

Lao PDR Landscapes and Livelihoods Project

Review CEO Endorsement 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

9/29/2020

Review completed by PM

11/12/2020

Program Manager

Hannah Fairbank

Focal Area

Multi Focal Area

Project Type

FSP

PIF

CEO Endorsement

Part I – Project Information

Focal area elements

1. Does the project remain aligned with the relevant GEF focal area elements as presented in PIF (as indicated in table A)?

Secretariat Comment at CEO Endorsement Request

October 10, 2020 HF:

Yes, though see further comments on alignment below.

Agency Response **November 4, 2020**: Please see clarifications below.

Project description summary

2. Is the project structure/ design appropriate to achieve the expected outcomes and outputs as in Table B and described in the project document?

Secretariat Comment at CEO Endorsement Request

November 12, 2020 HF:

Cleared.

November 5, 2020 HF:

- 1.) Comment cleared.
- 2.) Comment cleared.
- 3.) Comment cleared. Please ensure this is noted in the documentation.

October 10, 2020 HF:

- 1.) Component 3 Overall seems to be under-funded/emphasized in comparison to the scope of the activities and the baseline as described. It seems like this Component really provides the basis for landscape-level benefits/gains, for the potential mainstreaming of biodiversity across sectors and realization of the alternative scenario as presented. It isn't clear how durable impacts will result given the low resourcing of activities under this Component. Please explain, justify and/or revise.
- 2.) Criteria for PA selection: Needs to contain globally significant biodiversity to use GEF BD funds-the "notes" column of Table A6.1 doesn't make clear that, or how this criteria will be developed or applied, or how "uniqueness" meets this requirement or is defined. Please explain.
- 3.) PA expansion or establishment- The GEF-7 biodiversity strategy requires that PAs that will be established or expanded with GEF resources fall within a designated KBA or meet KBA criteria. From a review of the Tracking Tools appears to be at least three target PAs that will be gazetted with support from this

project. Please review target PAs for gazettelement through the KBA lens (<http://www.keybiodiversityareas.org/kba-data>), describe/confirm whether this is indeed the case and revise as needed.

Agency Response

November 10, 2020: Noted Clearance. Thank you. the clarification is included in the project documentation (GEF CER Section E core indication explanation and PID para 22)

November 4, 2020:

1. As designed, Component 3 is sufficiently financed at an estimated US\$8,770,000 of which US\$350,000 is GEF and the rest IDA and Canadian Clean Energy and Forest Climate Facility (CCEFCE). Please note that since the last GEF submission CCEFCE credit was confirmed for Lao PDR (which was earlier under discussion during preparation) and, thus replaces the 16 million of IDA credit for supporting the same activities as planned under IDA credit. The overall co-financing and scope therefore remain the same and does not impact the GEF incremental reasoning.

\$8,770,000 is 15% of the total and is focused on relatively low cost activities such as policy development, institutional capacity development, information, and addressing wildlife and timber crime. Component 3 complements Components 1 and 2. Components 1 and 2 have the bulk of total project financing including GEF resources (GEF is not financing Component 2) and include civil works, natural resource management, and hundreds of village engagements, as well as field level institutional building for park and forest management

2. It may be clarified that target PAs have been selected based upon conserving the globally significant biodiversity, inside the seven Key Biodiversity Areas. Includes national parks, national and provincial protected areas, and potential for World Heritage Site designation. Biodiversity monitoring and research will be undertaken to highlight these global conservation values in all 8 PAs. The criterion has been revised for better clarity from “PA supporting internationally and nationally significant biodiversity” (In PAD) to “PA supporting globally and nationally significant biodiversity.”

Furthermore, the updated PAD para 9 reads “Lao conservation forests possess globally significant biodiversity and habitat integrity.”

3.IDA and CCEFCE are also financing component 1.1 on PAs along with GEF financing. Seven of the 8 target PAs are designated as KBAs and the seventh meets key KBA criteria. GEF funds will be directed to these 8 PAs. The designated KBAs comprise:

Nam Et and Phou Louey National Park, Phou Khao Khouay National Protected Area, Phou Hin Poun National Protected Area, Nakai Nam Theun National Park, and Laving Laverne National Protected Area.

Only two PAs (not three) will require new designations, through upgrading:

1). Khouan Xe Nongma is already listed as a KBA but is named as the “Upper Xe Bangfai”. This area is currently being upgraded from a Provincial Protected Area to a National Protected Area.

2). Tor Sib Provincial Protected Area is being upgraded to a National Protected Area. This area encompasses upper montane forest, which is recognized in the Directory of Important Bird Areas in Lao PDR (2003) as under-represented in the protected area system. Being isolated mountain tops at the highest elevations in the country, the PA boasts range-restricted species in all taxa, such as the Chestnut bulbul, Stripe throated fulvetta, Indochinese fulvetta.

3. If this is a non-grant instrument, has a reflow calendar been presented in Annex D?

Secretariat Comment at CEO Endorsement Request NA

Agency Response

Co-financing

4. Are the confirmed expected amounts, sources and types of co-financing adequately documented, with supporting evidence and a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized, and a description of any major changes from PIF, consistent with the requirements of the Co-Financing Policy and Guidelines?

Secretariat Comment at CEO Endorsement Request

November 5, 2020 HF:

Comments cleared.

October 11, 2020 HF:

Yes, Table C-is fine and includes the IDA financing.

- 1.) Is any private sector co-finance expected over the course of the project given engagement in SFM, livelihoods and tourism?
- 2.) Is government co-financing (even in-kind) expected?

Agency Response

November 10, 2020: Noted Clearance. Thank you.

November 4, 2020: Thank you. As mentioned above the overall cofinancing remains the same, but since the last submission US\$ 16million credit from the Canadian Clean Energy and Forest Climate Facility has been confirmed and will replace US\$16 million of IDA credit financing. Supporting cofinancing letter is included in the submission.

1. Private sector actors are not providing co-financing under the project's financing plan at this stage of approval. Private sector parallel investments are anticipated in the implementation phase when engagement consultations are envisaged and will be recorded as relevant during project implementation.
2. Government in-kind support to project objectives includes staff, buildings, facilities, and existing assets but this is not calculated or included in the project budget and financing plan as per Legal Agreements for Bank financed investment projects. These are inherent to the Governments execution of the project. The project has significant co-financing from the IDA and CCEFCF resources and therefore in-kind commitments were not included at this stage in the GEF data sheet.

GEF Resource Availability

5. Is the financing presented in Table D adequate and does the project demonstrate a cost-effective approach to meet the project objectives?

Secretariat Comment at CEO Endorsement Request

October 11, 2020 HF:

Yes.

Agency Response **November 4, 2020**: Noted clearance.
Project Preparation Grant

6. Is the status and utilization of the PPG reported in Annex C in the document?

Secretariat Comment at CEO Endorsement Request

November 5, 2020 HF:

Comment cleared.

October 11, 2020 HF:

1.) Table F-If no PPG grant required/taken, so please revise language that reads “PPG Required” .

Agency Response

November 10, 2020: Noted Clearance. Thank you.

November 4, 2020: It is re-confirmed that no PPG was requested or required. WB used its own resources for preparation. The language is a portal template function – it is not checked indicating that no PPG was requested as is annex C of the portal GEF data sheet (as needed please consult with the GEF portal team for further clarifications).

Core indicators

7. Are there changes/ adjustments made in the core indicator targets indicated in Table E? Do they remain realistic?

Secretariat Comment at CEO Endorsement Request

November 12, 2020 HF:

Cleared.

November 5, 2020 HF:

- 1.) Comment cleared. Please include explanation in shift in targets in CER.
- 2.) Comment cleared.
- 3.) Comment cleared. Please include response in project documentation.
- 4.)-6.) Comments cleared.

October 10, 2020 HF:

- 1.) Please explain the shifts in indicator targets from PIF to CER for the GEF Core indicators.
- 2.) Are there meant to be baselines for the PDO indicators in the GEF CER? If not, when are those established?
- 3.) What BD indicators will be used at a landscape-scale? The METT will be for PAs, but what will capture the BD GEBs across the targeted conservation landscapes (or those hectares reported under 4.3)? Given the suite of drivers of biodiversity loss identified in the project design, it is logical and important to actually be monitoring the extent to which there is a reduction in intensity (or frequency) of these drivers and threats to biodiversity to have a sense of to what extent the project is having its intended effects. These types of indicators could be used as proxy's for biodiversity status indicators if done in an evidence-based and robust way. Please explain and document.
- 4.) "Commercial plantation forests that (1) interface with project-supported villages and (2) do not displace standing forest with maintained or increased forest cover" Don't understand this indicator since the project documentation states that the project won't be financing commercial plantations? Is it a policy effectiveness measure? Please explain/revise in the documentation.
- 5.) How is project monitoring the contribution of tourism to conservation of biodiversity (and land management)? Tourism needs to actively contribute to the conservation of biodiversity, and this contribution needs to be captured and measured (see more extensive comment on this point elsewhere in review sheet).

6.) Considering the amount of co-financing (\$10m) directed to LD 1-3 in addition to GEF Financing, the restoration estimated cost per hectare seems reasonable, please explain how this cost estimate was derived.

Agency Response

November 10, 2020: Noted Clearance. Thank you. Document has been updated for Comments 1 and 3 to reflect responses (GEF CER section E explanation for core indicators)

November 4, 2020:

1. In general, targets were updated as project preparation evolved with the client. Specifically:

CI 1: The number of PAs supported by the project has increased since PIF stage, and therefore the expected ha reflects it.

CI 4: The PIF stage assumption was based on ongoing other projects. As the project preparation evolved, the new target value now includes forestlands targeted for restoration outside of PAs. The breakdown in CI 4.1 and 4.2 reflects management objectives in village forest management and zoning plans of the village forests.

2. The World Bank PAD Results Framework includes baseline values for all indicators, which is required for Bank Board presentation. This Results Framework is also annexed to the GEF Data Sheet. The GEF Core Indicator reports the indicator targets as per the prescribed CI worksheet (Annex F of the CER) which tracks indicator targets at approval, mid-term and TE. METT scores for the PAs define the proposed baselines, and have been provided.

3. PAs are globally recognized themselves a landscape approach to biodiversity conservation.

In addition, the measurement of biodiversity at landscape scale will be achieved in all landscapes through the proxy of measuring changes in forest cover. Measurement of degradation and threat reduction to biodiversity will be achieved through the Operational Logging and Degradation Monitoring System (OLDM) established by the Department of Forest Inspection. More detailed biodiversity monitoring assessments are not envisaged as this is both costly and requires dedicated training.

Reduction in threats will be monitored in all 8 targeted biodiversity-rich PAs by the utilization of the Spatial Monitoring and Reporting Tool (SMART). This is already used in four PAs (Nam Et-Phou Louey National Park; Nakai Nam Theun National Park; Hin Nam No National Park and Khouan Xe Nongma PPA). This includes law enforcement monitoring into the buffer zones.

The project will partner with NGOs to coordinate on biodiversity monitoring (financed outside the project financing plan) such as the partnership with Association Anoulak (www.conservationlaos.com) in Nakai Nam Theun National Park.

4. Correct, the project will not be financing commercial plantations. Yet the project will track change in total forest cover.

The sub-indicator for commercial forest plantations (e.g. planted forest) has been removed during the pre-appraisal mission in October 2020. The information is useful, however, for the Government to track how commercial tree plantation firms' activities are affecting villages and the natural resources local people depend on, and contributing to restoration which is the stated government policy rationale for expanding commercial forest plantations. No project funds, either GEF, IDA, or CCEFCF are used to support commercial forest plantations (which is why the indicator was removed).

5. Nature-based tourism SMEs supported by the project in subcomponent 2.3 (no GEF resources) will have to comply with PA management plans and other conservation objectives to access the Nature Based Tourism Business Leveraging Facility. For details, please see response below to the "more extensive comment on this point elsewhere in review sheet."

6. The cofinancing support cost was estimated based on the amount of IDA and CCEFCF available and programmed for forest restoration activities that align with LD objectives.

Part II – Project Justification

1. Is there a sufficient elaboration on how the global environmental/ adaptation problems, including the root causes and barriers, are going to be addressed?

Secretariat Comment at CEO Endorsement Request

November 12, 2020 HF:

Cleared.

November 5 2020 HF:

- 1.) Comment cleared. Editorial point remains.
- 2.) Comment cleared.

October 10, 2020 HF:

- 1.) Mainstreaming and landscape level management/conservation should clearly rise to the top as the unifying approach in the ProDoc or CER, instead it seems buried, emerging in Component 3 and in Annex 4 of the ProDoc. Would recommend ensuring that project design and documentation maintain landscape level development planning, and conservation approaches as the foundation to which the PA, SMF and enterprise activities contribute. A solid articulation of a TOC (comment elsewhere in review sheet) will support this as well.
- 2.) GHG -- the carbon calculation overall looks reasonable, except for the estimate of the indirect GHG mitigation benefits. The indirect methodology is related to the Transportation sector and it is not appropriate for the AFOLU sector. To address, the Agency can: 1- describe in the narrative what the indirect consequences of the project will be in terms of outcomes (it could be through changes in the regulatory framework, corporate commitments, leveraging additional funding, establishing incentives...) and elaborate a new estimate accordingly (using another Ex-ACT tool or any other methodology aligned with the IPCC guidelines); 2- Not estimating the indirect benefits if they consider there is too much uncertainty at this point. Of course, the first approach is the best one if possible. It would also be helpful if the agency would share the EX-ACT spreadsheet that justifies the project totals.

Agency Response

November 10, 2020: Noted Clearance. Thank you. Please do note that based on the editorial recommendation the narrative to support the ToC is included in the CER (Annex A) and responded to earlier in the comment provided later.

November 4, 2020:

1. Natural resources and development planning is supported at Village level, State Forest level (PFA, PtFA, PA), and at national level with the policy and regulatory support to improve the enabling environment – it is central to the design of components. Lao PDR policy frameworks do not currently operationalize landscape management and hence the project is addressing this barrier. The PAD notes upfront that the country's landscapes are organized according to three forest

categories (conservation, protection and production forestlands, which account for about 70% of the country's land mass). The Dept of Forestry is responsible for this estate and manages by individual forest areas. PAs themselves are landscape approaches, as are management of village forests and other forest areas. There is an opportunity to optimize benefits among different forest and land uses. Villages are also landscapes with tradeoffs and interlinkages: planning and managing these opportunities and tradeoffs is a core dimension of the project.

The project's ToC captures the reasoning for the project, by listing the weak enabling environment and the low capacity as key constraints the project will address, eventually leading to increased natural capital, better protection of globally unique ecosystems and contribution to climate change mitigation.

2. Thank you for the recommendation. The team has considered option 2, and the Ex-ACT excel file for the estimated calculations is included re-submission package. The direct calculation is estimated by multiplying Ex-ACT annual -1,725,793 for 6 year of project implementation and projections over 20 Years.

2. Is there an elaboration on how the baseline scenario or any associated baseline projects were derived?

Secretariat Comment at CEO Endorsement Request

October 12, 2020 HF:

Yes.

Agency Response **November 4, 2020**: Noted Clearance.

3. Is the proposed alternative scenario as described in PIF/PFD sound and adequate? Is there sufficient clarity on the expected outcomes and components of the project and a description on the project is aiming to achieve them?

Secretariat Comment at PIF/Work Program Inclusion

November 12, 2020 HF:

Cleared.

November 5, 2020 HF:

- 1.) Comment cleared.
- 2.) Comment cleared. Please include explanation of the linkages between tourism activities and contributions to biodiversity conservation in project documentation.
- 3.) -7.) Comments cleared.
- 8.) Comment cleared. Please include these linkages in the project documentation.
- 9)-10.) Comments cleared.
- 11.) Comment cleared. Thank you for this explanation-please include in project documentation. Interesting to note that (FSC) certification is considered a cost-effective approach to legality (and sustainability) for Lao to meet requirements of the EU and US's Lacey Act amendment.

October 10, 2020 HF:

Yes, the alternative scenario is strong, please see following comments and questions on the TOC, design and components.

- 1.) Please provide a clear, narrative summary of the project's theory of change that articulates the intended end state of this project, the causal pathways to get there, including addressing the drivers of biodiversity loss and land use change and how the project will do so (in Section D #47 of the ProDoc as well as in the GEF CER). This is more important than any graphic. Nothing elaborate is requested, just a clear narrative of the TOC.
- 2.) Tourism: It is not clear whether, nor how, the tourism Sub-components and activities to be supported under this project will actually actively support the conservation of biodiversity/the nature or the PA on which the tourism would depend/focus. In order for these activities to be eligible for biodiversity focal area resources there needs to be concrete and clear linkages between NBT development and actual conservation finance or action on the ground. This is a critical missing link that needs to be addressed in the TOC and project design/activities. For instance:
 - a.) Sub-component 1.1: Is the main benefit intended from tourism jobs/livelihood production? Or will the project also engage in ensuring that the enabling environment/regulations exist and are implemented to ensure that PA entry fees return to the conservation and management of the park (% to the park, % to other PAs/general management); and concessions agreements with private sector operators in the tourism industry that include fees that go to

park management/supporting conservation activities on top of sustainability requirements. This goes beyond what would be expected to ensure any tourism (whether or not it is directly contributing to conservation finance or action) is 'green' including visitor quotas, waste management, low impact uses etc-but this passive 'do-no-harm' rather than active conservation support.

b.) The PAD discusses the need to strengthen nature-based tourism. At the moment most of this type of tourism in Laos is low end 'backpacker' tourism. While the project intends to support the enabling environment for nature-based tourism, it's not clear that what is being proposed would be considered 'eco-tourism'. In any case, the outcome of these efforts shouldn't be to increase volumes of tourists alone, which could have negative environmental consequences, but to increase value/revenue generated for PA management and livelihood development. (There is plenty of high end tourism in the region that could eventually be tapped into with a targeted marketing campaign but it's not clear that attracting such tourists is the goal of the project). Please address/further develop in ProDoc.

3.) 1.2.2: how would biodiversity conservation be integrated into these land use plans and zoning?

4.) Please confirm and document that GEF financing will not be used to support:

a.) small-holder plantation development with non-native species;

b.) commercial tree harvesting or charcoal production; and

c.) plantations that extend into intact forest areas, or other globally important natural ecosystems. Beyond a safeguard perspective, Component 3 should reflect this from a planning and policy perspective as well.

5.) Are there safeguards or a sustainability plan in place or to be developed for NTFP harvesting to ensure these aren't over-extracted?

6.) Please also provide more information on the partnerships and agreements with commercial tree plantations in PFAs.

7.) Activity 1.2.7 Green infrastructure for resilient villages, livelihoods and jobs It doesn't appear as if these activities are funded with GEF financing-please confirm.

8.) The linkages between Component 3 and Component 1 should be considerably strengthened. How are experiences in the field going to be communicated and applied at the policy level, and how are policy and institutional provisions (private sector PA concessions and SMF etc) going to be applied at the field level?

9.) Sub-components 3.1 and 3.2 seem underdeveloped. Please provide further detail. Also, should consider the policy/governance related elements of ensuring nature-based tourism actively contributes to the conservation of the biodiversity assets on which the market directly depends. This is an opportunity to engage GWP as they have an entire component and global support project with significant NBT focus and resources for countries.

10.) GEF CER datasheet/portal entry: Project location: please provide a basic overview of the identified project landscapes.

11.) ProDoc: #11. Refers to: “legal certified timber to support exports to lucrative international markets” is this referring to legal timber or certified timber? If certified wood, please include an update on the current state of market demand for certified (such as FSC) wood. It was not strong in recent years due to limited consumer demand for certified wood products (in large part due to cost differential vs non-certified wood). It seems like high consumer demand and a strong market for certified wood is a critical assumption for this entire of Theory Of Change but it is not included as such and needs to be backed up with market analysis- which I also assume is planned for?

Agency Response

November 10, 2020: Noted overall clearance. Thank you. Project documentation has been updated to reflect the responses for comments 2 (GEF CER PART II. 4 and PID para 10), 8 and 11 (GEF CER PART II. 4)

November 4, 2020: Thank you for the support.

1. As per the Bank’s PADs which are being made more agile, Bank Management recommended removing the narrative from the PAD and reflect ToC only through graphic representation. The narrative has now been included and updated in the GEF Datasheet to elaborate the causal linkages (Annex A Results framework).

2. The project will promote the establishment of enforcement regimes in relation to the tourism concessions, and will provide training to tourism concession staff. It will provide training on conducting biodiversity surveys within the tourism concessions. It will also monitor jobs creation in the tourism concessions targeting local villagers. It will also measure funding streams to the PA from the tourism concessions.

One main benefit intended from tourism will include jobs/livelihood generation. The project will support the development of enabling environment/regulations. PA entry fees will be used to support park management. Fees that go to park management supporting conservation activities will be included in tourism concession agreements.

Tourism activities at PA level include:

- Tourism zoning, strategy and action plan development by stakeholders working group (including surveys) which will be part of the overall PA zoning;
- Training and support for private sector-led anti-poaching support teams in tourism concession areas;
- Creation of and capacity building for tourism stakeholder working groups;
- Joint marketing and promotion (websites, events, familiarization trips, etc.);
- Produce tourism investment potential portfolio for the landscape. Disseminate on website and at national workshop;

GEF financing will not finance Component 2.3 on Nature Based Tourism Business Leveraging Facility.

All these activities are carried on with the PA management unit, and contribute to the PA management plan objectives, which include biodiversity conservation.

(a) For sub-component 1.1, the answer is yes for both questions.

(b) Agreed, the project will support targeted marketing campaigns to attract high end eco-tourism. Please refer to the report “Developing Nature-Based Tourism as a Strategic Sector for Green Growth in Lao PDR” <https://www.worldbank.org/en/country/lao/publication/developing-nature-based-tourism-as-a-strategic-sector-for-green-growth-in-lao-pdr> for details recommendations and findings which have informed project design.

ESS documents address tourism impacts. Tourism in Lao PDR has been very low compared to Thailand and Vietnam for example. The immediate challenge is to raise revenues for PA management by increasing nature-based tourism sustainably.

3. Existing Land Use Planning manuals and guidelines will be modified and used to refine land boundaries including national forest categories, national and local land use zones, land categories (including agriculture land, forest land, cultural land, natural wetland), land allocation plans and uses of natural resources (forests, NTFFPs, animal and aquatic wildlife) based on modified characteristics and potentials of natural resources and geographical locations and consistently with country’s policies, Laws, the National Land Allocation Master Plan, Strategic Plan, sectoral Land Use Plan.

Additionally, village land use planning will be linked to village conservation agreements.

4. This is confirmed and has been documented as follows:

In the updated PAD (section II.B, Project Components), new Appendix B on Detailed Activities and Annex H to the GEF data sheet, GEF contributions to each activity are explicitly noted and valued

The smallholder plantation development activity is funded by IDA and CCEFCF as per the GEF budget provided which only funds Village facilitators and community development advisors under activity 1.2.4.

The project overall (IDA/CCEFCF and GEF) is not financing commercial tree harvesting or expansion of plantations into native forests. GEF grants in particular are used only for Extension and village level advisory services.

White charcoal (*mai theu*) production is an eligible NTFP activity, and highly sustainable and economically valuable, while the commonly found black charcoal is not an eligible project expenditure. It is financed only by IDA and CCEFCF.

Agreed on Component 3, although note that no investment project can “police” an entire sector and all actors. The focus of Component 3 (and Component 1.2 which is related) is on raising government capacity to regulate and monitor.

The GEF grant will not finance VFM, activity 1.2.3.

5. The Bank’s ESS framework addresses all uses of forest resources including NTFPs. Village forest plans (Component 1.2) and conservation agreements (Component 1.1) include sustainable NTFPs.

6. Government policy and procedures are still being developed and the project will support the process as part of implementation

Agreements can include, based on past pilots and experience collected under the FIP engagement with IFC and Burapha:

1). Strengthening of land concession agreements, social and environmental impact assessments and Government-Company and Company-Community (People) partnerships that clearly articulate commitments, legal obligations, risks and benefits, including land-use and crop ownership rights; harvesting, transporting, processing and marketing rights; benefit sharing, and issues relating to sustainability and localization at project or program end.

2). Encourage scaling-up of pilot outgrower investment demonstrations in company-smallholder partnership investments in a range of models tailored to local contexts and needs.

3). Encourage smallholder (family or farmer) plantation forest investors in valuable indigenous species hardwoods (e.g. Teak) to seek partnerships with reputable forest industries investors to share risks, support forest management and chain of custody certification and provide market access.

For more details and past practices please refer to the flagship SFM advisory product: “Partnerships and Opportunities for a New Green Forest Economy in Lao PDR : Sustaining Forest Landscapes and Livelihoods” (openknowledge.worldbank.org/handle/10986/32019) which informed project design.

The project will not fund Industrial tree plantations.

7. This activity will not be financed by GEF resources.

8. Components 1 and 3 are indeed linked very strongly. For example, component 3.1 will develop regulations and implementation guidelines for a series of specific topics contained in the 2019 Forestry Law and 2019 Land Law. These include Village Forest Management, Nature Based Tourism management, PA management, concession agreements for private investments in PFA (forestry industrial plantations) and PAs (Nature based-tourism products); land tenure regulations inside forestlands and so on. All these policy and regulatory work will be informed by evidence from the field, and in-turn inform further field level activities in the roll-out of these regulations and policies.

The LLL project is uniquely placed to leverage policy change and scale up best practices.

9. Please see Annex H to GEF data sheet and appendix B of the PAD for the full activity design.

The project team is in contact with, and has been advised from the GWP on tourism and illegal wildlife trade. Both teams have agreed to coordinate efforts even if Laos is not formally a GWP member.

10. The overview of the identified project landscapes is now included in the GEF Datasheet. The overview was provided in PAD Annex 5, which has now become the revised Appendix D to the PAD (see attached appendices to PAD).

11. The text below comes from the World Bank's 2019 SFM publication "Partnerships and Opportunities for a New Green Forest Economy in Lao PDR: Sustaining Forest Landscapes and Livelihoods" (openknowledge.worldbank.org/handle/10986/32019) which informed project design and has been used as reference in the document.

"The need for verified legal and sustainable tropical forest products is increasing rapidly as prerequisites for access to international markets capable of paying higher prices; Lao PDR needs to keep pace with these new market opportunities by transforming the forestry sector into a central pillar of a new green economy. Most major international markets like the European Union (EU), the United States (US) and other countries with green policies increasingly demand proof of legality and/or sustainability of forest management and wood products that they import by way of third party assessed certification of forest management and chain of custody across the supply chain. There is also emerging interest within Asia in legal and certified wood as China, Vietnam, and Thailand are all establishing national standards for timber legality and SFM to meet, and in turn, export market requirements of their trading partners for legal and sustainable wood."

Additionally, the analytical work also provides a strong context for the market demand. Increasingly forest products importing countries; multi-national and national companies; international financial and funding institutions; and importing/manufacturing/construction federations and associations require wood producers and forest products traders to prove sustainability and/or legality for forest products market access, particularly into industrialized countries in Europe, North America, Oceania and elsewhere. Increasingly Governments have approved green public procurement policies; local governments, city/town planners, engineers and architects have established green building standards and companies have adopted green policies to demonstrate corporate social and environmental responsibility; and development and multi-national commercial banks require proof of compliance with social and environmental safeguards and the Equator Principles respectively. These international markets have become more discerning in their sourcing of sustainable wood production and legal associated wood products trade. Originally, FSC certification was the standard specified by most of these market mechanisms but there has been a significant change in recent years to accept FSC and PEFC and their associated certification systems (e.g. SFI) as reputable, international, independently 3rd party assessed certification systems as proof of sustainability and legality. These combined international markets for solid wood total over three times China's annual wood imports. There is an emerging interest within Asia in proof of production, harvesting and trade in legal and certified wood as China, Indonesia, Malaysia, Vietnam, and Thailand have established or are establishing national standards for timber legality and SFM and Chain of Custody certification to meet export market requirements of their trading partners. Lao PDR has an opportunity to increase both forest certification as proof of sustainability and FLEGT tools (TLAS, VPAs) for proof of legality in forest products production, harvesting and trade.

4. Is there further elaboration on how the project is aligned with focal area/impact program strategies?

Secretariat Comment at CEO Endorsement Request

November 5, 2020 HF:

1.) Comment cleared.

2.) Comment cleared.

October 11, 2020 HF:

1) Many of the activities listed under village forest management seem to align to LD FA 1-2 rather than or in addition to LD 1-3 (assuming that GEF financing is supporting the SFM activities). Please review this and adjust if necessary.

2) In order to show clearer alignment with the objectives of GEF LD FA 2-5, please identify the LDN targets of Lao PDR that are relevant to the project and explain specifically how the project will support these.

Agency Response

November 10, 2020: Noted Clearance. Thank you.

November 4, 2020:

1. Government policy is to restore forests and bring forest cover to 70%. The key forest categories to achieve this target are PFAs and PtFAs. Improving management of these forests is the objective of component 1.2. To improve the management of the forests, it is important to empower villages to manage the forest, and restore non timber forest products.

The project will support both forest restoration and livelihoods. GEF resources will not fund Activity 1.2.3 (Village Forest Management). The GEF FA alignments remain the same as were approved at concept stage.

2. As was clarified at an earlier stage the LDN targets for Lao PDR are not yet approved, and have not been submitted to the UNCCD. The team has requested the draft action plan to the UNCCD focal point at the Ministry of Natural Resources and Environment for information. Please let the WB know if GEFSEC has access to the details on the voluntary targets under discussion.

Nonetheless, the project activities listed below will contribute to combat desertification and achieve SDG 15 “Life on Land” and likely contribute to the targets set in the LDN action plan, when approved.

- Restoration of degraded forest landscapes, in particular treeless areas inside designated production and protection forests
- Targeted investments to sustain and rebuild productive forest areas, mitigate the effects of drought, increase resilience and prevent conflict and migration
- Sustainable land management in forest and mixed-use systems at the forest margin
- Support agroforestry
- Supporting smallholders through special financing and through extension systems;
- Building capacity at all levels required to restore and maintain functional forest landscapes;
- Developing monitoring and information systems and targeted research on impacts, trade-offs, costs-benefit analysis of restoration, and genetic diversity for maintaining the flow of ecosystem services.
- Support natural solutions developed with systems thinking that take advantage of synergies to seek multiple global environmental benefits across Conventions while reducing trade-offs and duplication.

5. Is the incremental reasoning, contribution from the baseline, and co-financing clearly elaborated?

Secretariat Comment at CEO Endorsement Request

October 12, 2020 HF:

Yes.

Agency Response **November 4, 2020**: Noted clearance.

6. Is there further and better elaboration on the project's expected contribution to global environmental benefits or adaptation benefits?

Secretariat Comment at CEO Endorsement Request

October 11, 2020 HF:

Yes.

Agency Response **November 4, 2020**: Noted clearance.

7. Is there further and better elaboration to show that the project is innovative and sustainable including the potential for scaling up?

Secretariat Comment at CEO Endorsement Request

November 5, 2020 HF:

All comments cleared.

October 10, 2020 HF:

1.) Project doesn't seem to address the financial sustainability of the protected area system at the national level-is this included in Component 3 or 1 or elsewhere? The GEF-7 Biodiversity Strategy specifically notes that the focus will be on system-level financing (beyond PA-level).

2.) Please provide a description about how this project approaches sustainability along with the key elements of sustainability. (Annex 4 and body of ProDoc)

3.) What is the project's approach to scaling up? Increased development of this (Annex 4 and body of ProDoc) is needed to understand the project's active approach to scaling-up impacts.

Agency Response

November 10, 2020: Noted Clearance. Thank you.

November 4, 2020:

1. The project primarily focuses on the sustainable financing for the eight targeted PAs. Tourism is an economic opportunity to provide sustainable financing and additional visibility to biodiversity conservation in the longer term (see also para 65-66, of the PAD, Appendix B to the PAD and Annex H to GEF datasheet for measures to enhance financial sustainability of PAs by leveraging parallel private investment in nature-based tourism).

Notably, the Project is also designed to support capacity development of the lead conservation agency – the Protected Area Management Division under the Department of Forestry – to manage the entire protected area system. This support is expected to provide the institutional sustainability to support actions in the longer term.

The Project also supports the technical advisers with mandates to provide technical inputs into all 23 protected areas as required (from Years 4 to Year 6).

Phou Khao Khouay NPA, which lies in immediate proximity to the capital Vientiane, is specifically included in the project design, to become an example and strengthen policy maker support (government and National Assembly) for the national park system development and financing.

These interventions will support the long-term financing and management of the entire PA system.

Furthermore, Laos is one of very few countries in the world taking a loan for biodiversity, which shows its commitment to the agenda.

2. Please see text below from PAD para 75 - 76.

The project promotes sustainability and replicability, reinforced by recently enacted policies and international commitments. To meet the GoL's forest sector goals, a large number of new policies and laws are being implemented. These include the 2019 Forestry Law, Timber Legality Assurance System, SFM certification,

decree on timber plantation promotion, forthcoming REDD+ Strategy, the 2020 Land Law, and the 2017 Water Law. National development frameworks such as the new NGGS and the emerging five-year plan also reinforce the sustainability and scale-up of project activities. International commitments such as the NDC, CITES, National Biodiversity Strategy and Action Plan, and National Adaptation Plan also provide important international and global commitments that help sustain project ownership and can help scale up replicable project activities.

The project will employ a participatory process with forest stakeholders at the national, provincial, district, and village levels throughout the preparation and validation process. The process of landscape management planning approach targets the drivers of deforestation by recognizing the link between land use, agricultural development, NRM, and conservation. Social sustainability will be supported through alternative livelihoods and new economic opportunities, including for women and vulnerable households. Environmental sustainability will be supported by reducing the pressure on natural forests through diverse project activities.

3. The approach is three- fold.

1). The project provides a framework for new landscapes and forest areas, provinces, districts, and villages to enter the project if and when ready and new financing becomes available.

2). The project provides technical approaches for key areas of forest and biodiversity management such as collaborative PA management, village forestry, and partnerships with private sector for tourism/PAs and for commercial planted forests.

3). The project provides a framework for other donors and financiers to enter the project, which is in discussions presently with additional major financial support already.

Please see revised PAD Annex 2: GEF incremental assessment.

Project Map and Coordinates

Is there an accurate and confirmed geo-referenced information where the project intervention will take place?

Secretariat Comment at CEO Endorsement Request

October 12, 2020 HF:

Yes.

Agency Response November 4, 2020: Noted clearance.

Child Project

If this is a child project, is there an adequate reflection of how it contributes to the overall program impact?

Secretariat Comment at CEO Endorsement Request

NA

Agency Response

Stakeholders

Does the project include detailed report on stakeholders engaged during the design phase? Is there an adequate stakeholder engagement plan or equivalent documentation for the implementation phase, with information on Stakeholders who will be engaged, the means of engagement, and dissemination of information?

Secretariat Comment at CEO Endorsement Request

November 5, 2020 HF:

Comment cleared.

October 10, 2020 HF:

See a list of stakeholders (and SEP), but please include a description of what was done during PPG in terms of stakeholder engagement.

Agency Response

November 10, 2020: Noted Clearance. Thank you.

November 4, 2020:

PPG was not requested. During the project design and preparation phase, relevant stakeholders were consulted on main design features in a series of engagements and meetings in Vientiane Capital both as part of the safeguard due diligence and for designing the component activities.

Due to COVID-19, it is not allowed for Bank staff to travel, therefore Bank staff could not join government-led consultations held on October 13 in Vientiane Province, with relevant provincial stakeholders. Virtual missions and technical discussions have continued. Further missions held in October and November 2020 will further reconfirm that safeguard compliance is met. Earlier consultations were held during missions for other projects during 2019.

In October 2020, the Department of Forestry conducted virtual consultations of relevant stakeholders at central level and from all 8 participating provinces via e-mail or WhatsApp, in the context of the project's Environmental and Social Framework (ESF). 'Face to face' consultations were also held in Thalath, Vientiane province, October 13, including province, districts and village representatives.

Feedback from the consultations is summarized below:

Virtual consultations:

- 24% out of 84 contacted persons responded via e-mail or WhatsApp.
- Overall agreement on the disclosed ESF documents; questions and clarifications were asked and discussed; general interest in cooperating with the project.

Face-to-face consultations:

- Participants considered LLL a good opportunity to address challenges in forest landscapes;
- Questions were raised and discussed around land issues that could emerge due to private investments;
- Interest was shown in detail about Grievance Redress Mechanisms (GRM), Community Engagement Framework (CEF) and livelihoods support to villages, especially the grants for the most vulnerable households.

The summary above has been included in the GEF datasheet stakeholder section.

Gender Equality and Women's Empowerment

**Has the gender analysis been completed? Did the gender analysis identify any gender differences, gaps or opportunities linked to project/program objectives and activities?
If so, does the project/program include gender-responsive activities, gender-sensitive indicators and expected results?**

Secretariat Comment at CEO Endorsement Request

October 10, 2020 HF:

Yes.

Agency Response **November 4, 2020**: Noted clearance.

Private Sector Engagement

If there is a private sector engagement, is there an elaboration of its role as a financier and/or as a stakeholder?

Secretariat Comment at CEO Endorsement Request

November 5, 2020 HF:

Comment cleared.

October 10, 2020 HF:

Solid treatment of planned PS engagement. Please include an overview paragraph outlining the overall project approach for working with the PS (prior to the text that digs into activities under each project sub-area).

Agency Response

November 10, 2020: Noted Clearance. Thank you.

November 4, 2020: The project will carefully distinguish between public sector activities financed by the project and private sector investment leveraged by, facilitated by, or coordinated with the project. Core government tasks will be financed by the project, such as PA management, forest restoration, small public infrastructure, licensing, certification, regulation, and other elements of the enabling environment. Environmentally and socially sustainable private sector participation in nature-based tourism and forestry will be encouraged by the project.

The new paragraph has been included in the GEF Datasheet section 4.

Risks to Achieving Project Objectives

Has the project elaborated on indicated risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved? Were there proposed measures that address these risks at the time of project implementation?

Secretariat Comment at CEO Endorsement Request

November 12, 2020 HF:

Cleared.

November 5, 2020 HF:

- 1.) Comment cleared. Thank you for the clarification that "critical assumptions refer to risks the project must mitigate" in the TOC presented. This makes more sense given the clear climate risks to this project. I use the working definition that critical assumptions in a TOC "refer to beliefs that are accepted as true or taken for granted in defining the causal links in the causal pathway."
- 2.) Comments cleared.
- 3.) Comment cleared. Please ensure this is clear throughout.

October 9, 2020 HF

- 1.) Given the clear climate risks to this project, it is not clear why the Theory Of Change (TOC) includes, as one of its three key assumptions, that there will not be climate change impacts. This seems like a very risky assumption given the findings of the climate change analysis that has been undertaken for this project. Please address.
- 2.) Throughout ProDoc and in Annex 7 what about the impacts of COVID-19 on implementation of project? Field visits? Community engagement etc? What measures are recommended to decrease risks and how will budget be adjusted/built in flexibility to address the context?
- 3.) How define "commercial plantations"? Versus "tree plantation enterprises"? CER states that the project won't support commercial plantations but in other places it sounds as if it will? Please explain and clarify.

Agency Response

November 10, 2020: Noted Clearance. Thank you. Documentation includes the reference to response for comment 3 (GEF CER PART II.4 and PID paragraph 11).

November 4, 2020:

1. The TOC Critical Assumptions do not state that there will “not be climate change impacts” that affect the project. The critical assumptions refer to risks the project must mitigate. The risk mitigation approach is described in the risk section of the PAD (Section V). The project has very high climate co-benefits for both adaptation and climate mitigation and will contribute directly to climate resilience of villages and the rural and forest economy.

2. Please read below from the PAD risk section and also GEF data sheet risk section..

The risk of economic and logistical disruption from COVID-19 is rated Substantial. The COVID-19-related travel restrictions hinder project preparation, implementation, and supervision. The project will mitigate this risk by adopting a combination of remote-sensing tools for supervision, coupled with field-based consultants that will enable basic monitoring and reporting even in case of total lockdown. Much of the World Bank team is currently based in Vientiane, and reliance on external missions is somewhat reduced compared to business as usual before COVID-19.

Referring to the GEF’s Response to COVID-19 (GEF/C.58/Inf.07, May 16, 2020), the project supports GEF’s immediate action to deal with the wildlife trade and consumption challenges by promoting targeted campaigns on public awareness and behavioral change, and building law enforcement agencies’ capacity to combat wildlife and forest crime.

Text and reference to the GEF COVID19 response has been included in the GEF datasheet on, Part II project justification.

3. Commercial plantation in the documents refers to industrial tree plantations, which need to sign a concession agreements with the government to establish a commercial operation in selected PFAs. The project will not finance any industrial (or commercial) tree plantation.

The project will support the establishment of smallholder (household) tree plantations in private village land in PFAs and PtFAs as one of the many eligible activities under Village Forest Management. GEF resources will not finance Activity 1.2.3 on Village Forest Management.

Coordination

Is the institutional arrangement for project implementation fully described? Is there an elaboration on possible coordination with relevant GEF-financed projects and other bilateral/multilateral initiatives in the project area?

Secretariat Comment at CEO Endorsement Request

October 11, 2020 HF:

Yes.

Agency Response November 4, 2020: Noted Clearance.

Consistency with National Priorities

Has the project described the alignment of the project with identified national strategies and plans or reports and assessments under the relevant conventions?

Secretariat Comment at CEO Endorsement Request

October 11, 2020 HF:

Yes.

Agency Response November 4, 2020: Noted clearance

Knowledge Management

Is the proposed “Knowledge Management Approach” for the project adequately elaborated with a timeline and a set of deliverables?

Secretariat Comment at CEO Endorsement Request

November 20, 2020 HF:

Comment cleared.

November 17, 2020 HF:

The Project Appraisal Document (PAD) said that “Knowledge and communication activities are built in all components, with dedicated resources according to the topic and the level of the interventions.” The para 119 of the Annex H-GEF Data Sheet also said that “[d]edicated knowledge management and communications approaches will be part of the Project Operational Manual (POM) developed during implementation.” However the required five key aspects of KM are not adequately addressed:

- 1) plans to learn from relevant projects, programs, initiatives & evaluations (during the project implementation);
- 2) tools and methods for knowledge exchange, learning & collaboration, including knowledge platforms and websites;
- 3) knowledge outputs to be produced and shared with stakeholders;
- 4) plans for strategic communications; and
- 5) budget, key deliverables and timeline of knowledge management activities

Are not clear from neither the CEO Endorsement, PAD, Project Information Document (PID), Annex H-GEF Data Sheet nor budget table at this stage. Please address these five aspects.

November 5, 2020 HF:

All comments cleared.

October 11, 2020:

- 1.) Seems as though Component 4 is the natural 'home' for KM but it doesn't seem to be included-and elsewhere in the ProDoc it states KM will be built-in throughout project activities but it isn't clear how and what this actually means from the general statement on KM. Please describe how and where KM will be addressed (and budgeted for) in project.
- 2.) Thank you for the informative Lessons Learned section. It seems like, given the project design, it should include a lesson regarding the linkages between livelihoods/income generation activities and conservation outcomes. This seems like a critical causal pathway that the impact of this project depends on heavily, but the design documentation doesn't make clear how it will be achieved (there are other comments in review sheet on this point). Taking an evidence-based approach to designing and implementing economic activities aimed to contribute to conservation is critical to the project outcomes and impacts. Although it

sounded like the lesson in #56/57 was going in that direction it did not. Please include lessons learned on this relationship and how this project is going to take that up and apply it. There are many, many lessons learned (or not learned?) on this.

3.) #55. Please explain further. *Private sector tourism development has greater benefits*-greater than what, to whom? Further, are there any lessons in this about how to ensure that nature-based tourism actually actively contributes to the conservation of the natural asset/biodiversity on which it is based? If yes, please include, and how this project will incorporate these lessons.

Agency Response

November 19, 2020: Additional text has been included in PID to further clarify the knowledge management aspects (paras 45-46). KM is captured through activities in several subcomponents and is brought together under subcomponents 4.1 (M&E and learnings supported also by GEF) and 4.2 (Strategic Communication, Partnerships, and Investment Coordination supported mainly through the IDA and CCEFCF resources) for the overall project (see also Appendix B to the PAD provided in the submission). As mentioned, the approach will be fully developed in the first year of implementation following project inception workshop and included in the Project operational manual. Noting the recommendation elements of the KM have been included as below.

1. A KM plan will be developed by the NPCU based on the different thematic areas to define and identify priority topics, develop a timeline for deliverables and procurement of selected expertise to conduct studies and assessments, and disseminate communication materials. Subcomponent 4.2 is designed to focus upon building partnerships and share knowledge through a robust knowledge management approach to convene and influence a wider cohort of actors beyond the direct project stakeholders.
2. Tools will be participatory and involve different stakeholders. Village, District, Provincial, and National project assistants will ensure a direct learning pathway and flow of information. Data collection systems such as tablets and the use of new technologies will be promoted. M&E system will inform .
3. The project will generate a number of knowledge outputs, including, but not limited to, impact assessments on (i) livelihoods, (ii) jobs and poverty, (iii) landscape valuation and ecosystem services, (iv) landscape governance modalities, including collaborative PA management and village forestry, (v) gender, (vi) resilience, and (vii) wildlife law enforcement, zoonotic disease prevention and One Health. Other deliverables include (i) a roadmap for private sector investment in nature-based tourism and conservation; (ii) a report on natural regeneration, growth and yield in permanent sample plots (PSP) in natural forests and in assisted natural regeneration forest areas; (iii) A carbon and financial analyses on natural forest restoration; (iv) a timber supply/value chain analysis of smallholders and SMEs.
4. Plans for strategic communications will be developed by the NPCU and detailed in the project operational manual (POM). Communication plans will target different audiences and media, ranging from strategic policy notes for decision makers, to flagship publications, social media and broader public. Specific communication and outreach activities through workshops, meetings and training aimed at engaging local populations and relevant stakeholders to elicit

behavior change; and through the use of local radio, television and other media to raise awareness on forest and land management, conservation, and natural hazards will also be delivered as part of project implementation.

5. Knowledge management activities as described above have been budgeted under the program through the IDA/CCEFCE resources and will be further defined under the POM at the start of implementation. An estimated budget for impact assessments and learnings under 4.1 deliverables and reports under relevant components and strategic communications activities financed under subcomponent 4.2 are all budgeted. See Appendices A and B to the PAD provided in the earlier submission. The GEF prescribed budget table reflects GEF resources.

November 10, 2020: Noted Clearance. Thank you.

November 4, 2020:

1. The KM approach of the project includes activities which will cut across the project components to contribute to an impactful project implementation strategy. More dedicated KM activities are reflected in the following subcomponents:

Subcomponent 3.3: “Information for decision support” has an activity on impact assessments (US\$ 360,000). Impact assessments help understand, learn from, and adapt project management and activities related to key results areas that are often too complex for conventional project Results Frameworks. These topics include:

- a) Impacts on livelihoods, jobs and poverty;
- b) Impacts on landscape valuation and ecosystem services Landscape governance (including collaborative and decentralized natural resource management);
- c) Impact of landscape governance modalities (including collaborative PA management and village forestry);
- d) Gender;
- e) Resilience;
- f) Wildlife law enforcement, zoonotic disease prevention and One Health.

Subcomponent 4.2: “Strategic communication, partnerships and investment coordination” has dedicated activities on strategic communication and leadership development (US\$100,000), one on regional dialogue on key project themes (US\$100,000) and an activity on partnerships and investment coordination (US\$60,000).

See Annex H of the GEF Data sheet.

Dedicated knowledge management and communications approaches will be part of the Project Operational Manual (POM) developed during implementation. Implementation of these approaches will result in the convening of key groups, producing flagship studies and practical publications that influence practitioners, policy makers, and investors, among other interventions. Through knowledge management and communications, plus the country dialogue, the project will provide the ‘space’ needed to seek solutions across multiple scales, as a means to amplify project impact.

The project will work closely with stakeholders to (a) generate and exchange knowledge, (b) consolidate effort to share lessons and best practices, (c) promote outreach for strategic knowledge products, and (d) produce tools for scale-up and replication. Through a feedback loop, it will convene information from different landscapes and provinces, synthesize lessons learned and findings, and return relevant insights back to the village-level activities.

2. Yes, this section has been enhanced, see PAD para 63. Note that the lessons learned Annex of the PAD is now a stand-alone appendix to the PAD (see Appendix G attached), which allows to include important lessons on this pathway. The overall project design on nature-based tourism and biodiversity has been informed by the World Bank publications on the topic, namely:

1. Developing Nature-Based Tourism as a Strategic Sector for Green Growth in Lao PDR” -- <https://www.worldbank.org/en/country/lao/publication/developing-nature-based-tourism-as-a-strategic-sector-for-green-growth-in-lao-pdr>.

And 2. “Lao Biodiversity : A Priority for Resilient Green Growth”: <https://openknowledge.worldbank.org/handle/10986/34131>

3. Thank you, the text has been updated in the PAD lessons learned section PAD para 62 and GEF data sheet (PS section). The project’s approach to nature-based tourism is based on the flagship advisory product published by the Bank in 2019: “Developing Nature-Based Tourism as a Strategic Sector for Green Growth in Lao PDR” -- <https://www.worldbank.org/en/country/lao/publication/developing-nature-based-tourism-as-a-strategic-sector-for-green-growth-in-lao-pdr>

Environmental and Social Safeguard (ESS)

Are environmental and social risks, impacts and management measures adequately documented at this stage and consistent with requirements set out in SD/PL/03?

Secretariat Comment at CEO Endorsement Request

November 12, 2020 HF:

Cleared.

November 5, 2020 HF:

Comments cleared. Please include appropriate text in GEF project documents (particularly for #2).

October 10, 2020 HF:

- 1.) Given that tourism is a critical element of this project it seems like the risk/issue of over-tourism and tourism negatively impacting the natural asset and human communities should be addressed with mitigation approaches including policies and practice regarding carrying capacity, quotas etc for tourism management.
- 2.) Please ensure and document that GEF resources won't support or be used for any voluntary or involuntary resettlement under this project. This is particularly important given the PA management/enforcement work, including gazettelement, that is included in the project.

Agency Response

November 10, 2020: Noted Clearance. Thank you. Documentation has been updated to include the clarifications (GEF CER PART II.5 and PID para 50-51).

November 4, 2020:

1. ESS documents address tourism impacts. Tourism in Lao PDR has been very low compared to Thailand and Vietnam for example. The immediate challenge is to raise revenues for PA management by increasing nature-based tourism sustainably.

2. The team confirms that GEF resources will not support or be used for any voluntary or involuntary resettlement under this project. More broadly the project has no intention to resettle villages but rather to support villages in and around PAs to work with government PA authorities to carry out collaborative management of PAs and village-designated lands enclaved in or bordering PAs.

Monitoring and Evaluation

Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets?

Secretariat Comment at CEO Endorsement Request

October 10, 2020 HF:

Yes.

Agency Response **November 4, 2020**: Noted clearance.

Benefits

Are the socioeconomic benefits at the national and local levels sufficiently described resulting from the project? Is there an elaboration on how these benefits translate in supporting the achievement of GEBs or adaptation benefits?

Secretariat Comment at CEO Endorsement Request

November 5, 2020 HF:

Comment cleared.

October 12, 2020 HF:

Please see previous comments on linkages between conservation outcomes and economic activities, particularly, but not exclusively, tourism.

Agency Response

November 10, 2020: Noted Clearance. Thank you.

November 4, 2020: Please see earlier responses.

Annexes

Are all the required annexes attached and adequately responded to?

Secretariat Comment at CEO Endorsement Request

November 20, 2020 HF:

Comment cleared.

November 17, 2020:

1- Budget table:

- 1.) Component sub-totals in table B in Portal's CEO Endorsement entry and the uploaded budget table in Document section of Portal do not match. Please amend.
- 2.) Component 4 is for "Project Management, Monitoring and Learning" and is budgeted for \$380,000, so it looks like the budget table has duplication of such budget under M&E budget line item.
- 3.) Under the detailed M&E budget, external audits should be removed and included under PMC.

November 12, 2020 HF:

Cleared

November 5, 2020 HF:

- 1.) Comment cleared. Please include justification in budget notes.
- 2.) Comment cleared.
- 3.) Comment cleared. Please include definition in budget notes.

October 12, 2020 HF:

Project budget:

- 1.) GEF budget includes 6 vehicles. It is customary that co-finance (usually government co-finance) cover the cost of vehicles, rather than using GEF resources to do so. If vehicle procurement is proposed please provide a strong justification for consideration for the use of GEF resources to purchase vehicles, including information plans for the maintenance, fuel and upkeep of this fleet and those responsible to do so.
- 2.) Notice a fair bit of PA infrastructure construction in the budget. Will any government co-finance or resources be used to support park infrastructure development? What provisions for building maintenance, upkeep and sustainable financing will be put in place to ensure the longevity and effectiveness of such investment (to be addressed via the sustainability section)?
- 3.) Collaborative management is heavily included in the budget. What is this? And what will the budget actually be paying for that constitutes "collaborative management"?

Agency Response

November 19, 2020:

1. The budget table has been adjusted and aligned with the GEF data sheet/CER

2. Please note that the total budget for component 4 is 475,000 as indicated in the project documents. As per the GEF data sheet template requirement the component cost is reflected as a split: 330,000 M&E and 145,000 PMC costs (revised based on recommendation to map cost of audit to PMC)
3. Noted and revised. Please see revised budget table, addressing all the three issues.

November 10, 2020: Noted Clearance. Thank you. As recommended justification included in the budget matrix.

November 4, 2020:

1. Protected area management, broader forest management, and broader project implementation all require use of vehicles to carry out basic management responsibilities. GEF is financing 6 pick-up trucks while IDA/ CCEFCF is financing 7 pick-up trucks and several hundred motorcycles, given the expanse of the coverage and needs defined during preparation consultations. Maintenance costs are included in the Project oversight and PMC functions.

The Government of Lao PDR is an LDC with extremely meager resources, which is why they seek external financing to specifically support the supervision and monitoring of the activities.

As per experience with GEF financing in the past, funds have supported vehicle purchases to support facilitation of supervision and oversight activities.

2. The Government of Lao PDR is an LDC with extremely meager resources, which is why they seek external financing, in this case both IDA and while IDA/ CCEFCF credit and GEF grants. Post-project sustainability for maintenance of PA trails, observation towers, ranger stations and other assets is always a concern for any externally financed project, but the cost of inaction is considered higher. The government in-kind contribution will support maintenance, as well as inclusion of project-financed infrastructure in the relevant sector institution's plans. The sustainability section has been updated as per para 15 on page 71 in the PAD's Annex2 GEF Incremental Assessment and is pasted below for convenience:

Environmental sustainability will be enhanced through all project activities that are designed to deliver local and global environmental benefits. Financial sustainability at the village level will be enabled by the revolving mechanism of the VDFs, coupled with continued extension support throughout project

implementation. Institutional sustainability will be strengthened by broad and comprehensive capacity building at the national, province, district, and village levels. Institutional sustainability is also promoted by the project by relying on and strengthening existing government frameworks. In addition, international consultants hired by the project will have dedicated capacity development activities built in their terms of reference. One example of how environmental, financial, and institutional sustainability come together at the activity level is the package of small irrigation plus forest protection. This activity could be sustained post the project via payments for environmental services among downstream irrigation villages and upstream forest villages. The project will pilot and refine this approach through inter-village agreements to accompany civil works and VFM.

Post-project sustainability for maintenance of PA trails, observation towers, ranger stations and other assets will be ensured by fund-raising with other donors or private sector partners. Increased park revenues from nature based tourism would also contribute to general maintenance beyond the project.

3. Collaborative management is already under implementation in Lao PDR in selected PAs. It involves participatory engagement with the “guardian” villages in the buffer zones of the eight PAs as well as enclave villages within the PA. These activities are detailed in the updated stand-alone PAD Appendix B on Detailed Activities (Sub-component 1.2) and GEF DS Annex H and include village land use planning, outreach, forest fire management and livelihood development linked to conservation. It also includes stakeholder engagement and partnerships in ranger patrols and tourism. The implementation of this collaborative management requires collaboration by concerned provincial and district partners, in a well-coordinated manner. The project budget, including IDA, CCEFCF and GEF, would support operating costs for all the above.

Project Results Framework

Secretariat Comment at CEO Endorsement Request

October 12, 2020 HF:

Yes

Agency Response **November 4, 2020**: Noted clearance

GEF Secretariat comments

Secretariat Comment at CEO Endorsement Request

October 12, 2020 HF:

Yes

Agency Response November 4, 2020: Noted clearance.

Council comments

Secretariat Comment at CEO Endorsement Request

October 10, 2020 HF:

Yes, Council comments were addressed during PPG. Please see annex.

Agency Response November 4, 2020: Noted clearance

STAP comments

Secretariat Comment at CEO Endorsement Request

October 10, 2020 HF:

Yes, see annex addressing STAP comments.

Agency Response November 4, 2020: noted clearance.

Convention Secretariat comments

Secretariat Comment at CEO Endorsement Request NA

Agency Response

Other Agencies comments

Secretariat Comment at CEO Endorsement Request NA

Agency Response

CSOs comments

Secretariat Comment at CEO Endorsement Request NA

Agency Response

Status of PPG utilization

Secretariat Comment at CEO Endorsement Request NA

Agency Response

Calendar of expected reflows (if NGI is used)

Secretariat Comment at CEO Endorsement Request NA

Agency Response

Project maps and coordinates

Secretariat Comment at CEO Endorsement Request OK

Agency Response

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 CEO Endorsement Request

NA

Agency Response

1November 19, 2020: Clarifications on budget and KM have been provided. Thank you.

GEFSEC DECISION

RECOMMENDATION

Is CEO endorsement recommended? (applies only to projects and child projects)

Secretariat Comment at CEO Endorsement Request

November 20, 2020:

Yes, comments on KM and budget addressed by Agency.

November 17, 2020:

No. Please address remaining questions on the budget and KM plans.

November 12, 2020 HF:

Yes, all comments cleared and project technically recommended for CEO endorsement.

November 5, 2020 HF:

No, not yet. Technical comments were cleared, but please see requests for inclusion of responses in GEF project documentation.

October 12, 2020 HF:

No, not yet, please see comments in review sheet.

Review Dates

	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
First Review	10/12/2020	
Additional Review (as necessary)	11/5/2020	
Additional Review (as necessary)	11/12/2020	
Additional Review (as necessary)	11/17/2020	
Additional Review (as necessary)	11/20/2020	

CEO Recommendation

Brief reasoning for CEO Recommendations

To drive a green economic recovery and create jobs and livelihoods, Lao PDR has been shifting to a green growth model from an unsustainable development path. That path was based on the liquidation of natural resources which has reduced forest cover and globally significant biodiversity, increased the country's

vulnerability to natural disasters and extreme weather events, increased greenhouse gas emissions, and hindered nature-based tourism development. The challenge facing Lao PDR is to manage the transformation to seize the economic opportunities from a sustainably managed forest landscape. The sharp slow-down in economic growth from COVID-19 increases the urgency for a green economic recovery.

To respond to the challenges, the project will support investments in natural wealth to improve management and governance of the three forest categories in line with the 2019 Forestry Law. Thus the project objective is to: *promote sustainable forest management, improve protected area management, and enhance livelihoods opportunities in selected landscapes in Lao PDR* and it consists of four complementary components: 1.) Investing in Natural Wealth and Resilience in the Forest Landscape; 2.) Livelihoods Opportunities from Sustainable Forest Landscapes; and 3.) Institutions, Incentives, and Information; 4.) Project Management, Monitoring and Learning. This set of “hard” and “soft” interventions would produce a change in practices and policies in how targeted forest landscapes are managed for conservation, protection and production objectives.

Project-induced changes include: (i) forest management and land use plans and execution are more participatory, holistic and transparent; (ii) Licensing, partnership agreements, and concessions for plantations and nature-based tourism follow environmental and social sustainability standards; (iii) Stronger and more effective extension is delivered on the ground on forest management, conservation, and livelihoods; (iv) Forest communities actively engage in biodiversity conservation, village forestry, and plantation operations, while institutions cooperate to better combat wildlife and forest crimes, and (vi) Green infrastructure, natural solutions and last-mile information to reduce fire, flood, drought, and landslide risks are available and create green jobs.

With widespread application of the above modified and strengthened practices, key project outcomes include: (i) improved sustainable forest management and livelihoods opportunities in selected landscapes, (ii) reduced flood, drought, and landslide risks to villages and infrastructure, (iii) good forest cover, balanced with stabilized and sustainable land use, (iv) good nature-based tourism products in and outside protected areas that meet market demand while managing potential over-use, and (v) globally significant biodiversity is better protected and greenhouse gas emissions are reduced. Project targets include: 1,458,000 hectares of protected area created and/or under improved management; 50,000 hectares of forest land restored; 800,000 hectares of landscapes under improved practices; and 34,515,860 MT CO₂e of GHG emissions mitigated and 400,000 direct beneficiaries. Project financing includes: GEFTF: \$8 million co-finance \$50 million.