphan Luang Namtha Luang Prabang Oudomxay Sayabouri	-	USD 42.00	-	The project objective is to reduce greenhouse gas emissions and enhance removals from Lao PDR's forest.
6	GIZ 2019-2021	CLiPAD Climate Protection through Avoided Deforestation	Houaphan, Luang Prabang, Sayaboury	National	USD 2.80	-	The framework conditions for implementing the GoL's ERP have been improved at national level and in six northern provinces.

No.	Development Partner Status	Project	Location		Budget (million)		Objectives
			GFL	National	GFL	National	
7	KfW 2008-2020	CLIPAD – FC Climate Protection through Avoided Deforestation- Financial Cooperation Module	Houaphan	National	USD 12	USD 1.20	To regulate and promote sustainable management, protection and conservation of village forests by establishing a legal basis and framework to link all village forest categories with international funding for climate change mitigation, and to channel it down to the village-level through performance-based payments.
8	GIZ 2020-2024	I-GFL Implementation Plan – Governance, Forest Landscapes and Livelihoods – Northern Laos Sub-Project 1, Phase 1	Houaphan Luang Prabang Sayabouri	-	USD 25.70	USD 14.16	The program’s main objective is to support the Government and people of Laos in changing the present-day use of forests and landscapes and to ensure a transition to sustainable management at scale. This will reduce close to 58m tCO2eq over the project’s duration.
9	JICA 2015-2021	F-REDD I Sustainable Forest Management and REDD+ Support Project	Luang Prabang Oudomxay	National	Not separated	USD 7.90	Capacity for sustainable forest management is strengthened through incorporation of REDD+ into the sector strategy and improved forest resource information.
10	JICA 2022 - 2027	F-REDD II Sustainable Forest Management and REDD+ Support Project	-	National	Not separated	TBD	Capacity for sustainable forest management in collaboration with REDD+ programs and REDD+ funds is enhanced.
11	KfW 2019-2026	VFMP Village Forestry Management Project	Luang Prabang Sayabouri	National	USD 7.00	USD 0.70	The condition of forest ecosystems and the livelihood of the population in the project areas are improved by the sustainable management of village forests.
12	KfW 2015-2022	ICBF Integrated Conservation of Biodiversity and Forests	Bokeo Luang Namtha	National	USD 9.40	USD 1.30	Effective management of two target landscapes (NPAs, corridors) contributes to sustaining biodiversity in forest ecosystems, while supporting livelihoods of forest-dependent communities. ICBF supports various measures to address the loss of biodiversity/ forests (threats/ drivers).
13	World Bank 2014-2021	LENS2 Second Lao Environment and Social Project	Luang Prabang	National	USD 4.00 (10 percent)	USD 38.00	To provide support to forested upper watersheds of rivers important to hydropower, agriculture, irrigation and flood prevention; create wildlife and Protected Area enforcement standards; support capacity building for institutions that implement environmental and social impact legislation.



No.	Development Partner Status	Project	Location		Budget (million)		Objectives
			GFL	National	GFL	National	
14	World Bank 2013-2021	SUPFSM Scaling-Up Participatory Sustainable Forest Management Project	Bokeo Huaphan Luang Namtha Luang Prabang Oudomxay Sayabouri	National	USD 10.00 (25 percent)	USD 30.00	Reduce carbon emissions through participatory sustainable forest management in priority areas and to pilot forest landscape management in four northern provinces in Lao PDR.
15	FAO 2020-2025 Pipeline	Climate Smart Agriculture alternatives for upland production systems in Lao PDR	Huaphan Luang Prabang	National	USD 2.00	USD 4.00	To enhance resilience of vulnerable upland communities to climate change impacts through CSA practices in upland production systems.
16	FIP/IDA 2019-2021	LA-Scaling-Up Participatory Sustainable Forest Management (Additional Funding)	7 PFAs located in Bokeo, Luang Namtha, and Oudomxay			USD 5.00	To execute REDD+ activities through participatory sustainable forest management in priority areas and to pilot forest landscape management in four provinces.
17	IDA/GEF 2021-2026	Lao Landscape and Livelihood Program	Selected landscapes	National and selected landscapes		USD 57.00	To improve sustainable forest management and enhance livelihoods and tourism opportunities in selected landscapes in northern, central and southern Lao PDR.
18	GIZ 2023-2029 Pipeline	I-GFL Implementation Plan – Governance, Forest Landscapes and Livelihoods – Northern Laos Phase 2	Bokeo Oudomxay Luang Namtha	-	USD 30.00	-	The program's main objective is to support the Government and people of Laos in changing the present-day use of forests and landscapes and to ensure a transition to sustainable management at scale. This will reduce close to 58m tCO <sub>2</sub> eq over the project's duration.
			<b>Million</b>	<b>Sub-Total USD</b>	<b>USD 234.67</b>	<b>USD 172.76</b>	
			<b>Million</b>	<b>TOTAL USD</b>	<b>USD 407.43</b>		

## 8.3 Legislative Framework of Lao PDR Authorizing MAF to ER Title Management

**Table 25 Legislative Framework for ER Title Management**

Text	Articles	Wordings
Constitution	Article 17.2	Land, mine, water, air, forest, non-timber forest products, aquatic animal, wildlife, other natural resources are property of the national community which are managed by the State on its behalf. However, the constitution acknowledges property rights (rights of possession, rights of use, rights of usufruct, rights of disposition) and inheritance rights to individuals, legal entities and organisations in accordance with the laws.
Land Law	Article 3	Land of the Lao PDR is under the ownership of the national community as prescribed in Article 17 of the Constitution in which the State is charged with the centralised and uniform management [of land] throughout the country and with the allocation [of land] to individuals, families and economic organisations for use, lease or concession, [the allocation] to army units, State organisations, political organisations, the Lao Front for National Construction, [and] mass organisations for use [, and the allocation] to aliens, apatrids, foreign individuals and organisations of such persons for lease or concession.
Land Law	Article 18	The Ministry of Agriculture and Forestry is charged with managing agricultural land, determining different categories of agricultural land, studying and developing regulations on the management, protection, development, and use of this category of land and, thereafter, submitting [them] to the government for consideration and approval.
Land Law	Article 20	The Ministry of Agriculture and Forestry is charged with managing forest land, determining different categories of forest land, studying and developing regulations on the management, protection, development, and use of this category of land, including environmental protection, and, thereafter, to submit [them] to the Government for consideration and approval.
Forest Law	Article 2	Forest is a precious natural resource of the nation and its specific ecology consists of biodiversity, water resources and forestland with various tree species growing naturally or planted in the protection forest zone, conservation forest areas and production forest areas.
Forest Law	Article 4	Natural forest and Forestland are the property of the nation community and The State manages through centralization and unity throughout the country. Trees planted by people or planted by an organisation in the areas designated with their labour and/or funds within recognition of the Forest and Forestland Management Organisation shall become the property of such individuals or organisations.
Forest Law	Article 5	The State has the policy to invest in preservation, regeneration, development of forest and Forestlands in connection with the socio-economic development plan and in building facilities and technical bases for preserving the environment, water resources, biodiversity and people's livelihoods including the provision of sedentary livelihoods. The State encourages individuals, households and organisations to carry out protection and development of all forest types, forest regeneration and tree planting activities in degraded Forestland and barren Forestland areas to become abundant forests for environmental protection, tree planting for raw material supply to industry and handicraft factories with the provision of various incentive policies such as credit and exemption or reduction of taxes and duties according to the regulations.
Forest Law	Article 6	Protection, development and utilization of forests and Forestlands shall be implemented according to the following principles: 1. Ensuring the central management by the State throughout the country. 2. Ensuring the relevance with the socio-economic development plan, duties of national defence and security, forestry strategy, and master plan and plans of forest and Forestland utilization. 3. Ensuring protection, regeneration, development of forests and Forestlands, water resources, biodiversity and the environment to abundance with people's participation. 4. Ensuring benefits to the State, organizations and individuals engaged in protection, development of forests and Forestlands according to the laws and regulations. 5. Ensuring effective, efficient and sustainable utilization of forests and Forestlands without negative impacts on the environment. 6. Linking the forestry development strategy of Lao PDR with regional and international.

Text	Articles	Wordings
Forest Law	Article 57	The Ministry of Agriculture and Forestry is authorized to manage forestland and to define forestland types in collaboration with other sectors concerned to study and making regulations in the management, preservation, development and utilization of these types of land including preservation of environment and then submit them to the government for consideration and approval.
Forest Law	Article 62	The Ministry of Agriculture and Forestry is authorized to develop forestland by creating a coordination mechanism between sectors concerned, local administration authorities and all parties in the society including people to take part in forestland development by issuing policies, methods and measures related to preservation, improvement and rehabilitation of land to be in better condition with higher values and maintaining a healthy forest ecosystem.
Forest Law	Article 77	The government assigns the Ministry of Agriculture and Forestry in collaboration with the Ministries concerned such as the Ministry of Industry and Commerce, the National Land Management Authority, the Water Resource and Environment Agency, the Ministry of Energy and Mining, the Ministry of Public activities and Transport, the National Tourism Authority, the Ministry of Planning and Investment, the Ministry of National Defence, and the Ministry of Information and Culture to carry out the preservation and development of forest and forestland resources in a sustainable manner in accordance with the strategy national socio-economic development plans, the forestry strategy and the environment management strategy and the scope of the formulated management plans.
Forest Law	Article 84	After forest zoning, forest category classification, delineation of forest and forestland areas, the State allocates the ownership to organisations and individuals.
Forest Law	Article 90	The allocation right to use forest and forestland areas of the State is the decision of authorised organizations to grant forest and forestland areas to village administration authorities for long-term sustainable use according to the management plan and laws and regulations. Allocation of rights to use forestland is the decision of authorized organizations to grant forestland to individuals, households and organizations living in the designed forest area for the sustainable use according to the contract and laws and regulations.
Forest Law	Article 104	The government manages forest and forestland areas in a centralised and uniform way throughout the country by assigning the Ministry of Agriculture and Forestry to be as central agency of coordination with other organisations concerned such as the National Land Management Authority, the Ministry of Industry and Commerce, the Ministry of Energy and Mining, the Ministry of Public Health and the Water Resources and Environment Agency The forest and forestland management organisation in Lao PDR is comprised of : <ol style="list-style-type: none"> <li>1. The Ministry of Agriculture and Forestry, the Department of Forestry acts as the secretariat.</li> <li>2. Provincial or Vientiane Capital Agriculture and Forestry Office.</li> <li>3. District or Municipal Agriculture and Forestry Office.</li> <li>4. Village Forestry Units.</li> </ol>

## 8.4 GFLL Consultation on Institutional Arrangements and Proportions for BSP of ER Program

**Date: 2 July 2019**

Participants: Refer to participant list

Location: REDD+ Division Meeting Room

### Content of the meeting:

- BSP institutional arrangements.
- Benefit sharing mechanism and benefit allocation.
- Roles and responsibilities of relevant stakeholders.
- Sub-national consultation on BSP.

### Comments/Concerns raised during the discussion:

- More clarification on how emission reduction target is calculated.
- Possibility of having the Forest and Forest Resources Development Fund (FFRDF) as a fund management agency instead of Environment Protection Fund (EPF).
- What will be the activities for community, EPF and DoF?

### Next steps:

- Institutional arrangements and fund flow of both options (EPF and FFRDF) will be proposed and discussed during the next TWG meeting.
- Arrangement of the sub-national consultation.

### List of Participants

No.	Name	Position	Organization	Telephone
1	Mr. Bounhom Phothimath	Social Consultant	REDD+ Division	91660212
2	Mr. Phothong Chandalaphet	Deputy Head	DoLA	55087111
3	Mr. Phetsomphu Kiobmala	Deputy Head	DIMEX. MOIC	55499070
4	Mr. Somchay Inthavong	Deputy Head	DRDC	55340924
5	Mr. Khamma Homsisavath	Head of Department	FIPD	
6	Mrs. Phetsomphone Vonghachack	Head of Office	FFRDF	22205315
7	Mr. Sypha Chanthavong	Legal Consultant	REDD+ Division	22993355
8	Dr. Kinnalone Phommasack	Deputy Head	REDD+ Division	
9	Mr. Kuru	Social Consultant	REDD+ Division	22417524
10	Mr. Anupam Bhatia	Chief Technical Advisor	REDD+ Division	
11	Ms. Pinkeo Imsokasy	Officer	DoPF. DoF	56878731
12	Mr. Phetdavong Namphachan	Deputy Head	REDD+ Division	59210202
13	Mr. Soukphavanh Sawathvong	Officer	REDD+ Division	28125273
14	Ms. Souchitta Chemcheng	Environmental Consultant	REDD+ Division	59998438

**Date: 5 July 2019**

Participants: Refer to participant list

Location: REDD+ Division Meeting Room

**Content of the meeting:**

- Discussion on the institutional arrangements and benefit sharing mechanisms under both options (EPF and FFRDF).

**Comments/Concerns raised during the discussion and next steps:**

- More details on the pros and cons of each option is required and to be discussed in the next meeting.

**List of Participants**

No.	Name	Position	Organization	Telephone
1	Mr. Kuru	Social Consultant	REDD+ Division	22417524
2	Mr. Phetsomphu Kiobmala	Deputy Head	DIMEX. MOIC	55499070
3	Mr. Somchay Inthavong	Deputy Head	DRDC	55340924
4	Mr. Phothong Chandalaphet	Deputy Head	DoLA	55087111
5	Ms. Pinkeo Imsokasy	Officer	DoPF. DoF	56878731
6	Mr. Soukphavanh Sawathvong	Officer	REDD+ Division	28125273
7	Ms. Souchitta Chemcheng	Environmental Consultant	REDD+ Division	59998438
8	Mr. Bounhom Phothimath	Social Consultant	REDD+ Division	91660212
9	Mrs. Phetsomphone Vonghachack	Head of Office	FFRDF	22205315
10	Dr. Kinnalone Phommasack	Deputy Head	REDD+ Division	
11	Mr. Sypha Chanthavong	Legal Consultant	REDD+ Division	22993355

**Date: 18 July 2019**

Participants: Refer to participant list

Location: DoF Meeting Room

**Content of the meeting:**

- Benefit sharing mechanism.
- Fund transfer and management.
- Discussion on the pros and cons of institutional arrangements and benefit sharing mechanisms under both options (EPF and FFRDF).

**Comments/Concerns raised during the discussion:**

- The revised Forestry Law on the Forest Protection Fund (formerly known as FFRDF) indicates that one of the revenue sources of the fund comes from trade of forest carbon.
- Two options were suggested for further analysis of pros, cons and improvements needed for each option:
  - Option 1: EPF as a fund management agency but has to strengthen the capacity of FPF in the areas of management, administration, monitoring and evaluation.
  - Option 2: EPF as a fund management agency but with the condition that after the capacity of FPF has been strengthened, FPF will become the fund management agency. The FPF management fee of 8 percent is too high. This needs to be discussed.
- What are the activities for result-based payment at the community level? How will the payment be made? How will the fund be managed? Will it go to village revolving fund? How will community and individual receive the benefits.

**List of Participants**

No.	Name	Position	Organization	Telephone
1	Mr. Susath Xayakoumman	Director	DoF	021215000
2	Mr. Bounhom Phothimath	Social Consultant	REDD+ Division	91660212
3	Mrs. Phetsomphone Vonghachack	Head of Office	FFRDF	22205315
4	Mr. Stepi Hakim	BSP Consultant	REDD+ Division	
5	Ms. Souchitta Chemcheng	Environmental Consultant	REDD+ Division	59998438
6	Mr. Khamsene Ounkham	Director	REDD+ Division	54466829
7	Mr. Saleumxay Dalavong	Officer	DoA. MoF	28212222
8	Mr. Phonexay Keopaseuth	Officer	DoPF. DoF	55318184
9	Mr. Aphisith Panyasack	Officer	REDD+ Division	78742208

10	Ms. Sandy Soukaseum	Officer	REDD+ Division	95485055
11	Mr. Sypha Chanthavong	Legal Consultant	REDD+ Division	22993355
12	Ms. Samnak Sisavath	Deputy Head of Sector	REDD+ Division	29802414

**Date: 24 September 2019**

Subject: NRTF Meeting chaired by Vice Ministry of Agriculture and Forestry

Location: DoF Meeting Room

Participants: 31 Person (5 women) - MONRE, F-REDD, Ministry of Energy & Mining, MAF, GIZ, MPI

**Content of the meeting:**

- Review and update REDD+ Program in Laos including Benefit sharing Plan.
- The decision for FPF as Fund Agency for FCPF Carbon Fund.

**Comments/Concerns raised during the discussion:**

- Agreed FPF as Fund Agency for FCPF Carbon Fund implementation.
- Need to explore the necessary policies within MAF and MoF for FPF to be eligible for FCPF Carbon Fund requirement.

**Date: 1 October 2019**

Subject: ERPA negotiation team meeting (related to Advance Payment) chaired by Deputy DG

Location: DoF Meeting Room

Participants: 23 Person (4 women) – DoF, REDD+ Division, and Consultants, MoF, MPI

**Content of the meeting:**

- Explanation of ERPA term sheet.
- Comparison of ERPA term sheet with other countries.
- Proposed ERPA terms sheet with consideration of Advance Payment.
- Advance payment will cover operational cost of ER Program.

**Comments/Concerns raised during the discussion:**

- Agreed ERPA terms sheet.
- Need to explore the advance payment and the impacts to the distribution of benefits to beneficiaries.

**Date: 2 October 2019**

Subject: BSP National Technical Working Group Meeting chaired by DG

Location: DoF Meeting Room

Participants: 12 Person (5 women) - DoF, REDD+ Division, and Consultants, MPI, MoF

**Content of the meeting:**

- Review and update Benefit sharing Plan.
- The decision for FPF as Fund Agency for FCPF Carbon Fund as the result of 24 September 2019.

- Consideration to speed up the fund disbursement to beneficiaries.

**Comments/Concerns raised during the discussion:**

- Proportions of benefit sharing plan need to be consulted with sub-National stakeholders (particularly with PAFO/DAFO).
- MAF and MoF will provide solution to accelerate the fund disbursement so that FPF can manage and transfer the funds to beneficiaries based on annual ER programs.

**Date: 4 October 2019**

Subject: BSP National Consultation with Six PAFO/DAFO chaired by Deputy DG

Location: Talath (Vientiane Province)

Participants: 28 Person (5 women) –representatives from six PAFO provinces, REDD+ Division, Consultants.

**Content of the meeting:**

- Update Benefit sharing Plan.
- The decision for FPF as Fund Agency for FCPF Carbon Fund as the result of 24 September 2019.
- Consultation of proportions in BSP.

**Comments/Concerns raised during the discussion:**

- Participants agreed that FPF as Fund Agency for FCPF Carbon Fund.
- Participants agreed with proportions of benefit sharing plan. However, it needs to explore the detail role and responsibility of government agencies in ER Program.
- The operational cost is proposed to be between 20-25 percent from total ER Payments.

**Date: 8 October 2019**

Subject: BSP provincial Consultation with relevant stakeholders chaired by Deputy DG

Location: Bokeo Province

Participants: 66 Person (13 women) - five villages, LFNC, LWU, Furniture Association, districts, CSO (GCA), Rubber Purchasing Association, Defence. (Bokeo, Luang Namtha, and Oudomxay)

**Content of the meeting:**

- Update Benefit sharing Plan.
- The decision for FPF as Fund Agency for FCPF Carbon Fund as the result of 24 September 2019.
- Consultation of proportions in BSP.

**Comments/Concerns raised during the discussion:**

- Participants agreed that FPF as Fund Agency for FCPF Carbon Fund.
- Participants agreed with proportions of benefit sharing plan. However, it needs to explore the detail role and responsibility of government agencies in ER Program.
- The operational cost is proposed to be between 20-25% from total ER Payments, but it might be based on the negotiation with the World Bank.



**Date: 10 October 2019**

Subject: BSP provincial Consultation with relevant stakeholders chaired by Deputy DG

Location: Luang Prabang Province)

Participants: 46 Person (12 women) - LFNC, PAFO/DAFO, Jongher Co., 6 villages, Information, CSO (GCA), GIZ, LWU, three provinces (Huaphanh, Sayabouri, Luang Prabang).

**Content of the meeting:**

- Update Benefit sharing Plan.
- The decision for FPF as Fund Agency for FCPF Carbon Fund as the result of 24 September 2019.
- Consultation of proportions in BSP.

**Comments/Concerns raised during the discussion:**

- Participants agreed that FPF as Fund Agency for FCPF Carbon Fund.
- Participants agreed with proportions between national and sub-national agencies, 54.5% and 45.5% accordingly.
- The operational cost is proposed to be 20% from total ER Payments, but it might be based on the negotiation with the World Bank.
- It needs to review proportion of each component to link with cash flow structure.
- Participants agreed with conditions of performance-based payments (5%, 90%, 5%) for beneficiaries.

**Date: 30 June – 1 July 2021**

Subject: Implementation Support Mission for REDD+ Readiness Grant (P125082) and Northern Laos Emission Reductions Payments Project (P165751)

Location: Online Meeting (Vientiane, Vietnam, New York, Spain, Indonesia)

Participants: 39 Person (10 women) – DoF, FiPD, F-REDD/JICA, SUFFORD, IFAD, EPF, LTS Venture, LFND, FPF, and GIZ

**Content of the meeting:**

- to assess and support the implementation of the FCPF REDD+ Readiness Grant and to assess progress in preparations for meeting the Emission Reductions Payment Agreement (ERPA) conditions of effectiveness.

**Comments/Concerns raised during the discussion:**

- Participants agreed that contingency plan is activated.
- Revision of BSP includes i) revising the institutional, financial management and funds flow arrangements; ii) examining the budget and support; iii) maintaining the FPF within the broader narrative; and, iv) including the FPF as a beneficiary of capacity strengthening (and reflected as part of general capacity building).
- Participants agreed that:
  - The finalization of the BSP should be prioritized, while the ongoing FPF capacity building proceeds independently.
  - The draft BSP will be revised to outline the FCPF Readiness Grant financial management arrangements as the default modality for receiving and disbursing the upfront advance and ER payments. The BSP will also contain the GoL's continued aim to transition to the use of the FPF once sufficient fiduciary capacity is achieved to manage the results-based payments. At such time, the Bank would undertake an assessment to ascertain the technical and financial management capacity and systems of the FPF are in place to receive and distribute ERPA payments in accordance with the BSP. In accordance with the results of this assessment the BSP would be revised at such time.
  - The Bank will continue to support further capacity building of the FPF (under the FCPF Readiness Grant until June 2022), so that the FPF can be strengthened to receive carbon revenue in line with government objectives as stated in the revised Forest Law 2019. In the December 2020 mission, it was agreed that the Bank would conduct an independent interim and final fiduciary assessment of the FPF in July 2021. Given the new development, these assessments will now serve to inform revisions and strategic prioritization of the FPF Capacity Building Plan components.
  - The Mission noted that there is no change in the agreed envelope for the advance payment. Revisions to the budget, if any, should be minimal and only if required for consistency with the FCPF Readiness Grant mechanism. The Bank would provide further guidance on the criteria to be used to review the budget.

- The Final BSP and completed response matrix will be submitted to the World Bank by August 15, 2021, to allow sufficient time to complete the review, processing, clearance and disclosure process with the FMT and CFPs in advance of the ERPA effectiveness deadline.

**Date: 12 July 2021**

Subject: BSP Technical Working Group

Location: Online Meeting (Vientiane, Bogor)

Participants: TWG Members, DoF, FPF, REDD+ Division

Name of participants:

- *Mr. Khamsene Ounekham, Deputy DG DoF*
- *Mr. Sombath Panyarsack, Head of REDD+ Division*
- *Ms. Sengphachanh Luangduangsidthideth, Head of FPF*
- *Ms. Samnak Sysavath, REDD+ Division*
- *Dr. Kinnalone Phommasack, Deputy Head of REDD+ Division, DOF, MAF, Deputy Team Leader*
- *Mr. Phonesamay Siheuangxay, Deputy Head of Project Management Division, EPF, MONRE, Team Member*
- *Mr. Somchay Inthavong, Deputy Head of Cooperatives Promotion Division, Department of Rural Development and Cooperative, MAF. Team Member*
- *Mr. Phetsomphou Kiobmala, Deputy Head of Administration Division, Department of Import-Export, Team Leader*
- *Mr. Oulaysin Vartana, Department of State Asset Management, MOF, Team Member*
- *Mr. Phonexay Keopaseuth, Officer of Planning Division, Department of Planning and Finance, MPI, Team Member*
- *Anupam Bhatia (Online), CTA*
- *Mr. Thongsanti B.Vongsaly*

- *Mr. Bounhom Phothimath, Social Safeguard Consultant*
- *Ms. Souchitta Chemcheng, Environmental Safeguard Consultant*
- *Ms. Thipkesone Sanasak, Financial Consultant*
- *Stepi Hakim (Online), BSP consultant*

**Content of the meeting:**

- To Update and Receive TWG Guidance on:
  - DoF decision to activate contingency plan on Fund Agency to receive Advance Payment and ER Payments.
  - Guidance on eligibility criteria to address comments from CFP/FMT regarding payments based on performance/non-performance; floor payment; poverty focus; avoidance of perverse incentives and enhance reward-based logic.
  - Outstanding works that need to be addressed in BSP.

**Comments/Concerns raised during the discussion:**

- Agreed to use FCPF Grant Mechanism as Contingency Plan for ERPA Advance Payment and ER Payments.
- Agreed to extend FPF Capacity Building till the next 2 years up to July 2023 and recommended that FPF should be made ready to receive climate finance from ERPA or other sources as soon as possible.
- Agreed to use funds flow of FCPF Grant Mechanism for Advance Payment and ER Payments (both PAFOs and VDCs). See figures below.
- To address eligibility criteria; performance/non performance/poverty focus/avoidance of perverse incentives and reward-based logic the TWG provided the following guidance:
  - Agreed to refer the existing criteria such as high forest-low deforestation, high forest-high deforestation, low forest low deforestation high, poor and low forest cover, or area based-approach (all villages in the district).
  - However, more options should be proposed for village selection criteria as this will help local authorities to select what is the most suitable criteria for their region. For example, local authority might decide their village as village for conservation purpose.
  - In addition, another criteria would be villages that are not overlapping with any other projects. This is to ensure that all villages would get supported.
  - PRAPs should be used as primary tool as reference for village selection.
  - Recommended that GFLC continue its plan to collect socio-economic and environmental data of the villages as references for village selection.
  - Took note of ongoing socio-economic data being collected by I-GFLC and recommended close coordination to ensure duplication of data collection does not happen.

- Any additional data collection could be carried out by PAFOs and DAFOs using Advance Payment funds during the operational phase.
- Once data collection is done with sufficient knowledge on social, economic, and environmental data, then the selection of villages for GFL can be done based on facts and ground realise to better address community needs.
- Such a process would address comments of the CFP/FMT and this information should be provided to the CFP/FMT.

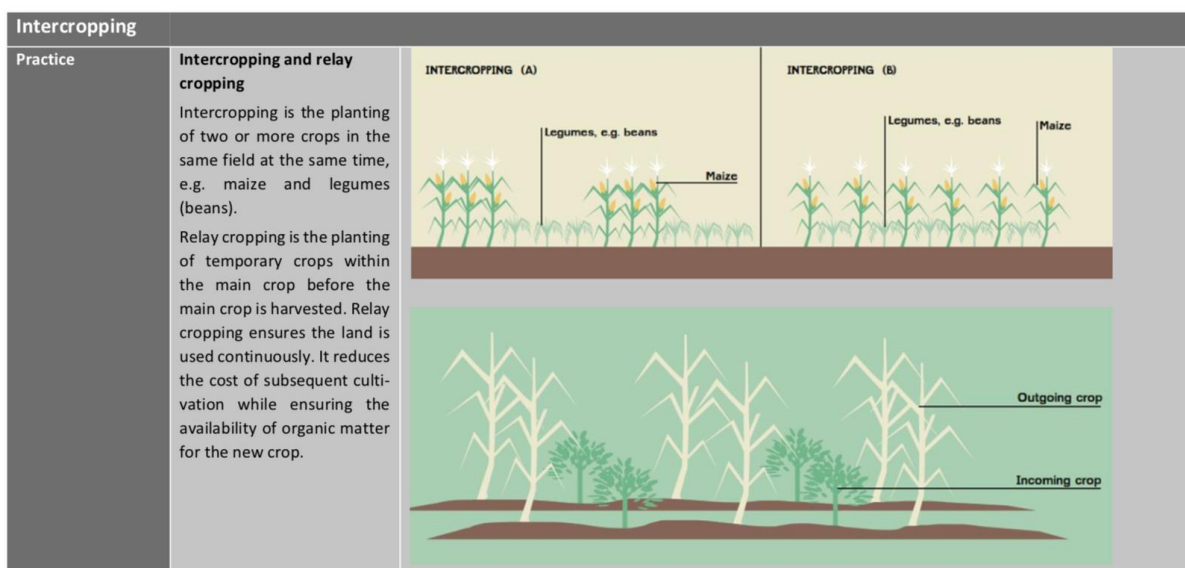
## 8.5 Example of Permitted Activities in Good Agriculture Practices

FAO defines Good Agricultural Practices (GAP) as a “collection of principles to apply for on-farm production and post-production processes, resulting in safe and healthy food and non-food agriculture products, while taking into account economic, social and environmental sustainability.”

In the context of the Northern Region of Lao PDR, a range of agricultural practices is considered to enable sustainable intensification of agriculture production and therewith contribute to a re-duction of deforestation and forest degradation. In general, improvement of soil quality should enable farmers to practice agricultural production on a certain area for a longer period of time, and thus reduce the risk of deforestation for new agricultural area.

Conservation agriculture, practices that minimise disruption of a soil’s structure, will – especially on hilly terrain where soil degradation is a major problem – contribute to soil conservation and soil quality. Practices such as no-tillage, cover crops, crop rotation and/or crop residue management have already shown to reduce and prevent soil erosion and contribute to soil quality and moisture.

Depending on agriculture activities (crops, livestock) that are identified with high potential in certain districts and/or villages, a range of Good Agricultural Practices is possible. Example of good agriculture practices are as follows:



## Conservation Agriculture

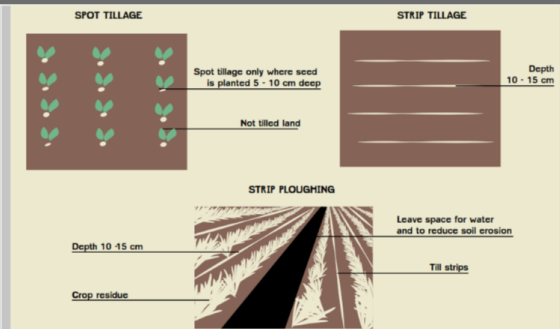
**Practice** **Conservation agriculture**

Conservation agriculture is a way in which crops can be grown in a sustainable way while conserving the environment. Conservation agriculture is based on three core principles:

- Permanent soil cover with mulch or crops residues (residue management), to protect the soil
- Minimal soil disturbance during tillage
- Crop rotation/diversification.

Residue management refers to the sound handling and utilization of plant and crop residues that combines mulching, composting, integrative manure and livestock management. Plant residues are a major source of carbon in soil. Residues can be used as trash lines or mulch, or can be used for feeding livestock. Manure from the livestock can then be collected and used on the farm.

Conservation tillage is a planting system that ensures minimal soil disturbance. It leaves at least 30 - 50 % of the field surface covered with crop residues such as mulch and stubble after planting has been completed. The top and sub soils are not mixed in the process.

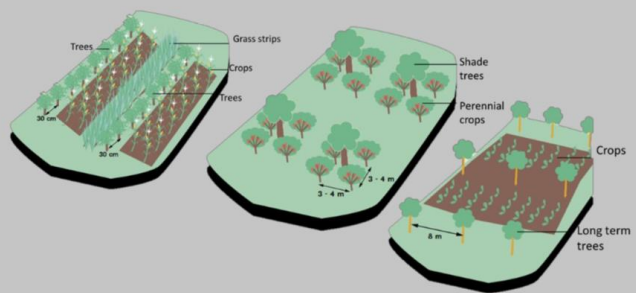


## Agroforestry

**Practice** **Agroforestry: trees between crops, or as livestock fence/shade trees**

One of the bases for establishing resilient and sustainable farming systems is to integrate trees into the system. In mountain areas, the most common farming approach is to use a mixed crop livestock agroforestry system. This can be made considerably more successful if nitrogen-fixing plants (NFPs), especially those that occur naturally in the environment, are deliberately incorporated into the system.

Alley cropping is the growing of annual crops or forage between rows of trees or shrubs to form hedgerows. In dispersed inter-planting, trees are grown in a systematic way in fields alongside crops to provide food, fuel wood, building poles, fodder etc. The trees also provide nutrients and organic matter for the soil, and shade for crops and livestock.



## Improved livestock management (feeding, animal husbandry)

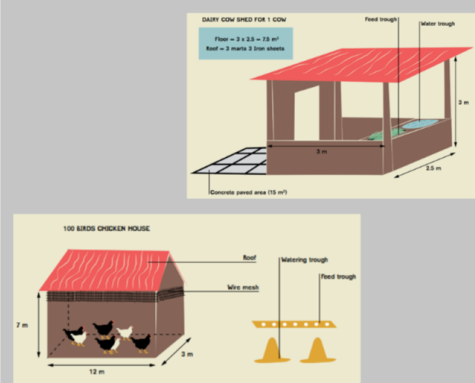
**Practice** **1. Improved feeding (diet)**

Livestock mainly feed on pasture (perennial fodders, pastures and legumes), crop residues, or on shrub land. Pasture management - selective sowing of improved varieties of pasture to enhance livestock grazing - can contribute to improved livestock nutrition and therewith increase livestock production (e.g. weight gain, milk production). Rotational grazing for example enables the grassland to recover and thus contributes to improved quality and quantity forage.

Other improved feeding practices include crop residue treatment for improved digestibility, or the feeding of special feedstuffs (grass, hay, silage, grains, beans, or waste products from the rice milling industry such as rice bran) for a balanced diet of carbohydrates, proteins, vitamins and minerals.

**2. Animal husbandry**

Poorly constructed housing reduces productivity and exposes livestock to pests and diseases. Furthermore, exposure to the sun can cause heat stress to the animal, reducing production and fertility. Proper animal husbandry including manure management can contribute to livestock productivity and health.



## **8.6 Example of Permitted Activities in Village Forest**

Technical Guidance on Village Forest Management Planning Approved by the DoF in June 2021

The document can be found here:

<https://drive.google.com/file/d/195AFDkqxJBUGrEZqvThnXgeDzfv4N3Yq/view?usp=sharing>



## 8.7 Village Forest Activities

Selection of appropriate Village Forest Management (VFM) activities according to the Forest Category

**Table 26 Example of Permitted Activities in Village Forest**

Forest Category	Possible Activities
Conservation Forest	Forest patrolling for protection against encroachment.
	Patrolling against fire and intervention in case of forest fire.
	Fire prevention (digging firebreaks, ploughing firebreaks, controlled burning of firebreaks, clear vegetation strips, building of fire observation towers).
	Identification and marking of trees to be left as mother trees for seed production; clearing of grass cover around mother trees.
	Seed collection for direct seeding in other areas.
	Promotion of natural regeneration, in case there was shifting cultivation or logging in parts of the forest areas.
	NTFP management and development.
Protection Forest	Forest patrolling for protection against encroachment.
	Patrolling against fire and intervention in case of forest fire.
	Fire prevention (digging firebreaks, ploughing firebreaks, controlled burning of firebreaks, clear vegetation strips, building of fire observation towers).
	Build check dams or small water reservoirs to have water for firefighting and water for watering planted tree seedlings.
	Identification and marking of trees to be left as mother trees for seed production; clearing of grass cover around mother trees.
	Seed collection for direct seeding in other areas.
	Promotion of natural regeneration, in case there was shifting cultivation or logging in parts of the forest areas.
	Enrichment planting (Forest enrichment by planting more valuable trees in poor forest with little natural regeneration).
	NTFP management and development.
Village Use Forest	Forest patrolling for protection against encroachment.
	Fire prevention (digging firebreaks, ploughing firebreaks, controlled burning of firebreaks, clear vegetation strips, building of fire observation towers).
	Build check dams or small water reservoirs to have water for firefighting and water for watering planted tree seedlings.

## 8.8 Finding of the Interim Fiduciary Assessment

The document can be found here:

<https://docs.google.com/document/d/1mmXzH29p0hWEqV7QiRVbXz3e1eJ9mvyQ/edit?usp=sharing&oid=116014712996922663083&rtpof=true&sd=true>

## 8.9 Sub-arrangement Contract Template

**THIS AGREEMENT** is made this Effective Date \_\_\_\_day of \_\_\_\_\_, [2022] by and between the Ministry of Agriculture and Forestry, hereafter the Program Entity, [insert name and address], and the Sub-project Entity, [insert name and address], a private entity registered under the laws of Lao PDR.

**WHEREAS** the Program Entity manages a project entitled Governance, Forest Landscapes and Livelihoods in Northern Lao PDR (the “**GFL**”) that aims to achieve eleven (11) million Emission Reductions (the “**Emission Reductions**” or “**ERs**”) over the five-year period of 2020-2024.

**WHEREAS** the Forest Carbon Partnership Facility (“**FCPF**”) Carbon Fund is committed to purchase a minimum of eight million and four hundred thousand (8.4) of these Emission Reductions over the five-year period of 2020-2024, through an Emission Reductions Payment Agreement (the “**ERPA**”) valued at USD forty-two (42) million.

**WHEREAS** this Emission Reductions target will be achieved by implementing the GFL project in the six Northern Provinces of Lao PDR through result-based payments from the FCPF Carbon Fund, payments that are made by the FCPF Grant Mechanism with the Program Entity’s approval.

**WHEREAS** the Sub-project Entity desires to participate to the GFL by implementing Sub-project and/or ER program Measures against result-based payments, as described in the GFL Emission Reductions Program Document (the “**ERPD**”), which will contribute in achieving ERs under the GFL.

**NOW, THEREFORE**, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

### 1. Definitions

“**Benefit Sharing Plan**” or “**BSP**” means a plan developed by the Program Entity in accordance with the ER Program Document and the Methodological Framework and submitted to the Trustee on how the Program Entity will share Monetary and Non-Monetary Benefits generated by the implementation and operation of the ER Program with Beneficiaries, as may be updated from time to time.

“**Carbon Fund**” means the trust fund established under the Facility to receive funding from the Carbon Fund participants referred in the ERPA, for which the World Bank is acting as Trustee.

“**Emission Reductions**” or “**ERs**” means one metric tonne of Carbon Dioxide Equivalent reduced, avoided, removed or sequestered within the ER Program Accounting Area under the ER Program below the Reference Level, as measured, reported and Verified in accordance with the ER Monitoring Plan, the Methodological Framework and the ERPA General Conditions.

“**ER Monitoring Report**” means a report provided by the Program Entity, and in form and substance satisfactory to the Trustee, in accordance with the REDD Country Participant’s MRV System, the ER Monitoring Plan and the Methodological Framework, setting out:

the number of ERs generated by the ER Program during the previous Reporting Period as monitored in accordance with the ER Monitoring Plan;

- *the occurrence of any Reversal Event(s) (together with a detailed description of the cause and impact of such event(s) and the measures taken to minimize or mitigate the adverse effect of such event(s) on the ER Program and/or the Program Entity’s performance of its obligations under the ERPA);*
- *any inability, in full or in part, to transfer Title to ERs to the Trustee or any Title Contest by any Contesting Party (including the identification of the Contesting Party and a detailed description of the nature of the challenge, of the area in the ER Program Accounting Area that is affected by such challenge and of how the Program Entity endeavored to address and resolve such challenge) during the*

*previous Reporting Period, and how and to which extent the Program Entity resolved such inability or Title Contest during the previous Reporting Period; and*

- *all other data as may be required to be collected and recorded by the ER Monitoring Plan.*

“**ERPA**” means the two Emission Reductions Payment Agreements, Tranche A and Tranche B of the Carbon Fund, between the World Bank, as Trustee of the Carbon Fund, and the Program Entity providing for the sale and payment for ERs, here between the World Bank and the Ministry of Agriculture and Forestry of Lao PDR.

“**ER Program**” means the program described in the ER Program Document, here the Governance, Forest Landscapes and Livelihoods in Northern Lao PDR.

“**ER Program Document**” is the document that presents the technical and organizational aspects of the ER Program and ER Program Measure in accordance with the Methodological framework.

“**ER Program Measure (s)**” means one or more policies, measures or projects to reduce deforestation and/or forest degradation and enhance and conserve carbon stocks that directly address the key drivers of deforestation and/or forest degradation, as described in the ER Program Document.

“**ER Program Monitoring Plan**” means the plan refers to as such and incorporated in the ER Program Document that guides the Program Entity in its ER Monitoring activities and ensures that all data and management systems are in place to allow subsequent successful ER Monitoring and Verification of GHG Reductions generated under the ER Program Measure.

“**Feedback and Grievance Redress Mechanism**” or “**FGRM**” means a mechanism to accept, assess, and resolve stakeholder feedback or complaints related to the preparation and implementation of the ER Program.

“**Forest Protection Fund**” or “**FPF**” means the LAO PDR State fund established as a body under the Lao PDR Ministry of Agriculture and Forestry by Prime Minister’s Decree Number 38/PM, dated 21 February 2005. The decree is being revised and not yet issued.

“**Greenhouse Gas**” or “**GHG**” means any of carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride and any other substance recognized as a greenhouse gas under the International Rules.

“**Non-monetary benefits**” means the benefits provided by the Program Entity as described in Section 5(d) of this Contract.

“**Program Documents**” means together or individually the ER Program Document and the ER Monitoring Plan.

“**Program Entity**” means the Government of Lao PDR, represented by the Ministry of Agriculture and Forestry.

“**REDD+**” or “**REDD**” means REDD plus, for reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and enhancement of carbon stocks.

“**Reversal**” means a situation at any given point in time during the term of the ERPA where a Reversal Event has resulted in the aggregate amount of ERs measured and Verified within the ER Program Accounting Area for one Reporting Period being less than the aggregate amount of ERs measured and Verified within the ER Program Accounting Area for the previous Reporting Period.

“**Reversal Event**” means the occurrence of one or more events at any given point in time during the Term that may result in a Reversal.

“**Safeguards Plans**” means, as applicable, the Sub-Project Environmental and Social Management Plan, Process Framework (PF) or Plan of Action, Resettlement Action Plan (RAP), Ethnic Group Development Plan (EGDP), and any other environmental or social related plan or document to be prepared for the Sub-Project to eliminate, offset, reduce, manage or compensate for any adverse environmental and social impacts of the Sub-Project as required under the World Bank Operational Policies and in accordance with the Environmental and Social Management Framework (ESMF), Resettlement Policy Framework (RPF) and Ethnic Group Policy Framework (EGPF) prepared for the ER Program.

“**Sub-Project**” means project implemented by the Sub-project Entity as part of the ER Program Measure(s) in accordance with the terms of the ERPA and terms of the sub-agreement Contract; if there are inconsistencies between the terms in the ERPAs and those under this contract, the terms of the ERPA prevail.

“**Sub-project Entity**” means an entity or other group or community owning and implementing a Sub-project or ERs Program Measures under the ER program, as described in the Terms of reference, the ERPD, the ERPA and/or the Sub-Project Inventory.

“**Sub-project Inventory**” means the inventory listing and identification of all Sub-Projects included in the ER Program established and maintained by the ER Program.

“Trustee” means the World Bank, acting as trustee of Carbon Fund.

“World Bank Operational Policies” means the social and environmental safeguard policies of the World Bank, as updated, amended or modified from time to time.

## **2. Implementation of Sub-project or ER Measures.**

- a) The Sub-project Entity shall implement the following task [rehabilitating natural degraded forests, or implementing native tree species plantation, or implementing improved agriculture systems and mixed-species plantations (including native species)] as [Sub-project or ER Program Measures] to the GFLL.**
- b) The Sub-project Entity shall plant forest and/or forestland [Insert size of hectare or trees per hectare] [Enumerate tree species] over [Insert number] year(s), in [Describe Sub-project/ER Program measures area, location, hectare, province, district, village] that contributes to emission reductions.**
- c) The Sub-project Entity shall implement, manage, monitor, and report on the trees planting, surviving and growing over the [Insert Sub-project/ER Program measures time period] period.**
- d) The Sub-project Entity shall register the planted trees with the relevant Forest and Forest land Management Government Agencies**

## **3. Payments.**

- a) For each hectare of forest and/or forestland [Insert size of hectare or Insert number of trees or trees per hectare] that contributes to emission reductions, the Sub-project Entity shall receive an amount of [Insert number and currency].**
- b) Payments and conditions relative to these payments will be made and set by the FCPF Grant Mechanism in accordance with the Benefit Sharing Plan. Therefore, an invoice shall be sent to the Department of forestry (REDD+ division) for approval.**
- c) Payments shall be withdrawn by the Sub-project Entity from the custodian bank designated by the FCPF Grant Mechanism**
- d) Payment conditions are annexed to this Contract.**

## **4. Sub-project Entity obligations.**

The Sub-project Entity shall:

- a) *implement all applicable requirements of the ER Monitoring Plan, including those pertaining to environment and social performance and operational management systems, unless the Program Entity exclusively monitors the data/info required to be included in the ER Monitoring Report;*
- b) *install, operate and maintain facilities and equipment and retains staff necessary for gathering all such data as may be required by the ER Monitoring Plan, including by establishing and maintaining all related data measurement and collection systems as are necessary, unless the Program Entity exclusively installs, operates and maintains the facilities and equipment and retains staff necessary for gathering all such data as may be required by the ER Monitoring Plan in which case this obligation does not bind the Sub-project Entity;*
- c) *implement its [Insert Sub-project or ER Program measures], as specified [in the ERPD or Terms of Reference annexed to this Contract], in accordance with [the terms of the ERPD or Terms of Reference annexed to this Contract];*
- d) *authorize the Program Entity to transfer any ERs generated from such [Insert Sub-project or ER Program measures] to the FCPF Carbon Fund free of any third-party interest or encumbrance;*
- e) *keep the Program Entity informed of the progress of the development of [Insert Sub-project or ER Program measures] and provide to the Program Entity all information requested by the Program Entity in respect of the operation of the [Insert Sub-project or ER Program measures];*
- f) *inform the Program Entity immediately after becoming aware of the occurrence of a Reversal Event under the [Insert Sub-project or ER Program measures];*
- g) *operate and Implement its [Insert Sub-project or ER Program measures] in compliance with the World Bank Operational Policies and any Safeguards Plans provided under the ERPA;*
- h) *maintain and prepare its [Insert Sub-project or ER Program measures] to allow for Verification. The Sub-project Entity shall collaborate with any third-party auditors and, shall allow and facilitate access to the [Insert Sub-project or ER Program Measures] area; and*
- i) *satisfy any obligations in respect of applications for all licenses, permits, consents and authorizations required to implement the [Insert Sub-project or ER Program measures].*

**5. Program Entity obligations.**

The Program Entity shall:

- a) *provide the Sub-Project Entity with:*

- 1) *the ERPD,*
  - 2) *the ER Monitoring Plan (if needed),*
  - 3) *the Safeguards Plans,*
  - 4) *the Feedback and Grievance Redress Mechanism institutional framework and operational procedures,*
  - 5) *reports templates,*
  - 6) *the World Bank Operational Policies and,*
  - 7) *any other information relevant to the implementation of the [Insert Sub-project or ER Program measures], including relevant communication between the Trustee and the Program Entity;*
- b) *support the Sub-project Entity to prepare and implement the Safeguards Plans;*
  - c) *collect from the Sub-project Entity, and if necessary, confirm the accuracy of, all information to be collected under the Monitoring Plan and the applicable Safeguards Plans;*
  - d) *take all necessary steps to ensure that the Sub-project Entity develops and implements in accordance with the Terms of Reference, the Program Documents, the BSP, and the ERPA; and*
  - e) *provide the Sub-Project Entity with Non-monetary benefits set in accordance with the BSP, such as: [Insert the following accordingly: capacity building/training in Sustainable forest management practices in relation to complying with FLEGT rules and/or Improved agriculture systems, Native trees plants and/or Seeds].*
6. *Termination.*
- a) *This Contract shall commence on the Effective date of this Contract for a period of [Insert number] year(s). Termination occurs at the end of the Contract Period.*
  - b) *Termination of this Contract shall not relieve either party of any liability or obligation that was incurred prior to the effectiveness of such termination.*
7. *Dispute Resolution.*

- a) *If a dispute or claim arises under this Contract (a “Complaint”), the parties agree to use the following dispute resolution process as set by the Feedback and Grievance Redress Mechanism under the ER program: the Complaint will be referred in writing to the Provincial REDD+ Office that acts as secretary to be registered. The Provincial REDD+ Office presents the Complaint to the REDD+ Provincial Task Force (PRTF) that will be chaired by the Vice-Governor of the province with full authority to resolve the Complaint. Those individuals will use good faith efforts to resolve the Complaint within thirty (30) days after the Complaint has been registered by the Provincial REDD+ Office.*
  
- b) *If the PRTF is unable to resolve the Complaint or agree on the appropriate corrective action to be taken, within the time frame, then either party may pursue any course of action available to it, under the FGRM, or under the judicial system or other forms of legal recourse available in Lao PDR.*
  
- c) *Pending resolution of the Complaint, both parties will continue to perform their respective undisputed responsibilities under this Contract.*
  
- d) *Nothing contained in this section will limit or delay the right of either party to seek injunctive relief from a court of competent jurisdiction, whether or not such party has pursued informal resolution in accordance with this section.*
  
- 8. **Sole Contract.** *This Contract, including the Terms of Reference and Payment conditions annexed to this Contract and the contract signed between the Sub-project Entity and the NPMU relative to payments, constitutes the sole agreement of the parties and supersedes all oral negotiations and prior writings with respect to the subject matter hereof.*

**9. Governing Law; Consent to Jurisdiction.**

The parties hereto agree that this Contract and any claim, counterclaim or dispute of any kind or nature whatsoever arising out of or in any way relating to this Contract (“**Claim**”) shall be governed by and construed in accordance with the laws applicable in Lao PDR.

**Program Entity**

**Sub-project Entity**

By:

By:

Name:

Name:

Title:

Title:



## 8.10 Assessment Criteria and Matrix – Pilot Initiatives

<u>1<sup>ST</sup> PHASE - ADMINISTRATIVE AND TECHNICAL REQUIREMENTS</u>	
<b>1. Administrative compliance (YES/NO)</b>	
a) The application was submitted within the deadline set	YES <input type="checkbox"/> NO <input type="checkbox"/>
b) The application was submitted in the required formats: hardcopy of the Application Form with the requested documents attached in 1 original and 1 copy including the Application Form in the excel format required	YES <input type="checkbox"/> NO <input type="checkbox"/>
c) The Application Form used has the official form specified by the PPSC and is properly filled in, in Lao, stamped and signed by the chairman of PPSC.	YES <input type="checkbox"/> NO <input type="checkbox"/>
d) The requested documents are properly filled in, in Lao, signed and stamped and are attached to the Application Form:	
i. the Declaration signed and stamped by applicant (or by all partners for partnerships/consortium)	YES <input type="checkbox"/> NO <input type="checkbox"/>
ii. the Financing Statements signed and stamped by applicant (or by every partner for partnerships/consortium)	YES <input type="checkbox"/> NO <input type="checkbox"/>
iii. the declaration of not generating revenues (in case of revenue generating projects there is a cost-benefit analysis attached) signed and stamped by applicant (by leader partner for partnerships/consortium)	YES <input type="checkbox"/> NO <input type="checkbox"/>
iv. Activity Break-Up Table	YES <input type="checkbox"/> NO <input type="checkbox"/>

v. the Documentation required for <i>bodies governed by public law</i> (if applicable)	YES <input type="checkbox"/> NO <input type="checkbox"/> NA <input type="checkbox"/>
vi. the Documentation required for <i>private organizations</i> (if applicable)	YES <input type="checkbox"/> NO <input type="checkbox"/> NA <input type="checkbox"/>
vii. the Decisions for the proposal submission of the designated bodies	YES <input type="checkbox"/> NO <input type="checkbox"/> NA <input type="checkbox"/>
	<i>NA = Non Applicable</i>
e) The additional document requested from the Financial staff on behalf of Applicant are properly filled in, stamped and signed	
i. the Specification of Budget Costs, presented in the requested format, expressed in Lao, signed and stamped by the Financial Staff from Applicant	YES <input type="checkbox"/> NO <input type="checkbox"/>
ii. Declaration signed and stamped by the Financial staff from Applicant	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>2. Eligibility criteria (YES/ NO)</b>	
a) The project proposal is in line with the relevant Lao PDR legislation and policies related to good agriculture practices, sustainable livelihoods, sustainable forest management, village forest, forest landscape restoration and management, and sustainable forest plantation.	YES <input type="checkbox"/> NO <input type="checkbox"/>
b) The project objectives and the proposed activities are clear and in-line with the Emission Reduction Programme's priorities (PRAPs) and has impact on the Programme area	YES <input type="checkbox"/> NO <input type="checkbox"/>
c) The project proposal meets standards of safeguards compliance in line with SESA and ESMF	YES <input type="checkbox"/> NO <input type="checkbox"/>
d) All project partners (if any) fall under the eligible categories of beneficiaries according to the call for proposals	YES <input type="checkbox"/> NO <input type="checkbox"/>
e) The Financial staff from Applicant is registered or accredited	YES <input type="checkbox"/> NO <input type="checkbox"/>
f) The project budget and costs are in line with the limits set in the Call for proposals	YES <input type="checkbox"/> NO <input type="checkbox"/>
g) The duration of the project is in line with the time frame set out in the Call for Proposals	YES <input type="checkbox"/> NO <input type="checkbox"/>

**2ND PHASE – QUALITY ASSESSMENT**

<b>Content-related criteria</b>			
<b>Criteria</b>	<b>Sub-criteria</b>	<b>Analysis</b>	<b>Score</b>
<i>Relevance of the proposal</i>	<i>a) Are the objectives and expected results of the project addressing specific problems, issues, opportunities of the area?</i>	<i>Very Good reference, Analytical and precise analysis based on a strategic analysis (9 points) Good reference (7 points) Adequate reference (5 points) Basic reference (3 points) Minimum reference (1 point)</i>	
	<i>b) Does the project take into account one or more issues of the Programme (good agriculture practices, sustainable livelihoods, sustainable forest management, village forest, forest landscape restoration and management, and sustainable forest plantation)?</i>	<i>All issues (6 points) 5 out of six issues (5 points) 4 out of Six issues (4 points) 3 out of Six issues (3 point) 2 out of Six issues (2 point) 1 out of Six issues (1 point)</i>	
<i>Quality of results / Sustainability</i>	<i>a) Are the results specific, measurable, achievable - realistic, time based?</i>	<i>All four characteristics (4 points) 3 out of four characteristics (3 points) 2 out of four characteristics (2 points) 1 out of four characteristics (1 point)</i>	
	<i>b) To what extent do the project results provide added value for the Programme area?</i>	<i>1-7 points (degree of continuation-improvement of existing outputs, structures, products, transfer of outputs, know-how, experience, usability of results in other sectors, by other stakeholders etc)</i>	
	<i>c) Demonstration of the ways that the project contributes to the development of the local communities and village economic growth (e.g. through the creation of new jobs, decrease poverty lane)</i>	<i>1-7 points (degree of contribution to the development of the local communities, or decrease poverty lane)</i>	

	<i>d) Does the project have the concrete and realistic possibility to have a follow up and/ or to be sustainable after the end of the Programme contribution?</i>	<i>Secure funding and commitment of stakeholders (4 points) Commitment of stakeholders (3 points) Initiatives by stakeholders (2 points) Basic planning (1 point)</i>	
	<i>e) Is the project's strategy for communication and dissemination of results well-structured and efficient?</i>	<i>Full Communication strategy existing (3 points) Developed communication activities (2 points) Poor communication activities indicated (1 point)</i>	
<i>Innovation</i>	<i>a) To what extent does the project clearly demonstrate innovative character?</i>	<i>Application of innovative results of the project (4 points) Development of new innovative methods, products, tools (3 points) Use of new methods, products, tools for the implementation of the project (2 points) Basic innovation references (1 point)</i>	
	<i>b) To what extent does the project demonstrate new solutions that go beyond the existing practice in the sector or in the programme area?</i>	<i>Application of new solutions of the project(4 points) Development of new solutions, methods, products, tools (3 points) Use of new solutions, methods, products, tools for the implementation of the project (2 points) No new solutions references (1 point)</i>	
<b>Maximum total score: 48 points</b>			

<b>Implementation-related criteria</b>			
<b>Criteria</b>	<b>Sub-criteria</b>	<b>Analysis</b>	<b>Score</b>
<i>Quality of the partnership (appropriate synthesis and organizational arrangements)</i>	<i>a) To what extent does the Overall and the Financial Partners (if has partners) demonstrate the capacity to coordinate, manage, control and monitor the overall implementation of the project?</i>	<i>Very good (6 points) Adequate (3 points) Low (1 point)</i>	
	<i>b) Is the professional capacity (structure and experience) of the partners sufficient to implement the project activities undertaken successfully?</i>	<i>Very good (6 points) Adequate (3 points) Low (1 point)</i>	
	<i>c) Do the project partners possess sufficient knowledge of the eligible Programme Area and its distinct features?</i>	<i>(1 – 7 points from excellent to poor knowledge) Excellent (7 points) Very good (6 points) Good (5 points) Adequate (4 points) Basic (2 points) Poor (1 point)</i>	
<i>Quality of management</i>	<i>a) To what extent is an appropriate project management methodology clearly demonstrated?</i>	<i>Very well developed methodology connected to outputs and results (10 points) Well developed methodology (8 points) Basic Management procedures described (6 points) Minimum references (4 point)</i>	

	<i>b) To what extent are the specific roles (actions and responsibilities) clearly and appropriately distributed among the Lead Partner and the partners?</i>	<i>Clear and specific roles, distributed to the partners in relation to their capacity (3 points) General distribution of tasks without specific references (2 points) Not clear enough distribution of responsibilities and tasks (1 point)</i>	
<i>Quality of the methodological approach concerning the content of the project</i>	<i>To what extent is there coherence among the identified project objectives, expected outputs and results and the activities to achieve them?</i>	<i>How clear, realistic and appropriate is the work plan of activities in order to achieve the expected results and the objectives of the project? (Minimum to maximum, 1-10 points)</i>	
<i>Budget and finance</i>	<i>a) Is the budget coherent with the activities? b) Is the budget balanced among partners?</i>	<i>(Minimum to maximum, 1-10 points) (The budget lines correspond to the planned activities. Distribution of the budget secures the active participation of each partner and secures the successful implementation of the activities)</i>	
	<i>c) How reasonable and realistic is the overall budget of the proposal submitted?</i>	<i>High value for money (10 points) Good value for money (8 points) Justified costs (6 points) Overestimated costs (4 point)</i>	
<b>Maximum total score: 52 points</b>			

**Evaluation Summary**

<b>PRTF</b>	<b>Name</b>		<b>PPMC/ PAFO</b>	<b>Name</b>	
	Signature			Signature	
<b>PPMC/ PAFO</b>	<b>Name</b>		<b>LWU</b>	<b>Name</b>	
	Signature			Signature	
<b>LFND</b>	<b>Name</b>		<b>Assessor 1</b>	<b>Name</b>	
	Signature			Signature	
<b>Assessor 2</b>	<b>Name</b>				
	Signature				

## Scoring

1. The afore-mentioned criteria will be taken into account by the evaluators to assess the projects. The purpose of the core selection criteria is to assess the quality of the eligible project proposals. The maximum total score a project may achieve is 100 points. The final score shall be the average of the total scores from each evaluator.
2. The projects are ranked according to the results obtained (Ranking List) and applications are divided into three categories (based on the budget available and the results of evaluation):
  - Applications proposed to be accepted
  - Applications proposed to be rejected and
  - Applications proposed to be further discussed
3. To be financed by the GFL-ERPA Programme, a project must:
  - Obtain a rating equal or greater than the minimum score entitling a project to be financed (60 points);
  - Obtain at least 50% of the maximum score in each of the two afore-mentioned categories of the “Core selection criteria” (Implementation-related criteria, Content-related criteria);
4. After the PPSC has accepted the evaluation, it submits to NPMU/ DoF accompanied with the Evaluation Report (containing details about the evaluation process and the decisions taken), for endorsement by PMC.

## Confidentiality and independence

5. Project proposals and Application Forms submitted by project applicants will be kept confidential. The content of project proposals and application forms should not be published or forwarded to persons or institutions which are not directly engaged in the applications assessment procedure or decision making. The project idea itself, as well as the description and concept of the project and the structures of the applications remain the property of the project applicants.
6. All actors included participating in the assessment procedure have to guarantee that the privacy and confidentiality of all applications submitted in the framework of the call for proposals will be kept and the protection of personal data will be respected.
7. Furthermore, the assessors will declare that they do not have a conflict of interest and/or political influence. All actors involved in assessment, evaluation and selection must sign a declaration of Confidentiality.



## 8.11 Documentation of BSP consultations at National and sub-National level



NRTF Meeting – 24 September 2019 – Vientiane Capital



BSP National Consultation – 4 October 2019 – Vientiane Province



BSP Sub-National Public Consultation – 8 October 2019  
Bokeo Province



BSP Sub-National Public Consultation – 10 October 2019  
Luang Prabang Province