

# Lao PDR Landscapes and Livelihoods Project

**Review PIF and Make a recommendation**

## **Basic project information**

**GEF ID**

10499

**Countries**

Lao PDR

**Project Name**

Lao PDR Landscapes and Livelihoods Project

**Agencies**

World Bank

**Date received by PM**

2/28/2020

**Review completed by PM**

3/31/2020

**Program Manager**

Hannah Fairbank

**Focal Area**

Multi Focal Area

**Project Type**

FSP

## PIF

### Part I – Project Information

#### Focal area elements

**1. Is the project/program aligned with the relevant GEF focal area elements in Table A, as defined by the GEF 7 Programming Directions?**

#### **Secretariat Comment at PIF/Work Program Inclusion**

December 2019, HF:

1) Degradation/Sustainable Forest Management (LD-SFM) at this point, the **GEF Focal Area funding allocation** or the **emphasis of the proposed GEF activities** and importantly the **relevant core indicator targets** should better reflect this. One way to approach this would be to use the marginal adjustment (marginally adjust the CCM to LD) to allow for increased LD funding to be more commensurate with the current technical scope of the activities. An alternative would be to scale-back the ambition (and targets) in LD-SFM and use the marginal adjustment to increase the biodiversity focus and investment. Please note the comment on the CCM focal area strategy below.

2.) **GEF-7 CCM Focal Area Eligibility:** Please note that outside of the GEF-7 IPs, work in the AFOLU sector activities are not included in the CCM GEF-7 strategy outside of the Impact Programs (IPs). The table on pg 16 of the PCN titled “Alignment with GEF-7 Focal Area Strategy” contains a CCM AFOLU activities. Of course the project needs to capture and quantify any GHG emissions reductions accrued from investments in BD and LD focal areas (“increase or maintenance of carbon storage in forests and PAs and reduced emissions”) but there is no GEF-7 entry point for work on land-based sources of carbon in the AFOLU sector thus all activities must be eligible under the BD or LD Focal Area strategies for GEF-7. *Recommendation:* Please revise table on pg 16 of PCN and rework any AFOLU-type activities to either be eligible for BD or LD or fund them with IDA resources.

March 5,2020 HF: Marginal adjustment used to bring LD total to \$3 million/BD \$5 million and scope of project has been adjusted commensurately. See follow-up on indicators below. All other comments cleared.

**Agency Response March 18, 2020:** Noted Clearance. Thank you.

**Indicative project/program description summary**

**2. Are the components in Table B and as described in the PIF sound, appropriate, and sufficiently clear to achieve the project/program objectives and the core indicators?**

### **Secretariat Comment at PIF/Work Program Inclusion**

December 2019, HF:

**1.) The project should narrow the scope of each of the components (particularly 1,2,3) and the activities proposed for GEF trust fund support.** They are clearly too ambitious and numerous to be doable within time and budget. Priority activities for GEF support should link clearly to the TOC as articulated (previous comment) and be aligned with GEF-7 focal area strategies. The GEF budget for designated activities is clearly inadequate. This is particularly evident from what is proposed under Component 3. Although many of the proposed activities under Component 3 are relevant for BD conservation and to address illegal wildlife trafficking (IWT), each one of them could take a good portion of the overall budget allocation for the project and there is a good chance the project is overpromising and will underdeliver. For instance, the “*implementation of laws on IWT*” alone could use all the GEF resources allocated to this component.

**2.) Nature-based tourism:** How are the proposed tourism investment and development activities going to *actively contribute to the conservation of globally-significant biodiversity*? Are the enabling/policy conditions in place to develop nature-based tourism in such a way that global biodiversity benefits will result (sustainable financing for protected areas from tourism tax/fees, direct benefits to community-managed high-biodiversity areas)? Or will this project focus on developing that enabling environment and on demonstration?

3.) Further, please clearly indicate how the project's efforts to "create a more level playing field for plantation investment in Lao PDR, aiming to **embed the sustainability principles** [above] as the national minimum standards to invest in the sector" (pg. 24 PCN) intends to result in concrete results and how will the capacity and resources needed to apply these sustainability principles on the ground (forest) be ensured particularly as plantations are a key driver of land use change in SE Asia?

March 5, 2020 HF: Previous comments cleared.

Please revise first sentence of Component 1 to better describe the outcome and purpose of this component as the use of the phrase natural capital and built make it difficult to understand exactly what this component is about and what is expected from the investment.

Is component 1 only TA?

What is the rationale for GEF funds not supporting component 2 (livelihoods)? Who is paying for the livelihood development village grants? (PCN has a "0" in their budget table).

It is unclear whether/how the GEF funds will be invested where they will have the most impact/highest bang for the buck. From the concept this is difficult to assess – the current description of components and GEF funding allocation would seem that the bulk goes into TA (international and local consultants?) and very little down to the field (communities and activities benefiting the environment). Is this the case?

Please undertake careful budget planning for GEF funds during project preparation and please include a detailed budget for the project by CEO endorsement. This will assist us in better understanding the use of the GEF resources and address the previous question.

March 23, 2020 HF: All comments cleared.

## **Agency Response**

**April 9, 2020:** Noted Clearance. Thank you

**March 18, 2020:** Noted Clearance. Thank you

- Component outcome has been clarified. GEF PCN and GEF Datasheet have been updated.
- Component 1 is both investment and TA. However, the Portal does not allow selection of both options and hence only TA was selected. The team will reflect it as Investment. The core investment includes, as per Table B (Page 1) in the GEF Data Sheet: forest restoration and assisted natural regeneration, seed production areas, soil and water conservation measures, community (participatory) sustainable forest management, trails and other civil works in protected areas, community green

infrastructure to reduce flood, landslide and drought risk, and other natural resource management interventions to be developed through the decentralized planning process

- Please note that the GEF portal does not allow entry of any component unless GEF TF is selected and therefore while component is not supported through GEF resources it was not possible to reflect Component 2 otherwise. This project is fully blended IDA/GEF. IDA is fully financing Component 2, as earlier GEFSEC comments requested to reduce and streamline the components that GEF would finance. Table B (Page 1) in the GEF Data Sheet shows 17.2m USD from IDA which will support the component activities.

- Component 1 and Component 2 both provide investment and TA support to communities, but in different, complementary ways. Component 1 provides support for resource management including civil works; planning; monitoring of forests, biodiversity and ecosystems; community institutional development; and extension/outreach to communities. Component 2 provides alternative livelihoods grants and GEF will not be supporting this (IDA will). This approach maximizes GEF support to generate the most bang for the buck from better forest management by promoting co-management of both conservation and production forests by villages. As noted in the previous comment, earlier GEFSEC comments asked to reduce and streamline the components that GEF would finance so the team focused on Component 1 investment. **On the ground, Components 1 and 2 would be implemented as a package together.** GEF would also support component 3 which is concerned with institutional and regulatory development nationally.

- Noted. As per process the fully developed project will include budget following preparation.

#### **Co-financing**

**3. Are the indicative expected amounts, sources and types of co-financing adequately documented and consistent with the requirements of the Co-Financing Policy and Guidelines, with a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized?**

#### **Secretariat Comment at PIF/Work Program Inclusion**

March 5, 2020 HF: Given the important role the private sector will play in both the nature-based tourism and forestry industry we are surprised that no private sector indicative finance is included here. Can this be expected from the project? Please include if so.

March 23, 2020 HF: Comment cleared.

April 7, 2020: Co-financing amount of the Government is the missing as is the name of the government co-financier. Please include both of these pieces of information in the table.

April 9, 2020: Comment cleared.

### **Agency Response**

**April 9, 2020:** Counterpart funding from Government will be confirmed during preparation, including other potential sources and included at CEO stage. Due to system glitch the row for counterpart funding could not be removed from the portal earlier and therefore a 0 amount was included to allow for validation and submission. This is now corrected.

**March 18, 2020:** Private sector financing would be parallel. The legal standard for Bank-financed projects is to not include parallel financing in the financing plan because parallel financing is not under the direct control of the project ( direct attribution) and not in the IDA Financing Agreement and IBRD/GEF Grant Agreement. The project is formally flagged as “MFD” (i.e., “maximizing finance for development”), which requires reporting on the associated parallel private financing that materializes (and again which is outside the control of the project). At the same time, IFC is reviewing sector opportunities for tree plantation investment. Even without IFC, private tree plantation investments are being made by a variety of firms currently. One aim of the project is to help the government ensure that these investments are environmentally, socially and financially sustainable and can generate public goods including GEBs. This is early PCN stage and, details will only be developed during preparation on the exact nature of the MFD activities.

### **GEF Resource Availability**

**4. Is the proposed GEF financing in Table D (including the Agency fee) in line with GEF policies and guidelines? Are they within the resources available from (mark all that apply):**

### **Secretariat Comment at PIF/Work Program Inclusion**

March 5, 2020: Yes, Agency fee at 8.6%.

**Agency Response April 9,2020:** Noted Thank you

**The STAR allocation?**

**Secretariat Comment at PIF/Work Program Inclusion**

March 5, 2020 HF: Yes, project totals (\$8,066,839) 100% of STAR allocation for GEF-7 Lao PDR (\$8.07 million).

**Agency Response March 18, 2020:** Noted. Thank you.

The focal area allocation?

**Secretariat Comment at PIF/Work Program Inclusion**

March 5, 2020 HF: Yes. The \$1.5 million CCM allocation was marginally adjusted to LD which brings the total LD to \$3 million and the BD allocation remains at \$5.07 million.

**Agency Response**

The LDCF under the principle of equitable access

**Secretariat Comment at PIF/Work Program Inclusion**

NA

**Agency Response**

The SCCF (Adaptation or Technology Transfer)?

**Secretariat Comment at PIF/Work Program Inclusion**

NA

**Agency Response**

Focal area set-aside?

**Secretariat Comment at PIF/Work Program Inclusion**

NA

**Agency Response**

Impact Program Incentive?

**Secretariat Comment at PIF/Work Program Inclusion**

NA

**Agency Response**

Project Preparation Grant

5. Is PPG requested in Table E within the allowable cap? Has an exception (e.g. for regional projects) been sufficiently substantiated? (not applicable to PFD)

**Secretariat Comment at PIF/Work Program Inclusion**

NA

**Agency Response**

Core indicators

6. Are the identified core indicators in Table F calculated using the methodology included in the correspondent Guidelines? (GEF/C.54/11/Rev.01)

**Secretariat Comment at PIF/Work Program Inclusion**

December 2019, HF:

**1.) GEF Core Indicator 3 on restoration:** the target (currently set at 12,500 ha) should be set at a level that could plausibly result from the investment of a commensurate level of LD FA funding (given previous comments regarding ineligibility of the proposed type of restoration under GEF-7 biodiversity focal area). The target would certainly depend on how much GEF LD funding will support the project. May need revision depending on that.

**2.) Core Indicator 4:** B. Key Results section of the PCN: At the project level should include GEF-7 Core Indicator 4: *Area of land under improved practices (excluding protected areas)*. Other GEF core indicators for restoration, GHG emissions, PA management appear to be captured in the list of indicators both in the PCN document and in the GEF Datasheet, but Indicator 4 (composite land under improved practices indicator) is missing from B. Key Results (and annex) of the PCN document.

The target currently set for this project is under sub-indicator 4.3 “area of landscapes under sustainable land management in production systems” (912,500 hectares) but given the proposed level of BD focal area funds going to support this project significant results would be expected under sub-indicators 4.1, 4.2 and 4.4 which all have an explicit biodiversity focus.

**3.) Core Indicator 6:** The target is TBD but would need to be set using an internationally accepted land-based GHG emission reduction calculation approach (including Exact) based on the project’s hectare targets and reviewed at that time.

**4.)** As results/targets for several of the indicators are TBD it is not possible to determine if they are reasonable given the proposed level of GEF and co-financing investment.

March 5, 2020: Previous comments cleared. See below comments:

**1.)** Currently targets are set for indicator 1.2 PA management effectiveness (1,000 hectares) and 4.1 are outside PA under improved practices for biodiversity benefit (912,500 hectares). What this indicates is that 100% of the GEF investment across BD and LD Focal Areas will produce biodiversity conservation results without including any results under indicator 3 on land restored or indicator 4.3 on SLM in production systems. Is this the case? If not, please add additional or adjust targets.

**2.)** Please remember to set METT baselines by CEO endorsement request submission.

**3.)** PIF mentions “Restoration of degraded production landscapes, treeless areas inside designated production and protection forests” but no target for restoration (core indicator 3) is set. Please set a target.

**4.)** Climate change mitigation marker is set “0” but carbon benefits are generated and included in core indicators table.

**5.)** Core indicator table: please consider the indicator 6.1 (in AFOLU sector) instead of 6.2 (outside AFOLU sector). At least it is wrong in the annex.

6.) It is very difficult to understand that the carbon benefit from decreased forest degradation can be estimated from the changes in customs statistics in key wood export countries. Please indicate the references used to apply for such a methodology and ensure to follow the GEF policy “Updated result architecture for GEF-7” ([GEF/C.54/11/Rev.01](#)), based on the IPCC guidelines.

7.) The description says the amount of emissions is estimated using ‘standard conversion factors’ and refers to ‘established international practice’. Please mention the references of these conversion factors and practice.

8.) Please identify clearly on one hand, the carbon benefit coming from a decreased forest degradation and on the other hand, the carbon benefit coming from the deforestation avoided (mentioning how many hectares of deforestation will be avoided). For each of the carbon benefit source, please present the calculation to estimate the expected result and indicate the assumption sustaining the calculation.

9.) The mention of ‘estimated yearly value of 1m from ongoing calculations for 20 years period’ is unclear. Please clarify.

March 23, 2020 HF: All comments cleared.

## **Agency Response**

**April 9, 2020:** Noted Clearance. Thank you

**March 18, 2020:** Noted clearance of previous comments. Thank you.

1. Indicators 3 and 4.3 have been added back in to the GEF Data Sheet Annex B (indicator worksheet). The total value of indicator 3 is measured by indicator 3.2 “area of forest and forest land restored” with an estimated target of 51,000 ha by the end of the project. This number is assuming that at least 8% of the 600,000 ha of degraded forestland in PFAs identified by the government will be restored using environmentally and socially sustainable practices as a result village forest management and improved forest and land use planning.

The total value of indicator 4 is now 961,500 ha, as 49,000 ha were added under indicator 4.3. This value assumes that at least 8% of the identified degraded forestland in PFAs are managed under environmentally and socially sustainable timber plantations, both industrial and smallholders, as a result of the regulatory and policy advise provided by the project.

2. Noted. METT targets will be set at CEO endorsement stage.

3. Indicator 3 on restoration now has a target in the GEF Data Sheet Annex B.

4. The team did not mark climate change mitigation because the advice given earlier was to focus only on the BD and LD Focal Areas. As advised the GEF Data Sheet Annex C (Taxonomy) has checked CCM Rio marker.

5. Indicator 6.1 has been revised accordingly, replacing 6.2. Kindly note that the project will include quantified baselines and targets once the final site selection is completed.

6. Following the GEF policy “Updated result architecture for GEF-7” (GEF/C.54/11/Rev.01), calculations have been adjusted based on IPCC guidelines using the FAO Ex-Act tool. Page 27 of the GEF Council document states that “The GEF recommends its Agencies apply the Ex-Ante Carbon-balance Tool (EX-ACT) of the Food and Agriculture Organization of the United Nations (FAO) or the GEF’s Carbon Benefits Project tools for estimating benefits”. Please see the detailed response on the carbon calculation further below.

In addition for information of the reviewer, the rationale for using the customs statistics for the earlier calculation (**now dropped** in favor of the current Ex-Act calculation) is the same used in the ongoing IDA/FIP-financed SUPSFM project (P130222). This project carried out a study in 2018; it assumed that by triangulating satellite images, field visits to log landings and timber markets, and customs data, a picture could be made of the volumes of timber being harvested (export-driven), hence causing deforestation. The finding was that cross-border passage of logs was reduced dramatically, which in turn supported higher figures of avoided deforestation, and corresponding avoided emissions. This methodology has been used in FIP and WB reporting on SUPSFM implementation. The study is relevant because since the approval of Prime Minister Order 15 in 2016, it has been forbidden to export raw timber from Laos whether legally or illegally sourced. This Order is fortifying the implementation of Prime Minister Order 7, which imposed a logging ban nationwide. Kindly refer to these new calculations in the revised package being submitted with this matrix.

7. Please see above. The calculation has been revised and is now based only on the FAO EX-ACT tool as advised in the “Updated result architecture for GEF-7” (GEF/C.54/11/Rev.01, based on the IPCC guidelines”, page 27. The standard conversion factors (which are referenced in the afore-mentioned 2018 study) used in the old calculation are no longer relevant in the current calculation. Kindly refer to these new calculations included in the revised documents.

8 +9. Please note that, as mentioned above, indicator 6.1 has been revised in the GEF Datasheet, replacing 6.2. The updated results have been calculated with the EX-ACT FAO tool, using module 2 LUC and module 5 Management, for a total of 100,000 ha of degraded forestland treated for a combination of village forestry, assisted natural regeneration.

The calculation estimates that the 49,000 ha of land under better management in production systems would generate yearly negative emissions from forest degradation of 642,000 tCO<sub>2</sub>, corresponding to a total direct avoided emissions from forest degradation of 4,494,000 tCO<sub>2</sub> and indirect benefits of 12,840,000 over 20 years.

The calculation estimates that the 51,000 ha of forest and forest land restored through assisted natural regeneration and other socially and environmentally sustainable practices will generate yearly negative emissions from deforestation of 1,053,000 tCO<sub>2</sub>, corresponding to a total direct avoided emissions from deforestation of 7,371,000 tCO<sub>2</sub>, and indirect benefits of 21,060,000 tCO<sub>2</sub> over 20 years.

The total estimated direct emissions avoided is 11,865,000 tCo2 and the total indirect avoided emissions is 33,900,000 tCo2 over 20 years. The indirect estimate is projected over 20 years period as advised by the “Updated result architecture for GEF-7.”, page 27.

**Project/Program taxonomy**

**7. Is the project/ program properly tagged with the appropriate keywords as requested in Table G?**

**Secretariat Comment at PIF/Work Program Inclusion**

March 5, 2020 HF: Yes.

**Agency Response**

**Part II – Project Justification**

**1. Has the project/program described the global environmental / adaptation problems, including the root causes and barriers that need to be addressed?**

**Secretariat Comment at PIF/Work Program Inclusion**

December 2019, HF:

In order to better understand the storyline, the project documents (including the GEF data sheet) should clearly articulate a strong **Theory Of Change (TOC)** for how the investment will produce intended biodiversity and land degradation/sustainable forest management results in an integrated fashion

March 5, 2020 HF: Yes.

**Agency Response March 18, 2020:** Noted Clearance. Thank you.

**2. Is the baseline scenario or any associated baseline projects appropriately described?**

**Secretariat Comment at PIF/Work Program Inclusion**

March 5, 2020 HF: Yes although I did not see any non-World Bank-supported baseline projects included. Please either direct me to those or or please include in subsequent draft/revisions.

March 23, 3030 HF: Comment cleared.

### **Agency Response**

April 9,2020: Noted Clearance. Thank you

March 18, 2020: A new Annex 9 is now included in the GEF PCN describing the existing and proposed projects/investments from other development partners to present the baseline context. These details are usually provided at CEO endorsement stage. However, kindly note that the project's baseline for the purposes of incremental reasoning is calculated as IDA financing with which the GEF financing is fully blended.

**3. Does the proposed alternative scenario describe the expected outcomes and components of the project/program?**

### **Secretariat Comment at PIF/Work Program Inclusion**

March 5, 2020 HF: Yes. #9 on page 22 of the concept, first sentence should include "benefits" after global environmental [ ].

March 23, 2020 HF: Comment cleared.

### **Agency Response**

April 9,2020: Noted Clearance. Thank you

March 18, 2020: Thank you. This has been updated in the GEF PCN.

**4. Is the project/program aligned with focal area and/or Impact Program strategies?**

### **Secretariat Comment at PIF/Work Program Inclusion**

December 2019, HF:

1.) The current **project objective** does not include the conservation of globally significant biodiversity. *Recommendation:* Given the GEBs for Biodiversity that need to result from this project the Project Objective should include a biodiversity conservation goal-the current Objective leaves this out completely.

2.) **Geographic:** Project site selection criteria needs to include **globally significant biodiversity**. Given the GEF-7 biodiversity focal area supports *global* environmental benefits for biodiversity. This should be induced as a top-line site selection criterion. Currently, criteria 1. on “*PA value*” states *global biodiversity significance OR investment plans*”, whereas GEF BD resources must be used to support the conservation of globally significant biodiversity only. Further, the project proposes the use of GEF-7 BD resources to accrue GEBs both inside and outside protected areas which makes good sense, thus the focal sites/landscapes must contain globally significant biodiversity to be eligible for GEF BD support-this should also be reflected in the criteria.

3.) Given the SFM focus of the project, are there landscapes that will meet both the SFM and biodiversity criteria, or will biodiversity conservation activities be in one landscape and SFM in others?

4.) Focal area eligibility issues:

**Restoration** (of degraded production landscapes or other ecosystem-types/forest), while eligible for LD focal area support, is not included in the GEF-7 biodiversity strategy outside of the Impact Programs. Given the mandate of the GEF biodiversity focal area to focus on paying for the incremental costs of generating global environmental benefits for biodiversity makes the type of restoration proposed for GEFTF support challenging to justify. While restoration can be environmentally beneficial, it is often hard to draw direct causal links between restoration actions and an improvement in biodiversity condition, however measured. Further, restoration is often of limited benefit for globally significant biodiversity and/or not a cost-efficient biodiversity conservation measure. *Recommendation:* Consider funding these activities (including restoration and plantations) with either counterpart or IDA funds, or through the GEF-7 Land Degradation 1-3 - Forest Landscape Restoration (FLR) entry-point.

**Tree plantations (industrial or otherwise)** are not included in the GEF-7 biodiversity strategy and would not clearly result in the conservation/production of benefits for globally significant biodiversity, thus related project activities are not eligible for GEF BD Focal Area support. *Recommendation:* Consider funding these activities (including restoration and plantations) with either IDA funds, or through the GEF-7 Land Degradation objective LD-1-2 Sustainable Forest Management (SFM) or LD-1-3: Forest Landscape Restoration (FLR)entry-points.

The approach to supporting participatory sustainable forest management in Laos is generally reasonable but while GEF LD financing can support **restoration** of native forests and degraded productive lands and tree plantations it cannot support restoration of/or with non-indigenous species or plantations of non-native species. Please ensure restoration and/or plantation investments for which GEF funds support use native species and sit within a management plan for sustainable forest management.

**Soil and water conservation** activities/natural disaster mitigation activities are not eligible under GEF-7 BD strategy. Although the GEF-7 LD strategy includes “restoring governance and degraded lands and water sources in post-natural disaster and/or conflict prone or conflict affected areas (with special attention to unemployed youth, women and other vulnerable or marginalized groups)” it is unclear whether there are proposed project sites being considered in Lao that would qualify. *Recommendation:* Consider funding these activities with counterpart or IDA funds.

If this project is to be considered under the **Global Wildlife Program (GWP)**, it needs to better articulate what globally significant wildlife is the focus (and where), and what actions will be undertaken to conserve it (e.g. the GEF increment and GEBs).

March 5, 2020 HF: Previous comments cleared.

1.) Since the project is not formally part of the GWP, but supports important Lao in important anti-wildlife trafficking, and wildlife-based economy activities, it makes good sense to for officials to participate in GWP activities and fora to the extent possible. In that vein, please consider including budget for participation in GWP events etc in order to facilitate Lao's presence in these important dialogues and efforts.

2.) LD alignment with LD-1-3 and LD-2-5 is appropriate, but there is no mention of any link to LDN (Laos has set a voluntary LDN target under UNCCD - does the project contribute towards this target in any way?)

March 23, 2020 HF:

Comments cleared.

### **Agency Response**

**April 9,2020:** Noted Clearance. Thank you

### **March 18, 2020:**

- Thank you, agreed. This will be discussed with the counterparts and done during preparation. At the current stage, activity 4.2.3 includes regional dialogue on landscape-related topics, which includes wildlife and biodiversity issues. GWP has facilitated some of them.

- Kindly note that Lao PDR does not have a published LDN target at the UNCCD website. <https://knowledge.unccd.int/home/country-information/countries-having-set-voluntary-ldn-targets/lao-peoples-democratic-republic>

The Global Mechanism of the UNCCD has prepared its own LDN profile which has no specific targets for Lao PDR.

Importantly, Lao PDR has targeted up to 650,000 hectares of degraded or bare forestland in designated National Production Forest Areas for restoration, and an unknown but likely much larger amount of degraded or bare forestland in so-called National Protection Forest Areas (not to be confused with protected areas aka National Conservation Forests). Supporting the achievement of this restoration target is a key contribution of the proposed project, with blended IDA and GEF financing plus leveraged private sector financing that cannot currently be quantified specifically (confidentiality).

As such, the GEF PCN has been updated to read that “The proposed project contributes to the concept of ‘land degradation neutrality’ advocated by the UNCCD, in that the project aims to support Lao PDR to help achieve its national target of 650,000 hectares of degraded or bare forestlands restored, and protect vulnerable forest villages and assets from floods, erosion and drought.” See para 18 page 7-8.

**5. Is the incremental / additional cost reasoning properly described as per the Guidelines provided in GEF/C.31/12?**

**Secretariat Comment at PIF/Work Program Inclusion**

March 5, 2020 HF: Yes, understood to be a more integrated, landscape-level approach as the additional cost reasoning.

Please see following comment/question regarding investment in NNT-NPA and the GEF increment given it is a previous biodiversity offset with PA management financing as part of the offset commitment.

March 31, 2020 HF: Regarding the above issue on the NNT-NPA offset, please fully address through project preparation and CER stage. Comments cleared.

**Agency Response**

April 9, 2020: Noted Clearance. Thank you

March 18, 2020: Noted. Please see clarifications below

**6. Are the project's/program's indicative targeted contributions to global environmental benefits (measured through core indicators) reasonable and achievable? Or for adaptation benefits?**

**Secretariat Comment at PIF/Work Program Inclusion**

March 5, 2020 HF:

- 1.) Unfortunately map is illegible (blurry). Please provide a map (w/georeferences) for the proposed and candidate sites for this project (understanding that final decisions will be made during project preparation).
- 2.) Project justification section 1b. notes 5-6 sites whereas other places in the documentation say 2-5 sites. How many sites are expected for this project given the resources and intended results? Please correct throughout documentation.
- 3.) The targets that have been set indicate that a significant portion of the hectares for indicator 1 (600,000) will be achieved through activities in the NNT PA. Understanding that sites have yet to be settled on, and given that there are expected to be around 4 other sites, does this mean the remaining GEF resources will be split among those other areas? Please explain the intended balance of resources/investment across project landscapes/sites.

4.) Given the NNT-NPA is a key environmental offset for NT2 and the role of NTPC in funding conservation of the offset through 2035 it is not clear whether, and why GEF resources would be focused on the conservation and management of NNT-NPA. This would seem contrary to the intention and basis of a biodiversity offset focused on that area. This also makes the GEF increment unclear. Please address.

March 23, 2020 HF:

1, 2 & 3.) Comments cleared

4.) Thank you for your response and further explanation, please address, through project preparation and at CER stage, the role of the NTPC in funding conservation of the offset (NNT-NPA) through 2035. Please include: the status of support to the management and stewardship of NNT-NPA under this offset agreement (a critical element of NT2 as we know)? What the offset resources are supporting vs the GEF increment (e.g. is the management of the actual PA already covered but the development of ecotourism at the NNT-NPA site will be the focus of this portion of the investment etc) and any other information/explanation regarding the baseline of the offset resources vs the GEF contribution/increment above and beyond what should otherwise be ongoing/baseline via this critical offset. Comment cleared.

### **Agency Response**

April 9, 2020: Noted Clearance. Thank you

**March 30, 2020 (recd March 29th):** Thank you noted for point 4.

### **March 18, 2020:**

1. The GEF Datasheet (page 10) and GEF PCN (annex 9, page 48-53) have been updated with a revised map that identifies the National Protected Areas that the project will support. The production landscapes in and around these areas will be supported, consisting of National Protection Forests and National Production Forests, that are being identified by the client.

The GEF PCN, now updated, also distinguishes between “sites,” “landscapes” and provinces.” Under Component 1, the project is currently envisioned to invest in 8 provinces that host 5 landscapes that include both National Protected Areas and production forests. Priority conservation landscapes are identified already in the GEF PCN as seen in the updated map according to their global biodiversity value. At this point the project would be estimated to support 8 NPAs. Within the conservation and production landscapes, specific districts are being identified, and within these districts specific villages are being

identified. The project could reasonably support 1000 villages to co-manage conservation and production forests for GEBs (via IDA/GEF blended financing) and generate livelihoods from associated village grants (IDA financing).

2. Please see above response. GEF PCN has been updated.

3. Please see above (and updated map in the revised PCN). As noted above, at this point the project would be estimated to support 8 NPAs. In addition, the GEF datasheet mentioned 400,000 ha for NNT based on the latest METT score report of the NP. The remainder 600,000 ha (to a total estimated 1,000,000) would come from the cumulative METT score improvement of the other NPAs supported by the project. Target may be revised during preparation. GEF resources will be split among all supported NPAs, and they will all be co-financed by IDA resources

4. Nakai Nam Theun National Park is the largest protected area in Lao PDR, at 427,770 ha, and was designated as the country's first national park in February 2019. This is the largest representation of wet evergreen forest in the world, and is listed in the upstream process with UNESCO for designation as a serial natural World Heritage Site. With a 161 km international border with Vietnam, the site is threatened by hunting and snaring. With a further 13 enclave villages (comprising 31 sub-villages) the site is also threatened from these communities with very heavy natural resource use and high poverty levels. The site has only piloted community-based tourism development within the last 12 months. The site should also be developed as a national /regional, best practice, training centre on collaborative management within the coming 5-7 years.

The benefits of providing strategic, small scale co-financing under GEF permits World Bank supervision (quality control) (note that WB financing to NT2 is closed) and technical advice on NNT NP, including the development of the nature based tourism within the site, linked to the broader NBT development within Khammouane province. It would also be pivotal with regards to the development of PA management capacities within the entire protected area system of Lao PDR. GEF incremental financing would assist to achieve increment global environmental benefits (i.e. better protection of some of the worlds most threatened biota) as well as one of the highest METT scores for PAs in Southeast Asia, than would otherwise be possible.

**7. Is there potential for innovation, sustainability and scaling up in this project?**

### **Secretariat Comment at PIF/Work Program Inclusion**

March 5, 2020 HF: Various dimensions of sustainability and opportunity/approach to scaling-up have been addressed but innovation has not. Please address potential for innovation in this project.

March 23, 2020 HF: Comment cleared.

### **Agency Response**

**April 9,2020:** Noted Clearance. Thank you

**March 18, 2020:**

Innovation will be supported by the project by (i) promoting co-management of conservation and production forests by villages, (ii) promoting the integrated landscape approach for both production and conservation objectives and GEBs, (iii) leveraging private stakeholders to partner with government and villages (with IFC), (iv) deploying community green infrastructure and better forest management to reduce flood and landslide risk, and (v) multi-agency approaches to forest and wildlife law enforcement. The GEF PCN has been updated in para 28, page 13.

**Project/Program Map and Coordinates**

**Is there a preliminary geo-reference to the project's/program's intended location?**

**Secretariat Comment at PIF/Work Program Inclusion**

March 5, 2020 HF:

- 1.) Unfortunately map is illegible (blurry). Please provide a map (w/georeferences) for the proposed and candidate sites for this project (understanding that final decisions will be made during project preparation).
- 2.) Project justification section 1b. notes 5-6 sites whereas other places in the documentation say 2-5 sites. How many sites are expected for this project given the resources and intended results? Please correct throughout documentation.

**Agency Response**

**Stakeholders**

**Does the PIF/PFD include indicative information on Stakeholders engagement to date? If not, is the justification provided appropriate? Does the PIF/PFD include information about the proposed means of future engagement?**

### **Secretariat Comment at PIF/Work Program Inclusion**

March 5, 2020 HF: Although mentioned in section II number 2 it isn't completely clear what has happened in terms of stakeholder engagement to date and what are the proposed means of future stakeholder engagement. Please describe.

March 23, 2020 HF: Comment cleared.

March 23, 2020 HF: Comment cleared for geo-reference question above as well.

### **Agency Response**

April 9, 2020: Noted Clearance. Thank you

March 18, 2020: The concept has been discussed and broadly shared for over a year, during every mission and meeting held with a variety of stakeholders at national provincial and local level. These stakeholders include government institutions from the various ministries and department concerned, private companies and producers associations have continuously been involved in dialogue and consultations. Most of the World Bank task team is based in Laos, and have daily engagement with relevant stakeholders, which in turn are necessary to fine-tune the ongoing formal project design and preparation of project documents. Formal engagement and consultations with communities will be carried out during upcoming preparation missions including the preparation of safeguards and design documents. Bank procedures only allow project preparation once the PCN review meeting is held, authorizing preparation. Kindly note that as per Bank procedures a Stakeholder engagement plan (SEP) and ESMF will be prepared prior to appraisal during the actual preparation phase.

### **Gender Equality and Women's Empowerment**

**Is the articulation of gender context and indicative information on the importance and need to promote gender equality and the empowerment of women, adequate?**

### **Secretariat Comment at PIF/Work Program Inclusion**

March 5, 2020 HF: Although the concept and datasheet states that "a gender analysis in the project area will be conducted to inform development of a gender action plan with results indicators" the documentation does not include an articulation of gender context and indicative information on the importance and need to promote gender equity and empowerment of women through this project. Please describe these dimensions.

NB: The concept indicator table specifies "gender disaggregated" data, when in fact it should be "sex disaggregated" data.

March 23, 2020 HF: Interesting, thanks. Comments cleared.

April 7, 2020: Please provide information about gender issues, dimensions, gaps in the forest sector (and other project activities) in Lao. Considering that the Project is about improving sustainable forest management and enhancing livelihoods opportunities, it should have been able to have gathered and provided some indicative information on women's and men's different roles in forest management and prevailing gender gaps relevant to project activities/objectives (there are many studies on gender and the forest sector in Lao PRD and past/ongoing projects that have addressed gender in this sector). The PIF includes only some general references to gender gaps related to development benefits, education and health service, and should provide some more detailed information on gender dimensions related to project activities.

April 9, 2020: Comment cleared.

### **Agency Response**

**April 9, 2020:** Revisions have been made to the gender context both in the GEF data sheet and the revised PCN (paras 42-45). Kindly note that the gender analysis conducted during preparation will inform activity design and relevant results indicators. Thank you

**March 18, 2020:** In both the GEF Data Sheet (Page 11) and in the GEF PCN (para 42-43), this discussion is present and has been further enhanced to better highlight the context.

Please note that Bank corporate guidance requires teams to use gender, not sex, disaggregation where relevant as the standard terminology

### **Private Sector Engagement**

**Is the case made for private sector engagement consistent with the proposed approach?**

### **Secretariat Comment at PIF/Work Program Inclusion**

March 5, 2020 HF: Yes, though please include indicative private sector co-financing if possible.

March 23, 2020 HF: Comment cleared.

## Agency Response

April 9, 2020: Noted Clearance. Thank you

March 18, 2020: See response to comment 3 and clarification on private sector. At this early PCN stage it will be considered presumptive and unrealistic to include private sector cofinancing amounts. This will be done at appraisal following consultations and discussions.

## Risks

**Does the project/program consider potential major risks, including the consequences of climate change, that might prevent the project objectives from being achieved or may be resulting from project/program implementation, and propose measures that address these risks to be further developed during the project design?**

## Secretariat Comment at PIF/Work Program Inclusion

December 2019, HF:

- 1.) Assessment of **climate risks** to the project seems to be missing, please include.
- 2.) The PCN states that the project will focus on **forest products legality and enforcement** (timber, wildlife, encroachment). At the same time the project will support village forestry and SFM investments. What safeguards will be put in place (eg. Robust chain of custody/traceability) for these initiatives to ensure they are not contributing to illegal logging and other illegal activities?

March 5, 2020 HF: Yes.

**Agency Response March 18, 2020**: Noted Clearance. Thank you.

## Coordination

**Is the institutional arrangement for project/program coordination including management, monitoring and evaluation outlined? Is there a description of possible coordination with relevant GEF-financed projects/programs and other bilateral/multilateral initiatives in the project/program area?**

### **Secretariat Comment at PIF/Work Program Inclusion**

March 5, 2020: Yes. Though see previous comment on coordination with non-Bank/GEF projects as well.

March 23, 2020 HF: Comment cleared.

**Agency Response March 18, 2020:** Noted. Clarification provided. Thank you.

### **Consistency with National Priorities**

**Has the project/program cited alignment with any of the recipient country's national strategies and plans or reports and assessments under relevant conventions?**

### **Secretariat Comment at PIF/Work Program Inclusion**

March 5, 2020 HF: Yes, though the title of Aichi target 11 makes it sound like it is focused on inland waters, just a shorthand issue, but better to either just list the Aichi numbers or include the whole title for each.

March 23, 2020 HF: Comment cleared.

### **Agency Response**

**April 9, 2020:** Noted Clearance. Thank you

**March 18, 2020:** Revised in GEF Data Sheet and GEF PCN (page 8). Thank you.

### **Knowledge Management**

**Is the proposed “knowledge management (KM) approach” in line with GEF requirements to foster learning and sharing from relevant projects/programs, initiatives and evaluations; and contribute to the project's/program's overall impact and sustainability?**

### **Secretariat Comment at PIF/Work Program Inclusion**

March 6, 2020 HF: Please elaborate on the project's proposed knowledge management approach.

March 28, 2020 HF: Noted. Could you please point me to the description/elaboration of the dedicated KM activity referenced in para 27 and below? Further detail is requested. At PIF stage we are screening for this type of information, please provide at least an overview of what is planned including:

- **an overview of existing lessons and best practice that inform the project concept?**
- **plans to learn from relevant projects, programs, initiatives & evaluations?**
- **proposed processes to capture, assess and document info, lessons, best practice & expertise generated during implementation?**
- **proposed tools and methods for knowledge exchange, learning & collaboration (at both program and project levels if a PFD)?**
- **proposed knowledge outputs to be produced and shared with stakeholders (at both program and project levels if a PFD)?**
- **a discussion on how knowledge and learning will contribute to overall project/program impact and sustainability**
- **plans for strategic communications?**
- 

March 31, 2020 HF: Comments cleared

## **Agency Response**

April 9, 2020: Noted Clearance. Thank you

**March 30, 2020 (recd March 29th):** See clarifications below. Small revisions have also been made in the PCN (Annex 7, page 46) and the revised document attached. Kindly also note that component activities will be further fleshed out and detailed during preparation in close consultation with our government counterparts.

· an overview of existing lessons and best practice that inform the project concept?

Please refer to GEF PCN Annex 5 “Lessons informing project concept design”

· plans to learn from relevant projects, programs, initiatives & evaluations?

Please refer to GEF PCN Annex 5 “Lessons informing project concept design”

· proposed processes to capture, assess and document info, lessons, best practice & expertise generated during implementation? Please refer to GEF PCN annex 7 “Detailed Component Description”, activity 4.1.2, page 46.

- proposed tools and methods for knowledge exchange, learning & collaboration (at both program and project levels if a PFD)?

Please refer to GEF PCN annex 7 “Detailed Component Description”, activity 4.1.2, 4.2.2, 4.2.3, page 46.

- proposed knowledge outputs to be produced and shared with stakeholders (at both program and project levels if a PFD)?

Please refer to GEF PCN annex 7 “Detailed Component Description”, activity 4.1.2 page 46.

- a discussion on how knowledge and learning will contribute to overall project/program impact and sustainability plans for strategic communications?

**March 18, 2020:** The project includes a dedicated activity to capture knowledge and reinforce learning through project M&E as well as impact assessments carried out by the client. This work will inform adaptive project and natural resource management. For example, village co-management of protected areas and production forests will benefit from assessments of what is working where and under what conditions. The GEF PCN has been updated to reflect this in para 27, page 13.

### **Part III – Country Endorsements**

**Has the project/program been endorsed by the country’s GEF Operational Focal Point and has the name and position been checked against the GEF data base?**

### **Secretariat Comment at PIF/Work Program Inclusion**

December 2019 HF:

1) **GEF Letter of Endorsement:** Prior to the official submission of the project to the GEF an updated LOE with current OFP signature and reference to the current project which is a GEF STAR MFA, (rather than a FOLUR IP). Current OFP is:

Mr. Phouvong Luangxaysana  
Ministry of National Resources and Environment  
Vientiane Capital, -Lao PDR  
Tel: +856 21 263799  
Email: phouvongl@hotmail.com; [viranasonnasinh@gmail.com](mailto:viranasonnasinh@gmail.com)

March 5, 2020 HF: Comment cleared.

Please fill in the date of the revised endorsement on page 20 of the Concept Paper.

Also, we just noticed the date of the project paper is Nov 29, 2019-is that accurate? Hasn't it been revised/updated during the decision-meeting process?

March 23, 2020 HF: Comments cleared.

## **Agency Response**

**March 30, 2020 (recd March 29th):** Revised PCN clarifying the knowledge management issues is attached to the submission.

In response to comments below on including these comments in the PCN response matrix, kindly note that the updated responses to each set of comments in the multiple RS we have received are captured in the portal by date as per the review sheet requirements, and not as a word document each time. The response matrix attached to the PCN meeting is not updated each time for subsequent comments received after the meeting. Those are already logged in the system with the minutes.

**March 18, 2020:** The WB/GEF Project Concept Note (PCN) is now updated with the date of the GEF Focal Point Endorsement Letter (4 March 2020). The references to the Nov 29 date on the document's footers have now been updated.

### **Termsheet, reflow table and agency capacity in NGI Projects**

**Does the project provide sufficient detail in Annex A (indicative termsheet) to take a decision on the following selection criteria: co-financing ratios, financial terms and conditions, and financial additionality? If not, please provide comments. Does the project provide a detailed reflow table in Annex B to assess the project capacity of generating reflows? If not, please provide comments. After reading the questionnaire in Annex C, is the Partner Agency eligible to administer concessional finance? If not, please provide comments.**

### **Secretariat Comment at PIF/Work Program Inclusion**

NA

## **Agency Response**

### **GEFSEC DECISION**

### **RECOMMENDATION**

**Is the PIF/PFD recommended for technical clearance? Is the PPG (if requested) being recommended for clearance?**

### **Secretariat Comment at PIF/Work Program Inclusion**

March 5, 2020 HF: No. For next submission please:

- 1.) Provide responses to GEFSEC's March 5-6th comments.
- 2.) Enter in Agency responses to upstream review comments (contained in response matrix). These should be captured in the Portal. I have pasted in GEF comments only.

March 23, 2020 HF: No, please:

- 1.) Address KM question.
- 2.) Again, please revise the Agency responses to previous upstream review comments (contained in response matrix). These should be captured in the Portal. I have pasted in GEF comments only.

March 31, 2020 HF: Yes, all comments cleared.

April 7, 2020: Please address comments on co-financing and gender.

April 9, 2020: Yes, all comments cleared.

### **ADDITIONAL COMMENTS**

**Additional recommendations to be considered by Agency at the time of CEO endorsement/approval.**

**Secretariat Comment at PIF/Work Program Inclusion**

March 6, 2020 HF:

Please undertake careful budget planning for GEF funds during project preparation and please include a detailed budget for the project by CEO endorsement. This will assist us in better understanding the use of the GEF resources and address the previous question.

Please remember to set METT baselines by CEO endorsement request submission.

March 28, 2020 HF: Please address, through project preparation and at CER stage, the role of the NTPC in funding conservation of the offset (NNT-NPA) through 2035. Please include: the status of support to the management and stewardship of NNT-NPA under this offset agreement (a critical element of NT2 as we know)? What the offset resources are supporting vs the GEF increment (e.g. is the management of the actual PA is already covered but the development of ecotourism at the NNT-NPA site will be the focus of this portion of the investment etc) and any other information/explanation regarding the baseline of the offset resources vs the GEF contribution/increment above and beyond what should otherwise be ongoing/baseline via this critical offset.

**Review Dates**

	<b>PIF Review</b>	<b>Agency Response</b>
<b>First Review</b>		
<b>Additional Review (as necessary)</b>		
<b>Additional Review (as necessary)</b>		
<b>Additional Review (as necessary)</b>		

PIF Review

Agency Response

**Additional Review (as necessary)**

**PIF Recommendation to CEO**

**Brief reasoning for recommendations to CEO for PIF Approval**

This GEF project is fully funded with a \$50 million IDA loan that will support the Government of Lao PDR over seven years to implement its strategic program to manage its forest estate (i.e., the forest landscape) to achieve the conservation, production, and protection objectives. It will take an integrated, spatially concentrated approach to investment in SFM, village livelihoods, conservation, nature-based tourism, and reduction of climate risk and emissions. Blended IDA/GEF financing would be complemented by trust funds and parallel private investments in forestry and tourism that would help maximize finance for development.

The added value of GEF financing blended with IDA resources, would be to help move beyond the fragmentation and limited global and local environmental benefits inherent in single projects and single sector approaches. The GEF support would assist the Government of Lao PDR to take an integrated landscape approach across GEF Focal Areas and sectors at scale in 5-6 greater Annamites landscapes facing fragmentation, loss of natural capital, and deterioration of a wide range of ecosystem services.

The project as designed contributes to the GEF-7 objectives for Biodiversity and Land Degradation under a multifocal area approach. Significantly several activities designed within the project on strengthening PA management and enhancing capabilities to combat illegal wildlife trade are also aligned with the framework for the Global Wildlife Program (GWP). While not a participating country under the GWP, the project will contribute to the dialogue and strengthen links to other regional and global efforts to conserve wildlife and combat transnational environmental crimes and promote nature tourism.

The project has four components that, taken together, help convene and “crowd in” coordinated actions and investments in priority spatially explicit landscapes to achieve larger impact at scale than would be possible with small fragmented projects. Components include: **Component 1:** Investing in Natural Wealth and Resilience in Forest Landscapes. This component aims to strengthen investment and capacity in sustainable forest management; **Component 2:** Livelihoods Opportunities for Forest Landscape Sustainability. This component is closely linked to Component 1 and targets the same villages. It aims to improve and diversify forest-smart livelihoods for villages located in the forest estate; **Component 3:** Institutions, Incentives, and Information. This component aims to enhance institutional capacities, policies, incentives, and information across sectors for sustainably deploying natural assets for greener economic growth from the forest estate; and **Component 4:** Project Management, Monitoring and Learning. This component aims to ensure an efficient, transparent and effective implementation of the project on the ground.

Innovation will be supported by the project by (a) promoting co-management of conservation and production forests by villages, (b) promoting the integrated landscape approach for both production and conservation objectives and GEBs, (c) leveraging private stakeholders to partner with government and villages (with IFC), (d) deploying community green infrastructure and better forest management to reduce flood and landslide risk, and (e) multi-agency approaches to forest and wildlife law enforcement.

This project targets 1 million hectares of high-biodiversity terrestrial protected areas created or under improved management for conservation and sustainable use; 51,000 hectares of land restored; 961,500 hectares of landscapes under improved practices; with commensurate GHG emissions avoided and carbon sequestered; and 105,000 beneficiaries impacted.