

LAO PEOPLE'S DEMOCRATIC REPUBLIC
Scaling-Up Participatory Sustainable Forest Management Project (SUFORD-SU)
(P130222)

JOINT IMPLEMENTATION SUPPORT MISSION
May 20 to 31, 2019

Aide Memoire June 10, 2019

I. INTRODUCTION

1. From May 20 to 31, 2019, a World Bank team¹ and the Ministry of Agriculture and Forestry (MAF) carried out the joint implementation support mission of the Scaling Up Participatory Sustainable Forest Management Project (SUFORD-SU) in Vientiane Capital, Savannakhet, and Vientiane Provinces. The objectives of the mission were to:

- i. Provide implementation support for SUFORD-SU, and assess progress made towards the Project Development Objective since the November 2018 mission;
- ii. Advance follow-up financial support including (i) Additional Financing for SUFORD, and (ii) a new project (Lao Landscapes and Livelihoods);

2. The Bank team expresses its sincere appreciation to all staff of MAF departments and offices at provincial, district, and village stakeholders for their invaluable contributions to a successful review of the Project's progress. The mission findings summarized in this Aide Memoire were discussed at a wrap-up meeting chaired by Mr. Sousath Sayakoummane, Director General of MAF's Department of Forestry (DOF) on May 31, 2019. MAF leadership and the chair of the technical wrap up emphasized the strong relationship with the Bank as a trusted partner in investment and policy development.

II. PROJECT DATA AND RATINGS

3. The Project Development Objective (PDO) is to "execute REDD+ activities through participatory sustainable forest management in priority areas and to pilot forest landscape management in four provinces." The project was approved by the World Bank on August 8, 2013 and declared effective on August 30, 2013. The new closing date is March 30, 2020. On May 22, 2019, the Bank approved the request from the Ministry of Finance to extend the project to March 30, 2020, and reallocate disbursement categories. By the end of the mission the restructuring has been completed. SUFORD-SU covers 13 provinces and 41 of the country's total 51 production

1. The mission was led by Mr. Stephen Danyo (Senior Environmental Specialist, Task Team Leader) and included, Mr. Jim Carle (Consultant, Forest Management Specialist), Mr. Werner Kornexl (Sr. Natural Resources Management Specialist), Ms. Nina Doetinchem (Sr. Natural Resources Management Specialist), Mr. Viengkeo Phetnavongxay (Sr. Environment Specialist), Mr. Khamphet Chanvongnaraz (Procurement Specialist), Ms. Siriphone Vanitsaveth (Sr. Financial Management Specialist), Mr. Sybounheung Phandanouvong (Sr. Social Development Specialist), Mr. John Parr (Protected Areas Management Consultant), Mr. Arturo Bolondi (Natural Resource Management Consultant), Mr. Kaysone Vongthavilay (Environmental Consultant), Ms. Toomkham Luanglath (Interpreter) and Ms. Anita Soukhaseum (Program Assistant).

forest areas (PFAs), comprising 2.3 million ha (72% of the total PFA areas) and an estimated 1,090 villages². Component 3B on forest inspection is carried out in the whole country (18 provinces).

Table 1: Key Project Data and Ratings³

Project Data	Total	IDA (H852-LA)	FIP (TF015286)
Original Project Amount	US\$31.83 million	US\$19.00 million	US\$12.83 million
Total Disbursement (Client Connection as of May 29, 2019)	US\$29.2 million (95.67% %)	US\$17.96 million (100%)	US\$12.49 million (97.35%)
Total project expenditure (as of Apr 30, 2019)	US\$ 29.87 million	US\$ 17.92 million	US\$ 11.95 million
Total project expenditure at provincial level (as of May 31, 2019)	US\$ 16.60 million	US\$ 9.96 million	US\$ 6.64 million
Current Closing Date	March 30, 2020		

Project Ratings:	Previous	Current (May 31, 2019)
PDO	S	S
IP	MS	S
Component 1: <i>Strengthening and Expanding PSFM in PFAs</i>	MS	S
Component 2: <i>Piloting Forest Landscape Management</i>	MS	MS
Component 3: <i>Enabling Legal and Regulatory Environment</i>	HS	HS
Component 4: <i>Project Management</i>	S	S
Safeguards	MS	S
Financial Management	MS	MS
Procurement	MS	MS

III. IMPLEMENTATION PROGRESS AND KEY FINDINGS

4. **Overall progress toward achieving the PDO** is rated *Satisfactory* due to the fact that all PDO indicator targets are now met according to the most recent M&E report from the client.. The PDO remains relevant to SUFORD-SU and to Lao PDR's National Socio-Economic Development Plan, the Forestry Strategy 2020, the country's green growth and REDD+ programs, and the emerging new Forestry Law.

5. Key highlights include:

SUFORD implementation status:

- (i) The mission determined that DOF's sister project on REDD Readiness TA will be closing in June 2020 and has one year remaining to disburse approximately \$3.5 million, a rate that it has never accomplished before. There is no ability to extend the REDD Readiness TA project since the parent fund will be closing at the request of its donors. The Bank confirmed that, therefore, the FCPF REDD Funds can be used to fund compatible SUFORD objectives that coincide with REDD objectives, given the

2. However, PSFM has not been implemented in Xaysomboun Province due to security issues, therefore, only 40 PFAs have PSFM Forest Management Plans.

- fact that SUFORD's PDO is "to execute REDD activities...." The next step is that DOF will prepare a joint action plan by June 14th. The Bank is ready to assist.
- (ii) Village Livelihood Development Grants (VLDGs) have been fully distributed to all 666 targeted villages. Three "lessons learned" workshops were conducted in Attapeu, Vang Vieng and Luang Namtha. Best practices were identified and documented;
 - (iii) All Forest Restoration Grants (FRGs) have been released to Provincial Agriculture and Forestry Office (PAFOs) and about 97% funds have been spent on the ground, for a total restored area of 30,000 ha.
 - (iv) Village Forest Management Plans (VFMPs) have been approved and signed for all 31 villages;
 - (v) The Prime Minister's timber bans (PMO-31 and PMO-15) continue to be effectively implemented so harvest-related employment and financial benefits from PSFM have not yet flowed to Village Forestry Committees (VFCs), although could in future if the ban is lifted for VFCs that are implementing participatory sustainable forest management (PSFM);
 - (vi) Forest inspection capacity of the MAF Department of Forest Inspection (DOFI) and provincial offices of forest inspection (POFIs) continues to increase, despite the Project's direct funding for new activities ended in FY 2018; in addition, the Project continued to support the preparation of the draft Forestry Law.

Next financing:

- (vii) Activities for AF were discussed during the mission and presented by DOF in the wrap up meeting. The project paper is being revised accordingly, ready to be processed as soon as the request letter from Ministry of Finance (MOF) is received. MAF re-iterated its interest in the Landscapes and Livelihoods project, and the mission agreed to expedite the issuance of a request letter form MOF to formally initiate preparation.
- (viii) The mission's visit to Sun Paper company pulp mill in Xepon District, Savannakhet, reinforced the commitment of DOF and the Bank to engage with the timber plantation agenda at landscape level, to manage the inevitable pressure on PFAs and livelihoods that the raising demand for planted logs will generate across multiple land uses.
- (ix) The mission agreed to conduct analytical work to spatially determine priority areas for future landscape interventions. These "anchors/entry points" include (among others) conservation ecosystems, plantations, nature-based tourism, poverty, PFA certification, flood risk and disaster prevention, and transportation corridors. Presence of one or more "anchor" will be a key criterion for site selection.

Analytics:

- (x) Although not strictly related to SUFORD implementation, the mission used its time to support greater convergence across the forest portfolio. As such, the final report of the MAF/WB/IFC joint assessment, *Partnerships and Opportunities for a New Green Forest Economy in Lao PDR: Sustaining Forest Landscapes and Livelihoods*, was endorsed by a multi-stakeholder dissemination event chaired by the DG of DOF and attended by development partners, private sector and other ministries.

6. **Implementation performance** was raised to *Satisfactory* due to reaching nearly all results targets (including reduced deforestation and enhanced carbon storage) based on activities achieved as reported in the SUFORD-SU Apr 2019 Semi-Annual Report and assessment during mission.

Implementation performance of each of the four components is summarized below. A presentation by MAF on the mission findings, status, and challenges is provided in **Annex 2**.

7. **Component 1: Strengthening and Expanding PSFM in PFAs.** This component includes two subcomponents: (a) Developing partnerships to increase implementation capacity, and (b) Community engagement in participatory sustainable forest management (PSFM) and VLD. Activities implemented from November 2018 revolved around final disbursement of FRGs to Provincial and District Agriculture and Forestry Offices (PAFOs and DAFOs).

8. Since the full VLD grants were disbursed to 666 villages by May 2018, more than 21,000 village projects have been implemented: 10,939 in the North; 1,684 in the South and 8,711 in the Central regions. The VLD grants targeted poorer families and particularly those from ethnic minorities. Capacity building by way of on-the-job training, and exchange visits were provided to village authorities and government staff managing and monitoring the grants and extension activities were provided to farmers and farmer groups within the capacities of PAFOs and DAFOs. Villagers felt that they could have benefited from more targeted extension in PSFM and VLD alternative livelihoods activities and many were frustrated at the late disbursement of VLD Grants during SUFORD-SU. Forest Tea, Cardamom, Rattan and Broom Grass were popular agroforestry systems adopted by farmers and handbooks on these activities were well appreciated. Three regional workshops to aggregate results and lessons learned were held in November 2018. These lessons learned can provide useful inputs to future projects.

9. Forest Restoration Grants (FRGs), were finally released to all villages in all 59 project DAFOs. Forest restoration by assisted natural regeneration has been practiced on over 30,000 ha of regenerating forests which exceeds the target of 26,847 ha. In Oudomxay, Vientiane, Khammouane, Xekong and Champassak Provinces, work continues as some FRG funds remain. Forest restoration provides casual jobs to villagers working in village teams to cut out weed species and climbers to nurture valuable wood and non-wood species. During the regeneration cycle, assisted natural regeneration will be needed more than once to reduce competition and nurture valuable species. Permanent Sample Plots (PSPs) continue to be monitored in the wider PFAs and in the forest restoration areas to monitor regeneration, growth and yield to assist in calculation of annual allowable cuts and harvesting cycles. The mission agreed that it is essential that PSP data, information and knowledge products are kept in a reliable central information system to remain available beyond the project, and the PMU is working on this.

10. Since commencement of the SUFORD-SU project, continuation of PMO-31 [(2013) on the Temporary Logging Ban in PFAs]; reinforced by PMO-15 [(2016) on Strengthening the Strictness of Timber Harvest Management and Inspection, Timber Transport and Business] has allowed the GoL to introduce reforms for more sustainable, inclusive and resilient growth in the forestry and forest industries sectors. However, these bans have limited (i) implementation of Forest Management Plans (FMPs), (ii) SFM activities, (iii) creation of jobs for villagers, and (iv) financial benefits to Village Forest Committees (VFCs) from PFA harvesting and forest products sales. The GoL may wish to consider lifting the logging ban for the PFAs that can demonstrate sustainability through FM Certification, linked to CoC certification in wood processing industries and where strong governance of the supply/value chain can be implemented.

11. SUFORD-SU revision of the Project Operations Manual, supplementary training, and the DOF internal audits of PFAs helped to strengthen implementation of PSFM standards and documentary evidence to meet FSC forest certification. As a result, Non-conformity Reports (NCRs) raised by the Rainforest Alliance in May 2018 under FSC standards were re-assessed in

the Corrective Action Validation Audit undertaken by NEPCon in January 2019 when all major NCRs were closed, and one minor NCR was left open. In January 2019 FSC Forest Management (FM) Certification was issued for 50,874 ha for four forest management areas including in Thapangthong FMU of Dong Sithouane PFA in Savannakhet Province. Additionally, in January 2019, FSC Controlled Wood (CW) Certification was issued in 57,534 ha in Boualapha and Xayabouathong FMUs in Nakathing and Dong Phousoi PFAs respectively in Khammoane Province. The combined total of FM and CW Certification was 108,408 ha. During 2019-2020 FSC FM Certification will be pursued for Xebangfai FMU of Dong Phousoi PFA and Mahaxay FMUs of Nakathing PFA in Khammouane Province; and FSC CW Certification in Phalanxay FMU and Phin FMU in Dong Kapho PFA in Savannakhet Province and Bolikhan FMU in Phak Beuak PFA in Bolikhamxay Province. The aim is to achieve 230,000 ha of FSC FM or CW Certification by 2020-21, and the project's restructuring approved May 22, 2019, provides the additional time needed to achieve this result.

12. Village Forest Management Plans (VFMPs) in 31 Village Forests encompassing 10,750 ha inside and outside PFAs in Luang Namtha and Bokeo Provinces were revised for consistency with land-use zoning in PFA Management Plans and approved by Districts. As VFMPs were approved near the end of the project, capacity building for implementation was not started due to budget constraints.

13. A draft VFMA template became available last year and internal discussions continued in this fiscal year. More recently, individual Village Forest Management Agreements (VFMAs) have been signed by village representatives and District authorities. These VFMAs include village forest tenure arrangements, as the main government instrument for strengthening village forest tenure is the Village Forest Management Agreement (VFMA).

14. Component 1 performance is assessed as *Satisfactory*. The following recommendations are key, and specific dated actions are listed in **Table 3**.

Recommendations:

- Scale up FSC FM and CW certification to a minimum 230,000 ha by 2020
- Prepare a roadmap of criteria and pre-conditions for lifting the logging ban in PFAs
- Complete FRG activities in Oudomxay, Vientiane, Khammouane, Xekong and Champassak Provinces to utilize all FRG funds
- Strengthen on-going extension services to support VLD activities.
- Incorporate lessons learned from VLD and PSFM into project extension and future projects
- Continue to monitor PSPs in PFAs in control and forest restoration areas.

15. **Component 2: Piloting Forest Landscape Management (FLM)**. This component includes developing methodologies and frameworks for FLM in Bokeo, Luang Namtha, Oudomxai and Xaiyaboury Provinces coordinated under provincial REDD+ Task Forces and Provincial REDD+ Action Plans that are typical of FLM activities including forest law enforcement, forest restoration, expansion of agroforestry and SFM and conservation across the forest estate. The project piloting included forest protection through improved forest law enforcement to reduce deforestation and forest degradation; forest landscape restoration through forest restoration grants; carbon enhancement through agroforestry sub-projects; and SFM through PSFM and Village Forestry. The FLM Framework with strengthened environmental safeguards, FLM land-use maps (core forest zone, agroforestry/degraded forest zone, agriculture zone, settlements/infrastructure zone) highlighting deforestation hotspots and facilitation of consultative/participatory processes strengthened interagency coordination under the REDD+ Task Force. The mission emphasized

that the FLM framework and approach was critical for scoping investment potential of forest landscapes in preparation of the new Landscapes and Livelihoods investment project in selected provinces throughout Lao PDR. Continued efforts will be needed to strengthen cross sectoral investment planning with proactive involvement of those sectors that impact on or benefit from forests (and vice versa).

16. Component 2 performance is assessed as *Moderately Satisfactory*. The following recommendations are key, and specific dated actions are listed in **Table 3**.

Recommendations:

- FLM framework tested in the four northern provinces would be used as a basis for developing simplified investment frameworks (that could then be financed by the new Landscapes and Livelihoods project). Preparation of these landscape investment frameworks could be supported under the proposed Additional Financing of SUFORD. They would include cross-sectoral coordination across the forest estate that may include protection forest areas, production forest areas, conservation forests and various types of protected areas, forest plantations, agroforestry, and conversion forests, as well as supporting green and grey infrastructure to address disaster and climate risks, nature tourism opportunities, and private sector opportunities.

17. The mission's views on the need for landscape-level interventions and coordination was underscored by a mission visit to the Sun Paper pulp mill in Xepon, Savannakhet province and were struck with the scale of the wood demand of 1.2 million green tonnes/year wood supply from Thailand, Vietnam and Lao PDR which has aroused interest in plantation forest investors both corporate and smallholder. A summary of the visit to Sun Paper is given in Annex 6. In discussions with the Lao Chamber of Commerce and the Lao Planted Forest Producers Group (LPFP) group in Vientiane, it was learned that a rapid expansion of new pulp mill capacity is planned by Sun Paper in Savannakhet, Attapeu and Bolikhamxay provinces--and Jialin Pulp and Paper group from China, and Burapha and Stora Enso from Finland, all have interests to establish pulp mills in central provinces. This planned expansion will result in unprecedented competition for wood raw materials and supplies from plantation forests that could present a threat to existing indigenous forest resources and possibly with agricultural land uses. This challenge also presents an unprecedented opportunity to work with the GoL, the private sector, communities, farmers, and other donors and international agencies to ensure that forestry production, forest conservation, and livelihoods can be sustained.

Recommendations:

- Planning for the SUFORD-SU AF should include support to dialogue among relevant stakeholders in key landscapes to i) connect different forest land uses, including investment dialogue on key large-scale new interventions (eg. ecotourism, sites of international conservation value, priority sites for national park development, plantation forests, pulp mills and other priority investments and economic activities); ii) undertake macro-level assessments of forest land-uses to identify corridors, plantation forest areas, HCVPs, infrastructure development plans, buffer zones etc.); iii) define actions in and around forest land uses (PFAs, Protection Forests, National Protected Areas etc.); iv) assess cross-sectoral policy issues related to forest landscapes; v) support monitoring for forest landscapes; vi) strengthen institutional settings for landscape approaches; and vii) cooperate with other donors and agencies in forest landscapes.

18. **Component 3: Enabling Legal and Regulatory Environment.** This component aims to strengthen the legal and regulatory frameworks for implementation of PSFM and REDD+ at the national level and at the sub-national level including land-use planning at the community level. The component also supports DOFI in implementing its mandate on forest inspection. The mission acknowledges the support provided to on-going legal and regulatory reforms of the forestry and forest industries sectors, including:

- On-going inputs to new Forestry Law (TLAS implementation; forest management and chain of custody (CoC) certification; PSFM; Plantation forestry in PFAs; Promoting and streamlining smallholder plantation forestry; Promoting private industrial plantation forestry; and village forestry);
- MOIC draft Decision use of CoC certification in the supply chain;
- MOIC draft Regulation of Sale and Purchase of Timber (2nd Log Landing);
- Draft Decree 96 on Promotion of Commercial Plantation Forests;
- Process for enabling private sector for reforestation and restoration in PFAs commenced;
- Certification process ongoing (FSC FM 85,000 ha; FSC CW 90,000 ha);
- Revision of 0116/2007 MAF on the regulation of timber log scaling and grading; and
- Revision of 0962/MAF, COC of forestry operation

19. Despite excellent policy development work, and a great number of enforcement actions taken as reported in the project results framework, the overall component is well positioned to build on achievements and strengthen further the working relationship between “related enforcement agencies to conduct compliance, checks and monitoring extractions, transportation and cross-border trade of timber originating from salvage logging,” as outlined in the Project Appraisal Document, 2013, and in relation to the concept of its 3C approach “*Collaboration through Cooperation and Coordination.*” This assessment might further benefit from an analysis of the evolving enforcement agency legal frameworks, under which salvage logging is being undertaken. See Annex 7 on the law enforcement subcomponent 3B. The rating remains *Highly Satisfactory*.

20. The mission believes it would be useful for the review on the performance of DOFI to be extended, to address improved monitoring and controls in relation to salvage logging, as well as better clarity on the collaboration “with related enforcement agencies to conduct compliance checks and monitor extractions, transportation and cross border trade of timber originating from salvage logging”. In this context, it might be invaluable to include an assessment of the legal framework under which the interagency cooperation is being implemented.

21. At the field level, there was unclear evidence of the law enforcement presence at the district level in both Vientiane and Savannakhet Provinces, as a district law enforcement technical team (comprising DAFO, District Police, village military, village police and/or others). At the village level, the livelihood development grants, if tied to village land use plans, village regulations, biodiversity threat assessments and/or village conservation agreements, might assist the opportunities to mobilize the village forest units/village patrolling teams, without direct incentives. The mission notes that village land use planning is an important CEF activity, particularly while the logging ban is enforced. The following recommendations are key, and specific dated actions are listed in **Table 3**.

Recommendations:

- DOF/DOFI to continue contributing to legal and regulatory reforms in the forestry sector (highly satisfactory).

- The project team's report on DOFI performance could be strengthened to include a section on interagency collaboration related to salvage logging. This might include an analysis of the legal framework amongst concerned law enforcement agencies, and what could be done to strengthen this in the newly extended SUFORD and upcoming AF.
- Deploy vehicles and equipment to priority risk activities.
- Cooperate with neighboring countries to monitor and enforce legality of cross-border forest products trade.
- Continue collaboration with ongoing initiatives such as LENS2 subprojects (including CD and DCNEC, KfW's ICBF, WWF and WCS projects, and assessing linkages to Lao-WEN).

22. **Component 4: Project Management.** This component includes project management, technical assistance, monitoring, reporting, evaluation, and project planning, and special assessments and cross-cutting work related to REDD+. This component is rated *Satisfactory*.

23. *Project Restructuring.* On May 22, 2019 the Bank approved the request from the Ministry of Finance to extend the project to March 30, 2020, and reallocate disbursement categories. This restructuring provides the space for MAF and the Bank to prepare the Additional Financing for the project once the request from MOF is received. At the time of the mission, MOF had sent the request letter to the Prime Minister's Office for review given that an IDA credit could constitute the AF. It is critical to advance and deliver the AF as quickly as possible due to lack of funds availability in the extended project from good disbursement. In the meantime, the mission advanced the design of the AF support. ***The next step is for MOF to send the AF request letter urgently to the Bank.***

24. *The revised Annual Work and Budget Plan (AWPB) and Procurement Plan (PP)* were approved. DOF extended and hired the various consultancies to continue to deliver on the project achievements and carry out the assessments and monitoring needed to ensure a smooth project closing. In addition, the Forest Carbon Partnership Facility REDD+ Readiness TA Project agreed to provide financial support to carry out remaining work associated with forest landscape management and forest certification as these activities contribute to sustainable land use and integrated landscape approaches.

25. *M&E:* The M&E system remains in place and the has reported on all indicators. Findings from these monitoring activities informed a high quality draft BCR which was presented during the mission.

26. **SUFORD/FCPF coordination.** The mission emphasized the need to much more strongly coordinate SUFORD and FCPF REDD Readiness programmatically as one engagement implemented by DOF and requiring closer team cooperation. The FCPF REDD Readiness operation supported by the Bank has an estimated \$1.2m - \$2m that needs to be spent by June 2020 (out of a total \$3.5m undisbursed) or will need to be returned as the grant cannot be extended since the parent trust fund will also close at that time. The upcoming REDD FCPF mission in mid-June can help address this by working closely with the DOF project implementation units for SUFORD and REDD.

27. *The next step is for DOF to develop a joint workplan between SUFORD and FCPF/REDD.*

28. **Financial Management** performance is *Moderately Satisfactory*. FM recommended actions from the previous mission have been implemented. IFR submission was timely. Nevertheless, based on the project's estimates of available funding as of May 2019, it appears that

project will face shortages of funds to meet its contractual obligations. The Bank strongly recommends the project to immediately review payables, commitments and remaining project activities to be completed at all levels of implementation. Calculation of available funds would then have to be reviewed and revised immediately. Although there were no major exceptions identified from review of selected expenditure, the Bank observed that delays in paying invoices remained an issue. Invoices amounting to US\$ 327,180.56 also remained unpaid due to insufficient funds in the designated account.

29. **Disbursement.** The overall disbursement rate is at 95.67% for both sources of financing. IDA grant (H8520) has been fully disbursed and TF15286 is 97.3% disbursed. As the restructuring has been completed, the undocumented expenditure amounting to US\$ 1,268,060.19 needs to be documented as soon as possible. The Bank was informed that two withdrawal applications (WA#63 and 64) totaling US\$194,792.81 are pending approval by MOF. The Bank urges DOF to follow up with MOF for approval so that the designated account can be replenished, and payments of outstanding invoices can be made.

30. **Procurement.** Overall, procurement performance of the project is considered *Moderately Satisfactory*. Contractual commitments at US\$ 10.9 million (100 %). Total 189 packages (including 28 works, 32 goods, 3 non-consulting services and 126 consulting services packages) have been conducted. During the last six months a few new packages were procured and many individual consultant contracts were extended.

31. The World Bank has completed the project post review of the contracts awarded during the period from May 09, 2018 to March 29, 2019 and not previously reviewed by the World Bank. The mission notes that the procurement was carried out in accordance with the Procurement Guidelines for procurement of goods, works and non-consulting services; and the procurement documents have been filed satisfactorily.

32. **Safeguards.** Overall safeguard compliance rating is *Satisfactory*. The Project is considered to comply largely with the safeguard policy requirements provided in the Environmental and Social Management Framework (ESMF) and the Community Engagement Framework (CEF). The project social and environmental safeguards are interwoven into the project's Community Engagement Framework (CEF) and being implemented and monitored.

33. *Environmental safeguards.* 31 Village Forest Management Plans for a total area of 10,750 ha have been revised and approved by district, however, the implementation has not yet started and will be depending on budget availability. A draft VFMA template for all village forests, was finalized by DOF, and individual VFMAs were prepared for each village. The draft VFMA was validated and signed by village representatives and by the district authorities. Meanwhile, the FLM Framework to be used as a prescriptive tool was completed in four provinces, namely Bokeo, Luang Namtha, Oudomxay, and Xayaboury. The maps of the FLM area are being refined to indicate the hotspots for deforestation. The FLM coordination mechanism under the provincial REDD+ Task Forces is planned to be established to ensure coordination with other players for future activity.

34. Promoting participatory SFM is a key objective of this project since it was initiated in 1995 as FOMACOP, and continued currently as SUFOR-SU project, nevertheless, other development activities in the province have presented risks to current PFAs supported under the project. It was reported and observed during the visit to Tha Pha Lan Xay district in Savannakhet province that the development and urbanization surrounding Dong Ka Pho PFA has indirectly facilitated the

encroachment into the forest area by local communities. The mission strongly recommends that the project collect and map the information before the project closure and identify proper measures addressing future similar problems in all project areas.

35. *Social Safeguards.* The Community Engagement Framework (CEF), which covers both process framework and ethnic group development framework, was largely complied by the project. The target 666 villages were actively engaged in implementation of project forest management and VLDG activities. Data on community participation in consultation and project activities (number of events and number of participants) disaggregated by gender and ethnicity has been collected and compiled in the project database along with written evidence on adequate employment and working conditions for village workers. Study on customary tenure among ethnic groups and impact assessment on poverty reduction are underway to identify impacts resulted from project investments to provide alternative sources of livelihood and incomes for the target beneficiaries and reduce their dependency on forest resources. Good practice and lessons learned from CEF and VLDG implementation will be drawn from the impact assessments and adopted to succeeding projects.

36. A resettlement study has confirmed that VLD activities have not been implemented in a small number of villages that were relocated under GoL resettlement programs during the life of the project and that VLD funds were not used as compensation for livelihood impacts associated with the GoL resettlement program. A survey is underway to identify evidence of adequate employment and working conditions for village workers.

37. The project has also conducted, or is preparing, recent assessments in SUFORD's which will be useful for preparing the AF (See Table 2). In this regard, to support knowledge capitalization a workshop supported by the Forest Investment Program was held in Vang Vieng in December 2018, which included the Vice Minister and senior members of the government and partners to learn from SUFORD experience and agree on the next steps for financing the forest sector. At this event the new concept for the Landscapes and Livelihoods Project was presented and discussed – which was advanced during the present mission.

Table 2: Studies and assessments relevant to the Project

Special assessments	Status as of 31 Mar 2019
1. Project-level REDD+ MRV and Forest Cover Assessment	Completed
2. Rapid assessment of environmental impacts	Dropped, lacking adequate resources
3. Rapid assessment of institutional development	Completed
4. Economic and financial analysis	Completed
5. Assessment of effectiveness of PSFM and VLD field operations	Completed
6. Study on customary land tenure among ethnic groups	Completed
7. Assessment of technical service quality	Preliminary findings available
8. Assessment of the impact of VLD Grants	Underway
9. Assessment of the impact of resettlement	Completed
10. Borrower's Completion Report	Underway
11. A Review into the Department of Forest Inspection, SUFORD-SU Component 3B Support Program: Forest Law Enforcement (October 2013-December 2018)	Completed
Other Relevant Studies produced	
12. MAF/WB/IFC: Partnerships and Opportunities for a New Green Forest Economy in Lao PDR: Sustaining Forest Landscapes and Livelihoods	Completed
13. WB/FIP: A case study for the Forest Investment Program in Lao PDR: SUFORD-SU Project.	Completed

14. WB: Filling the Data Gap: FIP contribution to poverty alleviation and green growth	Underway
15. WB: Lao PDR Forest Note	Underway

38. **Additional Financing (AF).** The mission acknowledged MAF’s interest to extend SUFORD-SU with additional financing if available for up to two years if possible and depending on the funding availability (annex 2 includes a power point presentation on the AF). The mission noted 5 reasons to pursue this option should it materialize:

- Bridge to new landscapes program: New AF could allow SUFORD to finance the establishment of a strategic landscapes platform to align and program diverse project support around a shared vision and set of objectives for landscape sustainability. This platform would cover the entire forest estate including protected areas, forest production systems, protection forests, as well as nature-based tourism, community watersheds, key agricultural production systems, and livelihoods. It would also convene public financing, results-based payments, and private sector financing in complementary ways.
- Bridge to possible new IDA/Global Environment Facility and other financing for the new tentatively entitled Landscapes and Livelihoods project, which would leverage potential private sector investment and IFC support, building on the existing SUFORD, LENS2, and IFC/FIP projects financed by IDA, FIP, IFC, and Global Environment Facility. Avoid letting implementation structures and human capital deteriorate. Avoid delayed effectiveness of new operation by relying on established structures and capacity.
- The Emissions Reduction Purchase Agreement (ERPA) under preparation could possibly be calibrated to leverage and add financing to beneficiaries and institutions supported by existing and upcoming IDA-financed projects in the six northern provinces of the ER Program, especially SUFORD-SU communities (supporting about 12% of residents in about 75% of PFAs), as well as LENS2 protected area portfolio, Agricultural Commercialization Project, and the upcoming land administration and landscape projects. The activities financed now by these projects, and by upcoming projects, are all included in the ER Program approved by the Carbon Fund in June 2018. The ERPA proceeds would be channeled through these projects’ existing implementation structures. In SUFORD-SU, two northern provinces (Luang Prabang and Houaphan) could potentially be added. In parallel, GCF’s new retroactive emissions reduction facility could potentially finance similar results in the central and south.
- GGDPO3 end of program result on forest certification in 2021. Without an Investment Project Financing (IPF) in place after March 2020 it will be difficult to maintain the activities to deliver on this given the challenges facing the client in complying with FSC certification, even with Bank support under the GGDPO alone. More time is needed to work on this, possibly by advocating an alternative certification approach.
- Use the extended project AF to develop a model of community forestry for timber production, not only non-wood products.

39. **Landscapes and Livelihoods Project.** The meeting discussed the concept note for the proposed new Landscape and Livelihoods project (at the time of the mission waiting for request letter from Ministry of Finance). The proposed operation would be considered a successor to the SUFORD-SU, and would build on the Green Growth Development Policy Operation (GGDPO) series, Green Growth Programmatic Advisory Services and Analytics (GGPASA), IDA/GEF-supported Second Lao PDR Environment and Social Project (LENS2), Nam Theun 2 Social and Environmental Project (NT2), FCPF REDD+ Readiness Preparation Technical Assistance and the

emerging Emissions Reduction (ER) Program, and other emerging new projects and private sector investments from a variety of sources and partners. The proposed PDO is to help improve natural resource-based livelihoods, conservation management, interagency law enforcement, environmental planning, and watershed management in selected landscapes in northern, central and southern Lao PDR. Based on various discussions with GoL, executives at ministerial, departmental and provincial levels, existing investments and engagements, and the analytical work above, there is a possibility to start preparing a new operation in the near future that would consolidate the gains made by the World Bank's portfolio on natural resources (SUFORD-SU, LENS2, GG DPO, REDD+) with a focus on integrated landscape management, including PSFM in PFAs, forest restoration and plantation forests within and outside PFAs, protected areas management, integrated forest and wildlife law enforcement, nature-based tourism, watershed management and green jobs. MAF, Ministry of Environment and Natural Resources, and the Environmental Protection Fund have agreed to allocate the next generation of Global Environment Facility (GEF-7) resources to this concept, and leverage funding for the Bank's IDA lending, as well as from development partners, and parallel investment by the private sector to help maximize financing for development. The prospect for this operation depends on the performance of the ongoing portfolio and a timely request from MOF.

40. A formal letter of request for IDA resources would need to be received by the Bank from the Ministry of Finance on (1) Additional Financing for SUFORD, and (2) the new Landscapes and Livelihoods Project.

IV. NEXT STEPS AND AGREED ACTIONS

41. The next SUFORD-SU joint implementation support mission will be held on or around Oct/Nov 2019.

Table 3: Summary of Immediate Prioritized Actions

Actions	Responsible	Due Date
Key Project Activities		
FCPF REDD Readiness and SUFORD PMUs to develop a joint work plan	MAF/DOF	June 2019
Implement FSC FM and CW certification from 108,000 ha to 230,000 ha	NPMO	December 31, 2020
Prepare a roadmap of criteria and pre-conditions for lifting the logging ban in PFAs	NPMO	October 31, 2019
Complete FRG activities in Oudomxay, Vientiane, Khammouane, Xekong and Champassak Provinces to utilize all FRG funds	DOF, PFS, DFU, Villages	June 30, 2019
Strengthen extension services to support VLD activities	DOF, PFS, DFU, Villages	On-going
Incorporate lessons learned from VLD and PSFM into project extension and future projects	DOF, PFS, DFU, Villages	June 30, 2019
Continue to monitor PSPs in PFAs in control and forest restoration areas	DOF, DFU, Villagers	On-going
Test FLM framework as basis for establishing priorities for the new Landscapes and Livelihoods project	DOF, PFS, DFU, Villages	October 31, 2019
SUFORD-AF should continue the excellent ongoing work on strengthen the legal and regulatory frameworks for implementation of PSFM and REDD+	DOF	October 31, 2019
SUFORD, in collaboration with DOFI and related enforcement agencies, to strengthen the “Report on the performance of DOFI” to include a section on compliance checking, and monitoring extractions, and transportation of timber from salvage logging, including an assessment of the enforcement agencies legal framework.	DOFI	October 31, 2019
Village development grants should be linked to biodiversity threat assessments (ranking threats) mitigation including the preparation of village conservation agreements. This would assist the development of informant networks.	DOFI	June 2019
Include LaoWEN minutes in annual report	DOFI, Lao-WEN	Next AR
Safeguards		
Collect and map out the information regarding community members encroachment in PFAs before the project closure and identify proper measures addressing future similar problem in all project’s areas.	DOF, PAFO, DAFO	July 12, 2019 or as soon as possible.
Staff needs to be appointed to revise the safeguards documents all reports in preparation for AF	MAF/DOF	July 8, 2019 or as soon as possible.
Continued technical support from DOF, PAFOs, DAFOs and concerned agencies (LWU, LFND) is required to strengthen the target villages particularly ethnic groups to sustain and scale up their VLDG activities and achievements beyond the project lifetime.	DOF, PAFOs, DAFO	Beyond the project lifetime.
Send reports on customary land tenure among ethnic groups and poverty assessment.	MAF/DOF	July 19, 2019
Financial Management		
Review and revise the calculation of funds available and share with the Bank team	NPMO	Immediately
Submit WA to document expenditure not yet documented	NPMO	As soon as possible
Follow up and pay outstanding invoices as soon as funding is available	NPMO	As soon as funding is available
Next-generation of financing		

MAF's regular verbal request(s) for (i) a possible landscapes and livelihoods project and (ii) additional financing for SUFORD-SU should be formalized in request letters to the Bank	MAF, in coordination with MOF	Immediately
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List of Annexes

- Annex 1: List of officials met
- Annex 2: MAF AF presentation at the wrap-up
- Annex 3: MAF presentation on SUFORD-SU Progress Review Nov '18 – Apr '19
- Annex 4: MAF presentation on VLD
- Annex 5: Summary and WB Presentation on Forestry ASA
- Annex 6: Summary of the Meeting at Sun Paper Company pulp mill, Savannakhet
- Annex 7: Law Enforcement recommendations for AF
- Annex 8: Map of 3 Forestland Categories in Lao PDR, with village location
- Annex 9: Status of agreed actions from the previous AM
- Annex 10: Mission Agenda
- Annex 11: Field visit photos from Xepon District, Savannakhet
- Annex 12: List of mission documents
- Annex 13: Results Framework

Annex 1: List of officials met

Name of Mission Members DOF
Ministry of Agriculture and Forestry
H.E. Mr Thongphat Vongmany, Vice Minister
Department of Forestry
Mr. Sousath Sayakoummane, Director General, DOF/MAF
Mr. Bounpone Sengthong, Deputy DG, DOF/MAF
Mr. Lattana Thammavongsa, Head of PFA and Timber Harvesting Division
Mr. Bounpheng Vichit, Deputy Director of Forest Inventory and Planning Division
Mr. Bouphe Vongkhamchan, Deputy Director of Planning Department
Dr. Kinnalone Phommasack, Deputy Director of REDD+ Division
Mr. Sithat Phimmachanh, Technical Official, Protected Area Management Division
Mr. Siphoum keoudone, Technical Official, Production Forest Area Division
Mr. Khampheang Vongseanphan, Deputy Head of Section, PFA Division
Dr. Oupakone Alounsavath, Head of Village Forestry and NTFP Division
Mme. Khamnoui Chanthalasy, Deputy of Village Forestry and NTFP Division
Mr. Khamla Sinthavong, Technical Staff, Village Forestry
Ms. Khamnoui Chanthalangsy, Deputy Director of Division, Village Forestry
Mr. Phavana Sombanpheng, Technical Staff, DOF
Mr. Khamlah Sinhthavong, Technical Staff, Village Forestry
Mr. Chantha Phetphommy, Deputy Director of Forest Development Fund
Mr. Litthideth Srithirath, Technical Official, Protection Forest Division
Ms. Khonesavanh Manivong, Finance, DOF
Mr. Chanthakhat Souphida, Technical Assistant, DOF
Phonesavanh Manivong, Deputy Director of Planning and Cooperation Division, DOF
Mr. Hongthong Amphaichit, Director of Division, Protect Forest
Mr. Khamkhoun Phinsavanh, Deputy of Division
Mr. Khamnoui Voutthisane, Technical DOF
Mr. Somphon Thammavongsa, Deputy Head of Protection Forest Division
Mr. Chantha Phetphommy, Deputy Head of Forest Development Fund
Mr. Sadavouth Manivong, Technical, REDD Division
Mr. Peter Thavone, Technical Staff, REDD
Mr. Sombath Panyalak, Deputy Director of Division, REDD
Ms. Vansay Bouasavanh, technical, Planning Division
Mr. Siphoum Keoudone, Technical, PFA Division
Mr. Xay Keobounphan, Technical, PFA Division
Mr. Bounthai Phongsisouk, Deputy Head of PFA Division, DOF
Mr. Sengdeuan Phuangphidok, Head of Section, PFA Division
Mr. Saykeo Bounphanh, Technical staff, PFA
Mr. Khampasong Chanthamaly, Technical Staff, PFA
Ms. Yommala PhaengSouvanh, Technical Staff, PFA
Mr. Soukanh, Deputy Head of Forest Inventory and Planning Division

Mr. Simone Vongkhamsao, Researcher, NAFRI
Mr. Tueanchai Phongkhamphan, Technical Staff, Protected Area
Mr. Somthong Phombuathong, Technical Staff, Forestry Restoration Promotion
Mr. Khanhsay Sayavong, Coordinator, FRP,
Mr. Somvang Sihalath, Director of Division, FRP
Ms. Sali Singsavanh, Director of Division, Regulation
Mr. Phimmasone Phoumvilay, Technical Staff, DOP
Mr. Hongthong Amphaichit, Director of Division
Mr. Oravanh Daengdalavong, Technical Staff, Wildlife and Aquatic
Mr. Sivone Sonethipanya, Sonethipanya, Head of Unit, Regulation
Department of Forest Inspection
Mr. Thongphan Rattanalangsy, Deputy Director General
Mr. Chanhom Phothitai, DDG
Mr. Khamphet Keosouvanh, SUFORD-SU Coordinator at DOFI
Mr. Bounthan Philachanh, DOFI
Mr. Bounphavong Khambai, Deputy Director of Division
Ministry of Planning and Investment
Mr. Khounthong Liemthivong, Deputy Director of Division, Department of Investment Promotion
Ministry of Industry and Commerce
Mr. Phetsomboun Kisonmala, Deputy Director of Division, Department of Import-Export,
Ministry of Finance
Mr. Oulaysinh Vattana, Head of Section, Department of State Asset, Ministry of Finance
Ms. Daravady Xayaboud, Technical Staff, MOF
Ministry of Home Affairs
Mr. Nanthaphon Lyvatthana, Deputy Director of Planning Division, MOHA
Other Ministries/Organizations
Mr. Dalin Xaysacksy, Head of Unit, Technical Development
Mr. Sithiphone Xaiyaseng, Lao Agroforestry, IFC
SUFORD-SU TAs
Mr. Esa Puustjärvi, Team Leader, SUFORD-SU
Mr. Anousack Inthichack, National Forestry Consultant
Mr. Leo Eerola, Financial Advisor
Mr. Steeve Daviau, Ethnic and Gender Advisor
Mr. Somphanh Phomma, National Village Livelihood Consultant
Mr. Vilasack Chanthamith, National Consultant on VLD
Mr. Savay Thammavongsa, National Consultant
Mr. Thinnakone Mixayphon, National Consultant
Ms. Simpaseuth Rasavong
Mr. Aoko Siintok, SUFORD
Mr. Sangaun Chindahak, National Consultant, SUFORD-SU

Annex 2: MAF AF presentation at the wrap-up



Additional Finance for SUFORD SU – DRAFT PROPOSAL

Lao PDR

Summary

Additional Financing (AF) would enable

- (i) extension of the closing date to 30 March 2021, and
- (ii) allocation of Additional Financing of \$5 million to better meet objectives.

The AF will build on successful implementation of SUFORD-SU, analytical work, IFC TA and private sector investment, and the Green Growth DPO series.

The AF will also set the stage for the next large-scale investment by IDA, GEF, and others.



Summary – Implementation and timeline for IDA-financed Forestry Projects



Rationale for AF

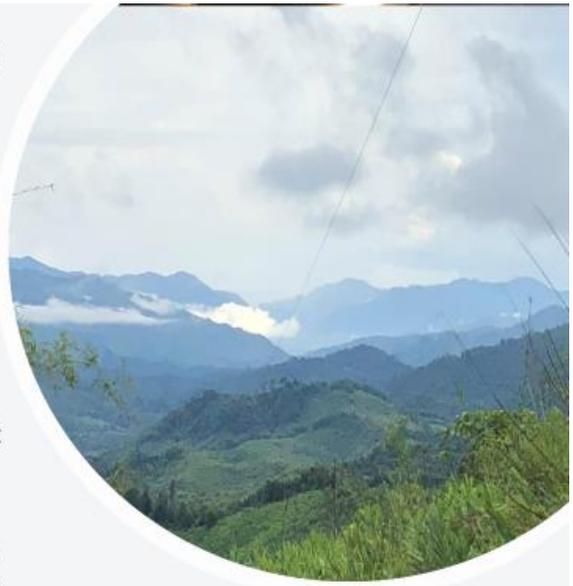
- **Leverage additional investments**
 - **Private sector leveraging:** Continuous support is needed to attract reputable private investors and create opportunities for local income and jobs;
 - **Leveraging other donor finance opportunities,** integration of carbon finance (FCPF) and additional IDA, GEF, possibly GCF;
- **Convergence of many SFM activities under one landscape framework:** AF will set the stage for a more strategic and programmatic convergence in priority forest landscapes (PFAs, PtFAs, NPAs, plantations, agroforestry);
- **Stronger achievement** of SUFORD Component 2 objectives
- **Continuous support to ongoing forest reform agenda,** including the Forest Law, Forest Strategy and associated regulations;
- **Continued SFM certification** to meet 230,000 ha target (link to GGDPO3)
- **Cover foreign exchange loss** of approximately \$1.5m
- **Fill financing and technical support gap** between SUFORD SU and the new Landscapes and Livelihoods Project



Component 1 Strengthening and Expanding PSFM in Production Forest Areas (1)

Continue: PSFM and Village Forestry

- **Continued: Expansion of forest certification** from the current level of 110,000 ha to 230,000 ha
 - Savannakhet, Khammouane, Bolikhamxay and Vientiane provinces
- **New: Encourage CoC certification** by wood industries (funded by private sector), development of TLAS (if the logging ban is lifted)
- **Drop: only do Pre-harvesting inventories only if logging ban is lifted**
- **New: Forest Plantations** – Identify lands in PFAs that could be suitable for plantations (in priority landscapes only)
- **Continued:** monitoring PSPs
- **Support to Village Forestry** (activities to be defined)
- **Continued and enhanced: Recover all decentralized information/knowledge** products/data/mapping and consolidate Information/management system



Component 1 Strengthening and Expanding PSFM in Production Forest Areas (2)

Continue: Village Livelihood Development

- **Enhance: Building on current VLD grants, bringing to scale activities by**
 - ❖ Focussing TA on most popular activities
 - ❖ Farmer to farmer cooperation and training
 - ❖ Supporting farmers groups and link them with buyers markets and SMEs
- **New: Support demonstration sites** (in and outside PFA) for cultivation and processing of NTFPs, e.g. cardamom, *maytieu*

Drop: no or no significant new VLD grants in the AF phase



Component 2 Piloting Forest Landscape Management – scope forest landscapes and buffers

- New: Support dialogue between relevant stakeholders in key landscapes to connect different forest types
 - ❖ Investment dialogues on key large scale new interventions e.g. ecotourism, plantation forests, and other economic activities and priority investments
 - ❖ Macro assessment of forest land uses to identify corridors, plantation areas, HCVFs, infrastructure development plans, buffer zones, etc.
 - ❖ Define actions in and around forest types (PFAs, PA and protection forests)
 - ❖ Assess cross sectoral policy issues related to forest landscape coordination
 - ❖ Coordinate and strengthen institutional settings for SFM (central to local authorities; between forest land uses; extension services, cross district FMUs)
 - ❖ Cooperate with other donors and agencies in the forestry sector including FCPF Process in north of Lao PDR
- New: Support monitoring systems for forest landscapes
- New: Pilot 4 landscape investment frameworks based on the above (links to SUFORD PDO indicator)(start with Khammouane)



Component 3 Enabling Legal and Regulatory Environment

Strengthening Legal and Regulatory Frameworks

- Continue legal, policy, regulatory work, including
 - ❖ Continued support to forest sector policy to support SFM and private initiatives
 - ❖ Develop guidelines for private sector engagement (plantations, coffee and other economic activities)
- New: Define roadmap if logging ban is lifted
 - ❖ Develop instruments to engage with private sector (PPPs or options for auctions) and
 - ❖ Develop requirements for private companies to be collaborated with (CoC certification, technology transfer, etc.)
 - ❖ Develop revenue management system and other governance aspects



Component 3 Enabling Legal and Regulatory Environment

Continued: Law Enforcement

- Continued: build DOFI capacity with focus on strategic learning and intelligence
- Continued: Support Multi-Agency Lao-WEN & ASEAN-WEN approach and build capacity of other relevant agencies
- Continued: DOFI Information management system interlinking with other data systems
- Continued: TLAS – invest in control mechanisms in PFAs and conversion forests



Component 4 -- maintain

- M&E
- Completion reporting
- Special assessments
- Financial management
- Procurement
- Project administration
- Technical Assistance



Annex 3: Presentation of Suford Progress Review



SUFORD-SU Progress Review Nov '18 – Apr '19

Joint Implementation Support Mission
22 May 2019, PAFO, Savannakhet Province



Presentation

- Project objective and components
- Highlights of achieved progress (1 Nov – 30 April 2019)
- Key challenges

For details, please refer to the Draft Semi-annual Report No. 5 □



Project Objective & Components

The Project Development Objective

“to execute REDD+ activities through participatory sustainable forest management (PSFM) in priority areas and to pilot forest landscape management in four provinces”

Project Components

1. Strengthening and Expanding PSFM in Production Forest Areas (PFAs)
2. Piloting Forest Landscape Management (FLM)
3. Enabling Legal and Regulatory Environment
4. Project Management



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PROJECT ACHIEVEMENTS: COMPONENT 1

PSFM and Village Forestry

- All Forest Restoration Grants transferred, 97 % of the funds used, restored area nearly 30,000 ha
- Audit in January 2019 was successful, certified area is now 108,408 ha
- Village Forest Management Plans and Village Forest Management Agreement approved and signed for all 31 villages



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Village Livelihood Development (VLD)

- All Village Livelihood Development Grants transferred by May 2018; all activities under implementation in 4th quarter of 2018
- 3 “Lessons Learned” workshops conducted in Attapeu, Vang Vieng and Luang Namtha
- VLDG monitoring database available



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PROJECT ACHIEVEMENTS: COMPONENT 3

Strengthening Legal and Regulatory Framework

- Government and TA staff contributed to the review of the draft Forestry Law



Strengthening Forest Law Enforcement & Governance

- Funding from SUFORD-SU came to an end in FY 2018, no new activities were funded in FY 2019
- SUFORD funds were used to support
 - selected multi-agency investigations on illegal wildlife trade
 - central staff traveling to provinces to help provincial staff prepare court cases
 - training on investigation techniques
- Implementation of information management systems developed by SUFORD-SU continued
- Currently, other projects are providing support to selected activities but none are able to provide the same flexibility and continuity as SUFORD-SU



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PROJECT ACHIEVEMENTS: COMPONENT 4

General Project Management

- Joint Implementation Support Mission conducted in November 2018
- Project contributed to FIP stakeholder workshop in Vang Vieng in December 2018
- Contract extension for 2 Forestry NCs, Financial Consultant and Financial Assistant signed



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Special assessments

- Analysis of tenure in ethnic communities completed
- Cash flow analysis on PFA management completed
- Assessment on quality of technical services underway
- Assessment on impact of poverty reduction underway
- 2nd draft of Borrower's Completion Report



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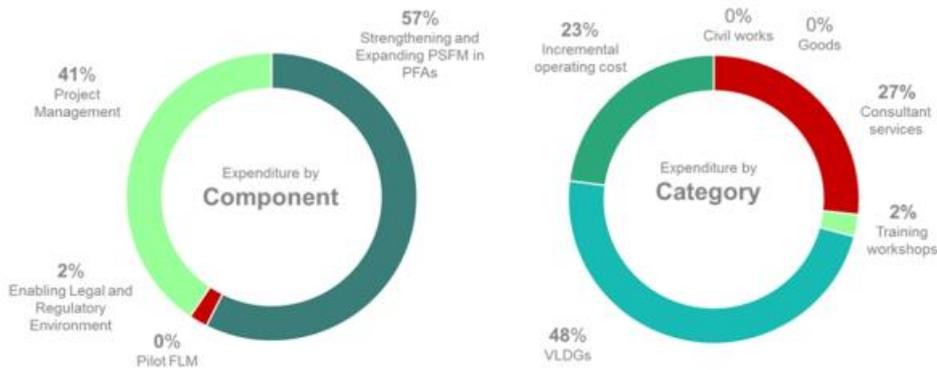


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Spending by component and category (%)

1 Jan 2019 – 30 Apr 2019

USD 938,000 spent



Expenditure by category (USD)

1 Jan 2019 – 30 Apr 2019

PROJECT COMPONENT	Expenditure		Total Budget	Balance
	FY 2019	Cumulative		
1 Strengthening and Expanding PSFM in PFAs	273,386	13,475,544		
1A Civil Works		826,508		
1B Goods		4,211,492		
1C Consultant Services	250,226	4,547,504		
1D Training and Workshops	23,160	3,890,039		
2 Village Livelihood Grants (incl. FRG)	449,102	5,941,272		
3 Incremental Operational Costs	215,079	10,448,641		
	937,567	29,865,458	30,790,807	925,349

- FCPF provided separate funding for activities related to forest certification (about USD 50,000)
- As of 30 Apr 2019, the remaining budget was about USD 925,000; most of it is committed to consulting contracts and FR Grants; the amount available for other costs is max USD 150,000



KEY CHALLENGES

Main Challenges

- The remaining budget is extremely limited, so all activities will have to be restricted to a minimum





Thank you!



Annex 4 MAF presentation on VLD



Progress Report of Village Livelihood Development (VLD)

Kick-Off Meeting for SUFORD-SU Joint Implementation Mission
Savannakhet, 22 May 2019



Overview of VLD Grant disbursement

No	Province	Villages			Funds transferred (LAK)			%
		AF	SU	Total	AF	SU	Total	
1	Bokeo	0	49	49	-	3.109.959.424	3.109.959.424	100%
2	Luang Namtha	0	19	19	-	1.215.594.918	1.215.594.918	100%
3	Oudomxay	0	98	98	-	6.242.587.820	6.242.587.820	100%
4	Xaiyabouly	74	89	163	2.364.999.760	5.690.196.455	8.055.196.215	100%
5	Vientiane	113	11	124	3.611.303.072	703.597.180	4.314.900.252	100%
6	Bolikhambay	43	13	56	1.374.999.800	832.200.668	2.207.200.468	100%
7	Xaysomboun	0	3	3	-	191.692.800	191.692.800	100%
8	Champasack	0	22	22	-	1.399.046.240	1.399.046.240	100%
9	Sekong	34	45	79	1.078.855.920	2.847.232.120	3.926.088.040	100%
10	Attapeu	38	15	53	1.214.359.952	953.502.160	2.167.862.112	100%
		302	364	666	9.644.518.504	23.185.609.785	32.830.128.289	



SUMMARY OF ACTIVITIES BY REGION



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Key Points

- Agroforestry and other forest-related activities were heavily promoted
 - Agroforestry and other forest-related activities popular in the north, about 40 % of the activities
 - In the central and southern provinces agroforestry chosen only by a small number of villagers
 - If there is a market, agroforestry is chosen
- Livestock (buffalo, cows) was excluded from the scope of SUFORD-SU activities, but villagers and government officers still frequently requested them
- About 21,000 village projects under implementation



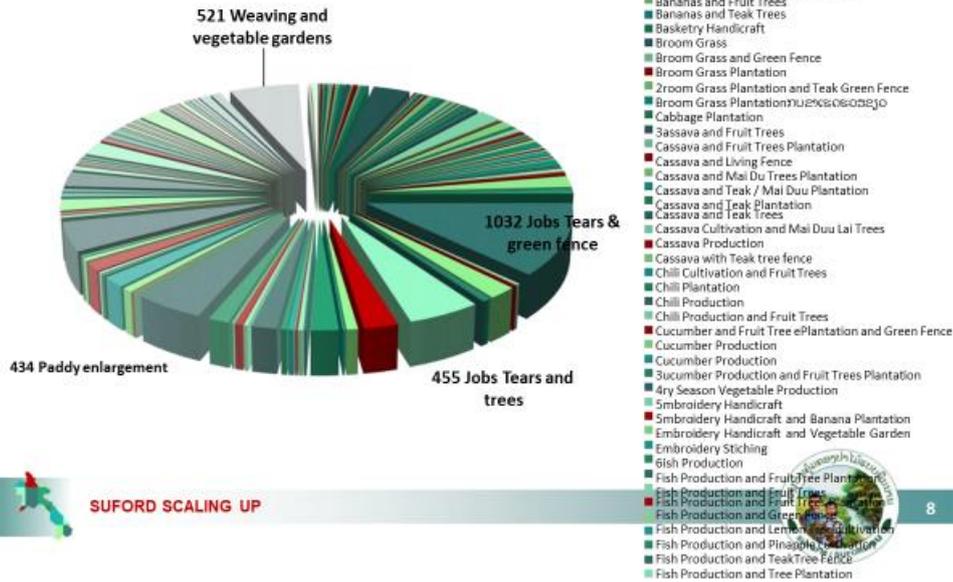
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CENTER

Total 8.711 activities supported



Comparison total wealth ranking vs VLD Grant recipients

	Total families	Better off	% of total	Factor	Middle	% of total	Factor	Poor	% of total	Factor
Total	87.170	12.557	14,4		54.795	62,9		19.818	22,7	
Total for VLDG	21.334	235	1,1	0,1	16.362	76,7	1,2	4.737	22,2	0,98

Distribution of VLD Grant beneficiaries by ethic group

	Total no of activities supported	Lao Loum families	%	Factor	Other ethnic groups	%	Factor
Total Baseline	87.170	30.539	35,0		56.571	65,0	
Total VLDG	21.334	4.884	22,9		16.450	77,1	

Rem: Factor > 1 = a higher % of beneficiaries than the average in the population received the grants
Factor < 1 = a smaller % of beneficiaries than the average in the population received the grants

VLDG activity’s direct contribution to forest conservation:

Forest conservation / plantation activities	Province	Hectares (approximate)	Sum	
Cardamom, Bong bark, Puak Muak, Forest tea, Orchards, etc.	Bokeo	600	1.828	
	Luang Namtha	400		
	Oudomxay	828		
		Attapeu	150	319
		Champasack	19	
		Sekong	150	343
		Xaiyabouly	272	
		Vientiane	21	
		Xaysomboun	0	
		Bolikhamxay	50	
		Total	2.490	



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AGROFORESTRY / NTFP ‘BEST PRACTICE MODELS’ DEVELOPED THROUGH PARTICIPATORY EXTENSION



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Agroforestry / NTFP model “Forest Tea (Camellia sinensis var. assamica)”



Mr Sodtha and Mr Yalo, Ban Tao Home, an Akha ethnic village in Long district of Luang Namtha province

- In Oudomxay, Luang Namtha and Bokeo from a total of 10.292 families 430 families have chosen tea as their main activity now planted on an area of approximately 207 ha.



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Agroforestry / NTFP model “Cardamom (Amomum spp.)”



Mr Khamtong, a Khmu farmer from Ban 11hontou , Viengphoukha, 12uang Namtha province planted approx. 2.500 plants of Guangdong Cardamom on 1 hectare.

- Cardamom is grown in agro-forestry systems combining cash-crop production with forest protection



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Agroforestry / NTFP model “Cardamom (Amomum spp.)”



SUFORD SCALING UP

Mr Inthachanh and his daughter Ms Tu, innovative farmer from Ban Namtjouam in Viengphoukha district, Luang Namtha province

He transformed 1 ha of shifting agriculture area into a Bong tree bark plantation into which he integrated Paksong Cardamom.



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Agroforestry / NTFP model “Rattan (Calamus spp.)”



SUFORD SCALING UP

Mr Inmeuane, a Khmu farmer of Ban Phonpai, Houayxay district in Bokeo province has longstanding experience with natural rattan in his village.

He used the VLDG to set up a trial plot with different rattan species (i.e. wai thoon (Calamus poilanei), wai leum (Calamus laoensis) and wai boun/wai faat (Daemonorops jenkinsiana), wai ton (Calamus viminalis) and wai nye (Calamus tenuis).



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NTFP model “Broom Grass (*Thysanolaena maxima*)”



- Ms Khammany and family are Jhru farmer in Ban Nonghin, Sanamxay district of Attapeu province.

- In total 371 families in the North, 115 in the Center and 20 families in the South have chosen to plant broom grass often in combination with trees.



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Agrisilvipastural model “Goats (*Capra aegargus hircus*) & trees”



- Mr Khamla, Mr Khambay and neighbors live in Ban Sapouane, Saysettha district of Attapeu province and are of Ta Oy and Arak origin and are raising goats in their rubber plantations, fodder grass areas and paddy fields now.

- 512 families in the South, 200 in the Center and 381 in the Northern provinces have chosen this activity.



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Recommendations from “Lessons Learnt” Workshops

- Forestry/Conservation projects should always be coupled with livelihood activities
- Forest-related livelihoods shall be strongly promoted but the final choice should be done by the farmer as she/he is best aware of what she/he can implement – projects should accept farmers’ choice even if the activity is not forest-related; it can still indirectly contribute to forestry objectives
- Need to improve financial management – delayed delivery of grants to village was the main reason for activity change!



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Findings ... (cont'd)

- Need to improve bottom up planning in extension activities :
 - 1 Farmers should have more information on alternative income generating activities before they choose their VLD activity; often they are not aware of all options and choose “old” activities (farmer-to-farmer visits are an effective awareness-raising tool).
 - 2 DAFO to PAFO communication should be improved; sometimes the plans prepared by DAFO are rejected because they are not well understood by PAFO (or DOF)
- Evaluate what is the best approach to TA support; TA based in province may be a better option than Project Assistants in the DAFOs



SUFORD SCALING UP



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Annex 5: Summary and WB Presentation on Forestry ASA

Summary of WB/IFC/MAF Analytical Work on SFM and Green Growth in Lao PDR. The Government of Lao PDR, the World Bank and International Finance Corporation (IFC) collaborated on advisory services to enhance understanding and implementation of sustainable forest management (SFM) in Lao PDR. This work reinforced the GoL’s forestry reform process, informed key new policies, regulations, the emerging new Forestry Law, and the new National Green Growth Strategy. The work was carried out in close cooperation and partnership with the Ministry of Agriculture and Forestry (MAF), Ministry of Industry and Commerce (MoIC), Ministry of Planning and Investment (MPI), development partners and others active in the sector, including the private sector. A dialogue on Partnerships and Opportunities for a New Green Forest Economy: Findings from Analytics on Sustainable Forest Management in Lao PDR event was held on 28 May at the Department of Forestry to present the synthesis report highlights and recommended actions and conduct a dialogue with participants on next steps. Mr. Sousath Sayakoummane, Director General, DOF, MAF chaired the dialogue.

Forty-five participants from GoL, private sector, NGOs academia and the donor community concurred that the key findings and recommended actions matched the reality and needs of the forestry sector, even if ambitious. The meeting endorsed the report and its findings and recommended its use as basis for ongoing and future investments and policy dialogue. The meeting also highlighted that value could be added to this knowledge by a wood industries study, reflecting the impact of the reforms on the sector, availability of jobs and other impacts. On the policy environment, the meeting recalled that Decree 96 under preparation will promote and support plantation forests and feedback on the document was encouraged. The meeting acknowledged the key role of the private sector and IFC for the policy support in reforestation and restoration of forests and confirmed that the GoL had approved areas within PFAs for pilot plantation forests and approved construction of a new sawmill and veneer plant in Vientiane province. Collaboration in the new Landscapes and Livelihoods project was also discussed, and partners highlighted their respective initiatives in the forestry sector and stressed need for joint participation with civil society. The need was stressed for collaboration between GoL levels of governance and donors and international agencies in approaches and methods, so that support guides the GoL in a consistent direction. The full report will be available to participants in the immediate future and a new web portal is under construction to access all knowledge products.



Partnerships & Opportunities for a New Green Growth Forest Economy

Analytics on SFM in Lao PDR

Background (1)

- Support GOL efforts towards achieving SFM & Greener, more resilient economy:
 - ❖ New Forestry Law, policies, regulations
 - ❖ Forestry Strategy
 - ❖ 9th National Socio-economic Development Plan
 - ❖ National Green Growth Strategy
 - ❖ REDD+ Strategy
 - ❖ National Disaster Risk Reduction Strategy
- Increase private sector investment in restoration & reforestation
- Reverse illegal logging, trade & forest crimes
- Scale-up PSFM in 3.1 m ha in 51 PFAs
- Scale-up Forest Management & CoC certification
- Scale-up TLAS including in Conversion Forests



Background (2)

MAF/DOF asked specific support to enhance understanding & implementation of SFM:

- How can Lao PDR invest in forest restoration using PPP?
- Is there value to Lao PDR in implementing forest certification & PSFM?
- How can Lao PDR best develop & apply a Timber Legality Assurance System (TLAS) across all timber sources & markets?



Partners

- Collaboration between the GoL the World Bank & International Finance Corporation (IFC)
- GoL partners included:
 - ❖ Ministry of Agriculture & Forestry (MAF)
 - ❖ Department of Forestry (DOF)
 - ❖ Ministry of Industry & Commerce (MoIC)
 - ❖ Ministry of Planning and Investment (MPI)
- Private Sector
- Development Partners
- Academics & Scientists
- NGOs & CSOs



Knowledge Products & Process

- Technical study reports
 - ❖ Retrospective of the Forest Sector
 - ❖ Sustainable Forest Management
 - ❖ Certified Forests & Wood Products
 - ❖ Public-Private-People Partnerships (PPPP) for Forest Restoration
 - ❖ Regulatory Frame & Policy Support for SFM, Certification, Timber Legality & PPPPs
 - ❖ Economics of SFM
- Summary, Validation Workshop May 2018
- Synthesis Report, May 2019
- Policy Notes
- Transfer of knowledge during the process



Key Findings (1)

Lao PDR's natural capital has fueled economic growth in past 20 years (8%/yr since 2000):

- Natural resources 50% of country's wealth
- Forest cover declined but remains among highest in region (est. value US\$10,740/capita)
- Unsustainable use has led to forest degradation & reduction in natural wealth & public revenues
- Recent reforms to achieve SFM to sustain peoples' livelihoods & sectors that depend upon them (tourism, agriculture, energy, water, fisheries, wood industries)
- Lao forests are important to mitigate risks from extreme weather events & protect downstream resources



Key Findings (2)

Reforms for new green forest economy to achieve sustainable, resilient & inclusive growth, if enabled by good governance, policy coherence, sustainability, inclusivity & profitability:

- Increase forest cover from 58% to 70%
- Reduce poverty, create green jobs, strengthen livelihoods, support local industry, expand PSFM, reduce disaster risk & mitigate climate change;
- New growth model can allow forest-dependent communities to use wood & NWFPs, incl. for commercial purposes with support of credible private sector investors;
- Forestry sector can be key pillar of Lao PDR's economy if production of sustainably managed & legally produced wood products can be increased rapidly



Key Findings (3)

By adopting best practices standards, Lao PDR has significant potential to achieve SFM, sustainable forestry business & access international markets:

- Increasingly countries have green procurement policies (proof of legality & sustainability), best practices, building standards
- Meeting demand for “Good Wood” coincides with global revolution in wood technology in modern buildings
- “Good Wood” can be produced from natural or planted forests which are profitable investments in Lao PDR & compete favorably with other countries
- International experience shows certification & TLAS through the value chain can yield returns of significant financial benefit – this can apply to Lao PDR too



Key Findings (4)

A diversified & well-functioning forestry sector can contribute to the economy through job & livelihood creation, production of raw materials & enterprise development around wood & NWFPs

- About 67% of Lao population is rural & depends on forests for their livelihoods
- Over 39% of rural family income comes from NWFPs
- Export of high-value manufactured products has potential but starting from a very low base
- To capture high-end markets, Lao PDR needs modern technology, skilled workers, new designs and diversified product range in the wood processing & manufacturing sectors



Key Findings (5)

To protect Lao PDR's natural capital it is critical to source wood production from sustainably managed forest resources & efficient wood industry:

- Current wood production is mainly from "Conversion Forests which are unsustainable, unreliable, variable quantities & qualities, all species, all sizes – not an incentive for high-end investment in wood processing & manufacturing
- Sustainable sources of wood production can be from Participatory SFM in PFAs & planted forests (corporate & smallholder) that are certified
- Past experiences with smallholder & outgrower plantations have been modest (no enabling policy)
- Of 11.2 m ha of degraded or un-stocked forests, an estimated 650,000 ha (6%) has potential for private sector industrial plantation development



Key Findings (6)

Good Governance & SFM: Twin goals to maximize growth, revenues & public benefit:

- Past forestry royalties not properly collected & illegal logging reduced government revenues
- May 2016 ban on exports of r/wood & semi-processed products is allowing policy reforms to strengthen standards & compliance to revitalize sector
- Logging ban reduced flow of benefits to village livelihood development, restoration of forests & jobs
- Prolonging the logging & export bans dampens opportunities for innovation institutional knowledge, skills & market access
- Delayed access to legal, long-term, large contiguous areas of degraded PFA land & land concession agreements have constrained forest restoration & plantation forests & forest industry investment



Key Findings (7)

Village forestry can play a substantive role in the new green forest economy (Land & Forestry Laws)

- Rural villages depend on forests for livelihoods → strong interest to manage them well
- Potential for villages to partner with GoL & plantation investors production, protection & conservation of Village Forests
- Village Forest use & village land-use rights in regulations for customary use & commercial production are unclear → open to abuse or misinterpretation → negative environmental & social consequences
- Village Forest Communities can generate revenues to benefit villagers & GoL if given the right opportunities in participation, planning & implementation practices (new Forestry Law)



Key Actions: Way Forward (1)

- Lao PDR can benefit from implementing participatory SFM for both indigenous (natural) & plantation forests
- Forest management & CoC certification & TLAS will help Lao PDR to meet international demand for sustainably managed, legally produced wood
- Increased private sector investment requires effective policies, regulatory frame & planning to reduce financial, operational, compliance & other risks
- Revitalizing smallholder plantations would diversify land-use, improve socio-economic conditions & provide environmental benefits
- Smallholders need clear tree tenure, harvesting & market access rights & robust technical package (quality germplasm, access to funds & extension)



Key Actions: Way Forward (2)

- Village Forest potential can be realized by giving village rights to manage natural forests & plant trees, harvest wood & NWFPs for subsistence & commercial use under clearly defined conditions
- Public-Private-People partnerships offer viable approaches for private companies, villages & people to participate in SFM (natural + planted)
- Lifting the logging & export bans for PFAs could be carefully considered if size of forest resources, FM & CoC certification, appropriate licenses & GoL revenue & distribution capacity were firmly in place
- Participatory SFM of natural + planted forests can be profitable → incentivize private investment by companies, SMEs, smallholders & farmers but GoL needs carefully considered fiscal measures to support future forest management

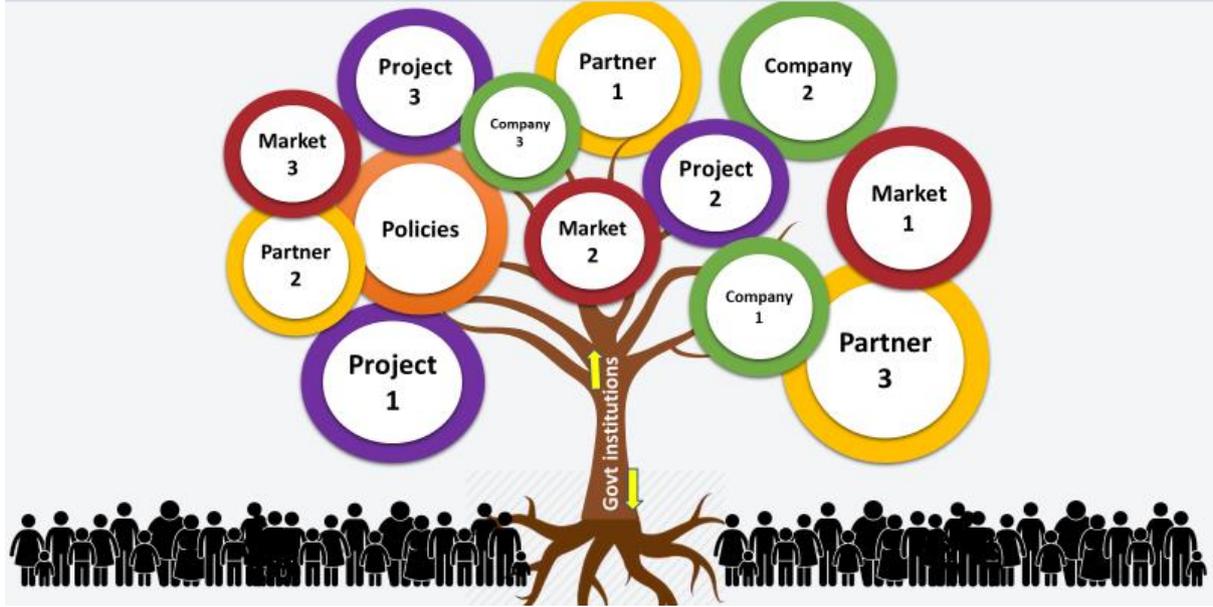


Key Actions: Way Forward (3)

- Investing in research & development, education, training & extension is an integral part of sector sustainability & growth
- Tangible benefits accrue by sustaining allocation of resources to continuously build regulatory capacity at central & local levels
- A GoL-led, long term, large-scale investment in a programmatic approach to develop resilient forest landscapes would bring sectors, stakeholders & partners together to leverage diverse financing sources & enhance information, institutions & incentives
- The WB is ready to provide financial & non-financial services to build such a platform, program & contributing projects



Steps Forward for collaboration for strategic collaboration towards an investment platform on Landscapes & Livelihoods



Annex 6: Meeting with Sun Paper Company in Savannakhet
Summary of Meeting
Sun Paper, Xepon, Savannakhet Province, Lao PDR
Friday 24 May 2019

Department of Forestry	Sun Paper
Mr. Bounpone Sengthong, DDG and NPC	Mr. Chen Wen Jun, Vice Chair, General Manager
Mr. Lattana, Deputy NPC	Mr. Ding Xingbang, Fiberline Manager
Ms. Yommala, Asst. NPC	Deputy Fiberline Manager
Mr. Siphoum, Forestry Officer	Mr Huang, Afforestation Manager
Mr. Sengdeuan, Forestry Officer	Interpreter
Ms Khonesavanh, Financial Officer	Interpreter and Sun Paper presenter
	Interpreter
PAFO and DAFO	The World Bank
PAFO and DAFO production staff attended	Mr. Stephen Danyo, Sr. Environmental Specialist
SUFORD-SU	Ms. Nina Doetinchem, Sr. NRM Specialist
Mr. Esa Puustjarvi, CTA	Mr. Werner Kornexl, Sr. NRM Specialist
Mr. Bouaphet Philakhet, National Forestry Consultant	Mr. Viengkeo Phetnavonxay, Sr. Environmental Specialist
Mr. Anousack Inthichack, National Forestry Consultant	Mr. Jim Carle, Forest Management Consultant
Mr. Sangouane Rasavong, Financial Consultant	Mr. John Parr, Protected Area Consultant
Ms. Simpaseuth Rasavong, Office Manager	Mr. Arturo Bolondi, NRM Consultant
	Mr. Kaysone Vongthavilay, Environmental Consultant
	Ms. Toomkham Luanglath, Interpreter

Background

The DOF/PAFO/SUFORD-SU/World Bank mission visited the Sun Paper company in the context of the SUFORD-SU AF extension (2 years) and additional financing and the emerging landscapes and livelihoods project, the scale and the impact of the pulp company on the land resources (Production Forest Areas, National Protected Areas, Protection Forest Areas, farm lands, community lands etc) within an economic work circle of the pulp mill will be immense as growing forest plantations and trees become a viable livelihoods option. This presents both challenges and opportunities.

According to the Sun Paper website: <http://www.sunpapergroup.com/en/>

Li Hongxin, Chairman and sole owner of Sun Paper Group has the Vision to: “Turn Sun Paper into a sustainable and respectable world class conglomerate”. Corporate spirit is: “Integrity and innovation”; Core value is: “Faithful at heart, creative actions”.

According to the Sun Paper Lao PDR web portal <http://www.sunpapergroup.com/en/list-11-1.html> one is left with the impression that the company has 100,000 ha of forest plantations of improved germplasm and productivity as good as Brazil, to supply raw material for the pulp mill in Lao PDR – a little misleading.

Summary of Observations and Discussions

The mill feasibility study was done in 2008 after signing a MOU with GoL. The US\$432 investment in the pulp mill became operational as a pilot on 20 May 2018 (18-month construction) and has gradually built up towards production capacity of 1.2 million tonnes roundwood equivalent/year input to produce 300,000 tonnes of dissolved pulp (largest in Asia) for the Chinese clothing market. There is a 25ha log and chip yard that was about 60% full of forest plantation pulp logs and chip stockpiles. Raw material is primarily Eucalyptus (90%),

but they are using some Acacia species from Vietnam. Currently, raw material is from Thailand (50%) and Vietnam (50%). They are bringing Eucalyptus logs from as far as 500km away from Northern Thailand and 200km away from Central Vietnam. Eucalyptus wood chips are being purchased from Vietnam. Eucalyptus log purchase is at 1000 baht (US\$32)/green tonne at roadside in Thailand with significant transport costs to the pulp mill. Despite the company offering to purchase Eucalyptus pulp logs at US\$40/green tonne delivered to the pulp mill gate, or minimum US\$35/green tonne at roadside, little Lao grown raw material is currently available.

Based upon raw material supply of 1.2 million tonnes, at MAI of say 20-25 m³/ha/year requires 8,000 – 10,000 ha/year harvesting. Based upon a 5-6year rotation, the forest plantation resource required to maintain raw material supply to the pulp mill (without germplasm gains) will need to be a minimum 40,000-50,000 ha. The company propose to plant and additionally support outgrowers to plant a resource of 70,000 ha of short rotation plantation crop.

The company has currently 32,000 ha of forest plantations - 10,000 ha established by Sun Paper and their outgrowers and 22,000 ha recently purchased from Birla Laos Pulp and Plantations Ltd. The Sun Paper forest plantation productivity is currently quite low at 80-150m³/ha after 6-year rotations or 16-30m³/ha/year MAI compared to Brazil where 50m³/ha MAI is regularly achieved and productivities of up to 70m³/ha MAI possible on more fertile soils. Lao soils have relatively low fertility, limited water storage capacity and subject to 6+ months drought each year. Fertilizer application specifications are based upon soil and foliage sampling analyses. Encroachment into plantations (people and livestock) remains an issue on company/farmer plantations. The improved germplasm program has a significant potential upside, particularly to improve the productivity for forest plantation and farmer outgrower development within an economic work circle of the pulp mill. The company claim the current nursery production is 10 million seedlings/year which equates to about 8,000 ha/year planting. There are company limitations on access to large contiguous land areas for forest plantations. As a result, of the 10,000 ha of Sun Paper established plantation resources prior to the purchase of Birla plantations, 35% were on company concession land and 65% on farmer lands under outgrower arrangements - in 2016, 129 families; 2017, 225 families; and 2018, 3.2 million seedlings to 819 families). The company outgrower deal is to provide the improved genetic seedling stock, fertilizer (200gm/tree/year for 3 years), technical advice for preparation/planting/tending and commit to purchase of the wood at harvesting at a fair market price. The formula for farmers paid by Sun Paper (3+2) is: year 1, 1,000 kip/surviving tree; year 2-5 also 1,000 kip/tree for maintenance. On harvest farmers are paid 10,000 kip/tree if trees meet the company specifications. Farmers are forbidden from selling trees to other buyers or they must pay back proceeds paid by the company. The company propose to establish a 100,000 tonne/year fertilizer production unit to supply fertilizer to farmers to increase plantation and agricultural productivity.

The pulp mill and associated forest plantations employ about 1000 people, 500 Chinese and 500 Lao with the long-term aim of reaching a ratio of 10% Chinese, 90% Lao PDR. There is a big impact on the region for the provision of not only skilled employees but also contractors in a wide range of services. There are plans for further investments for expansion in Xepon - US\$600 million to establish a pulp production chain and further two \$400 million packaging plants of 400,000 tonnes/year capacity that will create hundreds of new jobs. An additional US\$1 billion investment is planned to build two new production chains of 400,000 tonnes per year in Bolikhamxay and Attapeu provinces. The total new investment will exceed US\$2 billion expected to contribute to socio-economic development in these provinces. The company awaits approvals from DOF to expand their forest plantation resource under land concessions, expand

their mill capacity and expand agroforestry systems to other districts and provinces. The plan to also invest US\$19.5 million in sustainable agriculture to assist in improving local livelihoods.

The company claims a commitment to CSR with agreements for construction of schools, donations for reconstruction after natural disasters (Attapeu), provision of water supply in rural villages and a strong commitment to support agroforestry and increasing agricultural productivity and agriculture best practices. An environmental accident during the pilot phase released pollutants into the river which killed fish and constrained water use from the river. This issue was quickly addressed and should not reoccur.

Responses to questions:

Why did Sun Paper decide upon Xepon for location of the pulp mill? The responses, within and after the meeting were: i) stable governance, culture and traditions; ii) Lao-China Friendship and business/tax promotion (Vietnam was not so welcoming due to competition with existing industries by Vietnamese investors); iii) low rural populations and potential availability of suitable forest plantation land; and iv) strategic location and good infrastructure to access existing forest plantation resources in Vietnam and Thailand whilst developing a forest plantation resource in Lao PDR.

What issues have you encountered with forest plantations, particularly access to land and landowner consents? Obtaining land concession agreements for the company has been a slow process through provincial and central GoL. Local people manage their own land according to traditional arrangements and obtaining consent for forest plantations is critically important but a time-consuming process. Ultimately, the company could foresee forest plantation resources being company (30%), farmer or smallholdings (70%).

What environmental safeguards has the company put in place to prevent villagers from clearing other GoL forest areas (PFAs, PtFAs, NPAs etc) to establish forest plantations? The aim is SFM so those instances will be avoided and the policies of the GoL and the Sun Paper company will be adhered to. The potential for woodlots, agroforestry and home garden planting without going to GoL forest areas is still very high.

What is the company view to maintaining an allocation of say 80% company and 20% GoL ownership for forest plantations established on GoL forest lands (eg PFAs). The company were receptive to the idea to access PFA lands for forest plantations and set aside areas for restoration of native species, riparian reserves, protection of waterways etc. DOF and Sun Paper will further follow up this idea.

The company vision highlights sustainability and has secured FSC CoC certification in their product lines in China. What is the company policy towards forest management and CoC certification for proof of sustainability in plantation and pulp mill production? Note: According to FSC certificates search public portal Sun Paper, Yangzhou District, Jining, Shandong Province and their subsidiaries in China are FSC CoC certified. The tissues/napkins in the meeting room displayed FSC Certification No: FSC-C117308. The status of Forest Management certification for their forest plantations in China were less clear. The General Manager was not familiar with FSC certification but stood by the company policies of maintaining high environmental and social standards and safety of workers, complying with company sustainability policies and with GoL policies, laws and regulations. The company pursues all necessary tools and processes to maintain access to international markets for their range of products. Time will tell if they pursue FSC certification in Lao PDR.

Annex 7: Law Enforcement and Recommendations for AF

1. Law Enforcement Sub-component 3B: SUFORD-SU supported the law enforcement agenda, primarily through DOFI and continued to support a US\$ 1,500 monthly allocation made directly to the Provincial Offices of Forest Inspection (POFIs) (or 144 million Kip annually) during the six-month period although six POFIs reported transport logistic difficulties. Additional funds were made available for special or joint operations, and participation in training or meetings. The monthly reporting system (the Strategic and Tactical Enforcement Patrol Program or STEPP) was used to promote transparency and accountability, and to further support monitoring and evaluation of activities and the implementation of systems. The project reviewed the performance of the Department of Forest Inspection (DOFI) from October 2013 until December 2018⁴. The assessment reported some impressive statistics for the 5-year period, as follows: DOFI delivered 150 training or awareness workshops; undertook over 4,000 investigations resulting in holding 200 court cases and imposing 51 imprisonments; issuing US \$ 2 million in fines and seized 240,000 m³ of timber as well as confiscated 850 vehicles and 50,000 pieces of equipment. It also seized US \$1 million worth of illegal wildlife products. There was an 85 per cent reduction in illegal logging timber. There was a closure of open sales of illegal CITES listed products in the Special Economic Zones and Luang Prabang. The project also developed and implemented new tools, including smart phone and cloud based tools. The project also developed risk assessment, planning and reporting systems. DOFI was promoting strengthened interagency co-operation utilizing its 3C approach “*Collaboration through Cooperation and Coordination*”.

2. Recommendations for SUFORD-AF: SUFORD-AF should continue the excellent ongoing work on strengthen the legal and regulatory frameworks for implementation of PSFM and REDD+ at the national level and at the sub-national level.

3. SUFORD-AF, perhaps in consultation with LENS 2, should promote the convening of regular meetings of Lao-WEN, through which each agency reports notable actions/progress in forest crime and illegal wildlife trade suppression, as well as the opportunities to cooperate together to detect, disrupt, dismantle and prosecute forest and wildlife-related crime in and around the PFA landscapes. It would also be useful if the Lao-WEN monitored two functioning P-WENs and understood their means of detecting crime within the provincial landscape. One unclear relationship which requires clarification is the relationship between a P-WEN and the forest managers of national parks, NPAs, NPFs and other forest preserves.

4. A second institutional issue which might be reviewed is the interagency agreements for the establishment and operation of the respective P-WENs, which should focus on both forest and wildlife related crime; for some provinces this might be unnecessary if they have updated these agreements. These agreements may require amendment to include the recently established DCNEC presence within the provincial law enforcement hubs, and the revised organization of the Customs Department through Ministerial Decision No. 2826/MOF. This will also assist a review of roles and mandates at the field operational level, including clarifying areas for strengthened co-operation in detecting, dismantling and prosecuting natural resource crime, as well as clarifying some overlapping mandates/activities between agencies. This will

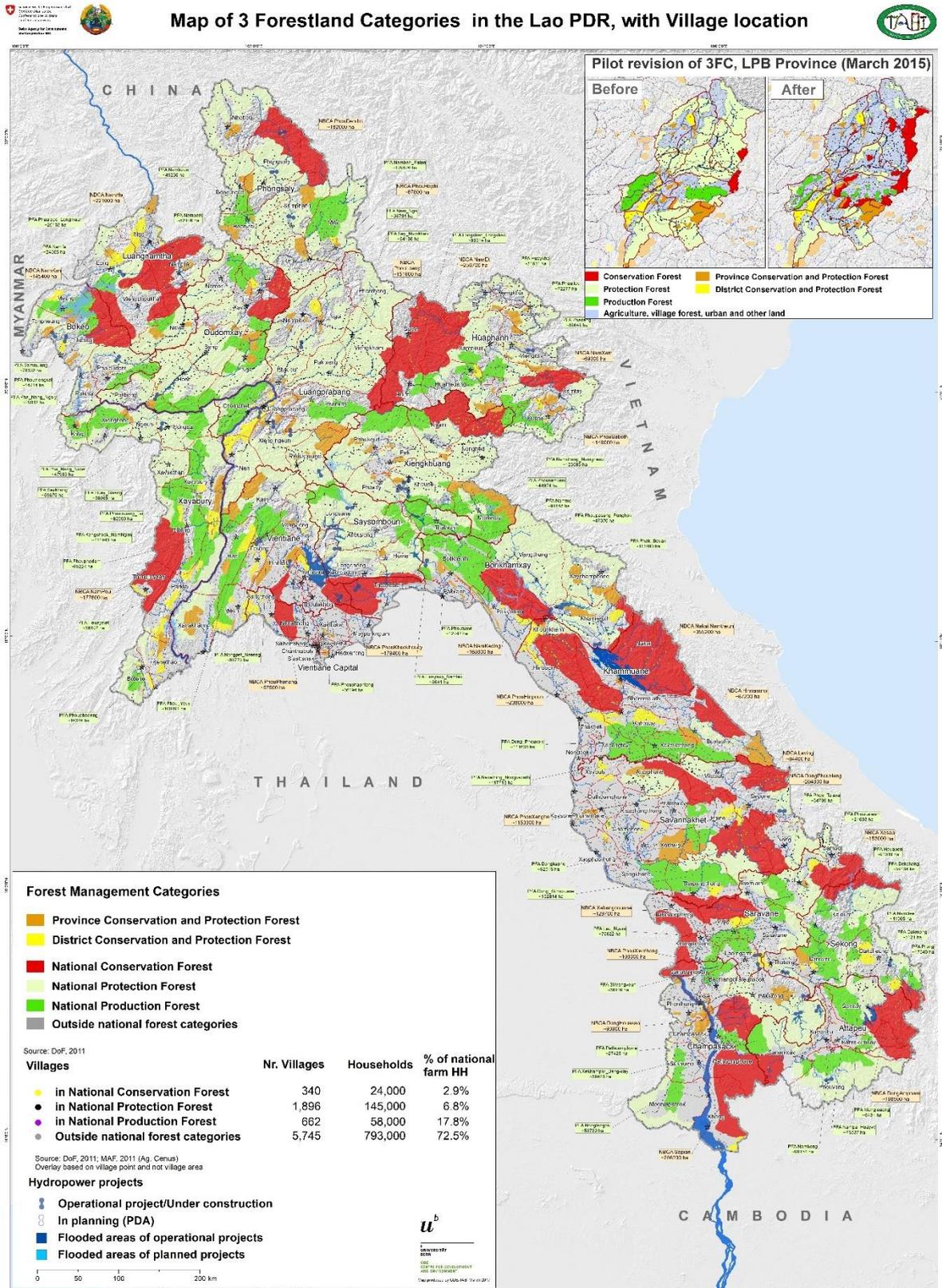
⁴ Flanagan A. 2019. A Review into the Department of Forest Inspection, SUFORD-SU Component 3B Support Program: Forest Law Enforcement (October 2013-December 2018).

also permit them to become more cost-effective, in terms of salaried government staffing levels. Training programmes for law enforcement should also promote interagency collaboration, where appropriate.

5. Pilot provinces (two only) should be selected for implementing P-WEN activities, where the performance of the different agencies can be reviewed by a project steering committee, Lao-WEN. This will enable standardized monthly and quarterly reporting by each agency on work performance and thence a detailed understanding in detecting, disrupting, dismantling and prosecuting natural resource related crime. It will also enable an understanding for improving interagency cooperation, and the prevailing strengths and weaknesses in law enforcement operations.

6. Biodiversity threat assessments should be conducted with village administrations to orientate them about the linkage between the provisions of the livelihood development grants linked to threat mitigation. This activity requires the villagers to list the threats to any forested areas, rank the threats, and then for the priority threats identify the livelihood development interventions which directly mitigate each priority threats. In this manner the villagers clearly see the linkage.

Annex 8: Map of 3 Forestland Categories in Lao PDR, with village location



Annex 9: Status of agreed actions from the previous AM

Actions	Responsible	Due Date	Status
Key Project Activities			
Finalize the updated Operations Manual with latest FSC standards for SFM certification and train PAFOs/DAFOs/VFCs accordingly to close noncompliance issues	NPMO	December 31, 2018	Done
FSC certification follow-up after compliance audit	NPMO	June 30, 2019	On-going
Accelerate the release of Forest Restoration Grant (FRGs) to PAFOs for forest restoration activities	DOF, PFS, DFU, Villages	December 31, 2018	Done
Accelerate implementation of FRGs	DOF, PFS, DFU, Villages	February 15, 2019	On-going
FLM framework to be finalized, approved and implemented, with specific emphasis on SUFORD-SU areas overlapping with the REDD+ Emissions Reduction Program areas (Bokeo, Luang Namtha, Oudomxay and Xayabouri)	DOF, PAFO, NRTF, PRTFs	February 15, 2019	Done
Signing of the VFMA's	DOF, DFU, Villagers	January 31, 2019	Done
Accelerate consultation and endorsement of VFMPs by District Authorities	DOF, DFU	February 28, 2019	Done
Complete remaining Special Assessments to provide qualitative and quantitative evidence for project results	Consultants/ NPMO	April 30, 2019	On-going
Borrower's Completion Report to be submitted to the Bank	BCR Consultant/ NPMO	April/May 2019	On-going
MAF's regular verbal request(s) for (i) a <i>possible landscapes and livelihoods project</i> and (ii) <i>additional financing</i> for SUFORD-SU should be formalized in a request letter from MOF for the Bank	MOF	Immediately	On-going
Safeguards			
Provide data on participation in consultation (# of events, # of participants) disaggregated by gender and ethnicity	NPMO, DOF	March 15, 2018	Started
Provide written evidence on adequate employment and working conditions for village workers	Consultant/NPMO	January 31, 2019	Partially done
Financial Management			
Review commitments, estimate total spending from now to closing of project for all disbursement categories and calculate funds needed and potential overdrawn	NPMO Finance Unit	November 30, 2018	Done
Submit IFR for the quarter ended December 31, 2018	NPMO Finance Unit	February 15, 2019	Done
Submit audit report and management letter for FY18	NPMO Finance Unit	June 30, 2019	On-going
Procurement Management			
Update the project procurement progress status	NPMO, DOF	November 30, 2018	Done

Annex 10: Mission agenda

Date	Activities	Venue/Presenter /Comments
Mon, 20 May		
	Review of follow-up projects	
10:00-12:00 Confirmed	Meeting to prepare the IDA SUFORD-SU AF <i>Documents for review:</i> <ul style="list-style-type: none"> - Draft “Project Paper” which updates the PAD - MAF’s proposed workplan and budget 	DOF Meeting Room Presentations by Mr. Bounpone Participants: from the WB and MAF teams (DOF, DPF)
Tue, 21 May		
	Review of Activities related to SUFORD-SU	
10.00-12.00	Discussions on the new IDA/GEF-financed Landscapes and Livelihoods Project <i>Documents for review:</i> <ul style="list-style-type: none"> - Draft Project Concept Note (English) - Two-page note (Lao/English) - PPT (Lao/English) 	DOF Meeting Room Presentation by the WB team Participants: from the WB, IFC, and MAF teams (DOF, DPF, DOFI)
12.00-13.30	Lunch (own arrangement)	
13.30-14.30	Reports from involved agencies on progress of policy development and MAF’s intended priorities over next 18 months for Green Growth Development Policy Operation 3 (GGDPO3)	DOF Meeting Room Introduction by WB team (Brief) reports by DPF, DOF, DOFI, DOA
15.00-16.00	Meeting with FLEGT team to discuss potential collaboration on pilot sites in Khammouane, Sayaboury, and Attapeu	SUFORD Meeting Room Introduction by WB DOF team
	Overnight in Vientiane	
Wed, 22 May		
	Flight Vientiane-Savannakhet QV223 dep 08:05 arr 09:05	
	Kick-Off Meeting (in Savannakhet)	PAFO Meeting Room
10:00-10.05	Opening statement	
10.05-10.35	Presentation on Delivery of Outputs and Achievement of Project Results	Mr. Bounpone, National Coordinator
10.35-11.00	Presentation of status of SUFORD-SU implementation in Savannakhet Province	Representative of PAFO
11.00-12.00	Presentation of the findings from Borrower’s Completion Report	Mr. Bounpone, National Coordinator
12.00-13.30	Lunch	
13.30-14:15	Presentation on the status of forest certification, forest restoration, and village forestry (project level)	Ms. Yommala, Forestry Officer
14.15-15.00	Presentation on activities launched under Village Livelihood Development (project level)	Mr. Lattana, Deputy Project Coordinator
	Overnight in Savannakhet	
Thu, 23 May		
9.00 – 10.30	Travel to Phalanxay District (1.5 hrs)	
10.30-11.30	Discussion at DAFO	DAFO meeting room
11.30-12.30	Lunch	
12.30-13.30	Travel to Don Kapho PFA, Sanoon village (1 hr)	

Date	Activities	Venue/Presenter /Comments
13.30-15.00	Discussion with villagers, visit forest restoration site	
15.00-17.00	Travel to Sepon District (2 hrs)	
	Overnight in Sepon District	
Fri, 24 May		
8.30-10.30	Meeting with Sun Paper Company to discuss <ul style="list-style-type: none"> - Markets - Roundwood supply - Plantation development 	
10.30-14.00	Travel back to Savannakhet	
	Flight to Vientiane QV 224 dep 15.50 arr 16.50	
20.00-21.00	Meeting with Finland Ambassador	At AEnoteca, WB
	Overnight in Vientiane	
Sat, 25 May FREE		
Sun, 26 May		
As suitable	Travel to Vang Vieng, Vientiane Province	
	Overnight in Vang Vieng	
Mon, 27 May		
8.00-9.00	Travel to Nakhouang village (1 hrs)	
9.00-10.00	Discussion with villagers on VLD and forest restoration	
10.00-10.30	Visit VLD projects	
10.30-11.30	Travel to Vang Vieng (1 hr)	
11.30-12.30	Lunch	
12.30-14.00	Meeting with PAFO, progress report	DAFO Meeting Room
14.00-18.00	Travel to Vientiane Capital (4 hrs)	
	Overnight in Vientiane Capital	
Tue, 28 May		
	Technical Meetings	
8.30-10.00	Forest Law Enforcement <ul style="list-style-type: none"> - Progress report on activities funded by SUFORD-SU - Evaluation of progress over SUFORD-SU implementation period 	DOF Meeting Room Mr. Khamphet, DOFI Mr. Aidan Flanagan, Forest Law Enforcement consultant
10.00-10.20	Coffee	
10.20 – 11.20	Presentation on the results from an assessment on technical service quality	DOF Meeting Room Mr. Steeve Daviau, Ethnic and Gender consultant
12.00-13.30	Lunch (own arrangement)	
13.30-15.00	Dissemination of forestry analytical work or ASA <ul style="list-style-type: none"> - Presentation on the overall ASA findings - Presentation on the analysis on economics of PFA management at the national level 	DOF Meeting Room Chair: Mr. Sousath, DG DOF Presentations by: WB team, Mr. Esa, CTA Participants: all relevant stakeholders
15.00-15.20	Coffee	
15.20-16.30	Discussion, closing by Chair	
	Overnight in Vientiane	

Date	Activities	Venue/Presenter /Comments
Wed, 29 May		
10.00-12.00	Discussion on progress of AF, and Landscapes project	DOF. Presentation by WB team
Thu, 30 May		
8.30 – 9.30	Briefing for Vice Minister of MAF on progress of AF and Landscapes Project	At MAF Briefing by WB team DOF
Fri, 31 May		
	Mission Wrap-Up	DOF Meeting Room
9.00-9.15	Opening Remarks	Chair
9.15-10.00	Presentation of main findings by the mission	Mr. Bounpone Sengthong, National Coordinator
10.00-10.20	Coffee	
10.20-11.45	Discussion	All
11.45-12.00	Concluding Remarks	Chair

Annex 11: Field visit photos from Xepon District, Savannakhet



Annex 12: List of mission documents

- 1) Joint Mission Report Apr 2019
- 2) Progress Report Presentation Apr 2019
- 3) Draft BCR Presentation May 2019
- 4) Programme for Joint Implementation Support Mission May 2019
- 5) Status of SUFORD-SU implementation in Savannakhet Province Presentation
- 6) Status of forest certification, forest restoration, and village forestry Presentation by DOFI
- 7) Village livelihoods development activities presentation May 2019
- 8) Report from Joint Implementation Support Mission May 2019
- 9) Progress report on forest law enforcement activities funded by SUFORD SU
- 10) Evaluation of law enforcement progress over SUFORD-SU implementation period
- 11) Assessment on technical service quality effectiveness presentation of draft results
- 12) Forestry ASA Presentation
- 13) Analysis on economics of PFA management at the national level
- 14) AF project paper (draft)
- 15) Landscapes and Livelihoods PCN (draft)

Annex 13: SUFORD-SU Results Framework and Monitoring Indicators
Country: Lao PDR

Status as of May 2019

Notes: All indicators refer to support provided by the project between 2013 – August 2019 and are cumulative, unless otherwise noted. Baseline dates vary depending on the indicator.

Project Development Objective

To execute REDD+ activities through participatory sustainable forest management in priority areas and to pilot forest landscape management in four provinces

PDO Indicators

Indicator Name	Baseline	Cumulative Target Values (unless otherwise noted)						End Target August 2019
		2014	2015	2016	2017	2018	2019	
Revised indicator 1. (replaces original indicator 1) Forest area brought under management plans (Ha)	0 (2013)	-	-	975 000	975 000	975 000	975 000	975 000
<i>Achievements:</i>	0	-	-	976 211	976 211	976 211		

Indicator definition: This indicator measures the Production Forest Area where government-approved PSFM plans prepared with support from SUFORD-SU are under implementation.

Note: The project aims to meet the target by preparing PSFM plans for Production Forest Areas inside the project area. No other forestland areas such as Protection Forests will be covered by PSFM plans, as they are excluded from project scope.

Methodology: The total area under PSFM plans will be determined by summing up the areas provided in individual PSFM plans prepared with support from SUFORD-SU.

Frequency: Annual starting year 3

Data source: Annual Report

Responsibility: DOF

Revised indicator 2. (replaces original indicator 2)								
Forest area brought under forest landscape management plans (Ha)	0 (2013)	-	-	-	2 680 000	2 680 000	2 680 000	2 680 000
<i>Achievements:</i>	0	-	-	-	3 380 000	3 380 000		

Indicator definition: This indicator measures the area under plans for Forest Landscape Management (FLM) in Bokeo, Luang Namtha, Oudomxay and Xayaboury provinces. FLM refers to all forest management and land use activities done in the FLM area in a manner where activities impacting across management entities are conducted in a coordinated manner. The Forest Landscape Management Area (FLMA) comprises the total area of three Forest Categories and the “good” forests outside them. The FLMA is defined at the provincial level. The three Forest Categories include Production Forest Areas (PFA), Protection Forests (PF) National Protected Areas (NPAs), Protection Forests at Provincial and District Levels as well as Protected Areas at Provincial and District Levels. “Good” forests are defined as areas with (i) a clearly detectable canopy in aerial photographs, and (ii) no signs of large-scale shifting cultivation or deforestation since 2000. In addition, small unconnected forest patches surrounded by other land uses (fallow, agriculture, shifting, etc.) are excluded. “Pilots” refers to planning FLM in the first four provinces (see above).

Methodology: The forest landscape management area will be defined through remote sensing, field checks and consultations with stakeholders.

Frequency: Annual starting year 4

Data source: Annual Report

Responsibility: DOF

Revised indicator 3 (replaces original indicator 3) People in forest & adjacent community with monetary/ non-monetary benefit from interventions (Number)	0 (2013)	-	-	-	50 000	115 000	115 000	115 000
<i>Achievements:</i>	0	-	-	-	71 000	117 400		

Indicator definition: The number of people in households implementing village sub-projects with funds available from Village Livelihood Development Grants provided by SUFORD-SU.

Subproject indicators 3a and 3b: Same as above.

Methodology: The number of beneficiary households is derived from project records. The number of people is estimated by multiplying the number of beneficiary households with the average number of people in rural households according to 2015 census. The number of beneficiaries will by cumulative until the maximum number of beneficiaries allowed by the available funds is reached. Thereafter the number of beneficiaries is expected to remain largely unchanged since they continue to benefit each subsequent year. The theory of change of the project centers on the need for both benefits from PSFM and alternative livelihoods that can reduce pressure on forest and land.

Frequency: Annual starting year 4

Data source: Annual Report

Responsibility: DOF

Revised sub-indicator 3a. People in targeted forest & adjacent community with increased benefits from interventions-female (Number)	0 (2013)	-	-	-	20 000	53 000	53 000	53 000
<i>Achievements:</i>	0	-	-	-	32 000	58 700		

Revised sub-indicator 3b. People in targeted forest & adjacent community with increased benefit from interventions - Ethnic minority/ indigenous (Number)	0 (2013)	-	-	-	30 000	80 000	80 000	80 000
<i>Achievements:</i>	0	-	-	-	26 000	90 500		
New indicator 4 (replaces original indicator 4) Enhanced carbon storage from improved forest protection and restoration. (tCO ₂ e)	0 (2013)	-	-	-	0	0	14 227	14 227
<i>Achievements:</i>	0	-	-	-	3 500	18 500		
<p>Indicator definition: Enhanced carbon storage (i.e., removal of carbon from atmosphere and storage in biomass) from improved forest protection and restoration (i.e., planting, regeneration) in Production Forest Areas covered by the project.</p> <p>Methodology: The potential to enhance carbon storage is estimated based on theoretical models of biomass growth and carbon sequestration in agroforestry sub-projects established with funds from VLD Grants. Based on the available models the sequestration with all agroforestry sub-projects under implementation is established at 2,500 tCO₂e per month. The total sequestration is established by multiplying the monthly sequestered amount by the average duration of agroforestry sub-projects and percentage of sub-projects that are under implementation at the time of estimation. The average duration and percentage of sub-projects under implementation are estimated by project staff drawing on project records.</p> <p>Frequency: Closing</p> <p>Data source: MRV Report</p> <p>Responsibility: DOF</p>								

Revised indicator 5 (replaces original indicator 5)	0	-	-	-	0	0	121 407	121 407
Reduced emissions from deforestation and forest degradation (tCO ₂ e)	(2013)							
<i>Achievements:</i>	0	-	-	-	1 800 000	1 800 000		

Indicator definition: Reduction of emissions from deforestation in the Production Forest Areas targeted by the project, and from forest degradation in the entire country.

Methodology: The emissions from forest degradation are established by estimating changes in the volume of illegal logging and the associated emissions due to more efficient law enforcement.

The amount of illegal logging is established by working backwards from the changes in customs statistics in key export countries (Vietnam and China) to theoretical logging sites. The proportion of the change attributable to SUFORD-SU (40%) is assumed to be proportionate to the amount of funds provided by the project of the entire forest law enforcement budget in the country in 2016, which is when the key piece of legislation the Prime Minister's Order No. 15 (PMO 15) on *Strengthening the Strictness of Timber Harvest Management and Inspection, Timber Transport and Business* was issued.

The amount of emissions is estimated using standard conversion factors. The emissions are estimated to occur fully at time of harvest following an established international practice (committed emissions). The amount is estimated to be 4.5 million tCO₂e nationwide, of which SUFORD-SU's contribution is established at 1.8 million tCO₂e (40 %, see above).

The emissions from deforestation are estimated by establishing the reduction in forest area by remote sensing and multiplying it by average carbon content (as per available literature) in the deforested areas. The potential increase of forest area is excluded from the analysis due to lack of reliable assessment methodologies. The assessment will be carried out in the first half of 2018.

Frequency: Closing

Data source: MRV Report

Responsibility: DOF

New indicator 6 (new indicator)								
Rate of annual forest cover loss in targeted Production Forest Areas (Percentage)	0.27 (2013)	-	-	-	0	0	0.23	0.23
<i>Achievements:</i>	0	-	-	-	0	0.18		

Indicator definition: The rate of annual forest cover loss in Production Forest Areas targeted by the project.

Methodology: The achievement will be assessed in a PFA Forest Cover Change Assessment to be conducted in the 1st half of 2018 establishing the rate of annual forest loss during 2015-2017.

Frequency: Closing

Data source: Forest Cover Assessment

Responsibility: DOF

Intermediate Results Indicators

Indicator Name	Baseline	Cumulative Target Values						End Target August 30, 2019
		2014	2015	2016	2017	2018	2019	
Revised indicator 1.1 (replaces original indicator 1.1). Beneficiaries who receive technical services of adequate quality (Percentage)	0 (2013)	-	-	-	0	80	83	80
<i>Achievements:</i>	0	-	-	-	0	Not measured		
<p>Indicator definition: Percentage of the direct beneficiaries among the village population who perceive that they receive technical services of adequate quality. Direct beneficiaries include members of the Village Forest and Livelihood Committee, and those who receive VLD Grants.</p> <p>Sub-indicator 1.1a. definition: Percentage of VFLLCs who perceive that the project has delivered services of adequate quality in Forest Management and Village Livelihood Development.</p>								

Sub-indicator 1.1b. definition: Percentage of production groups who receive services of adequate quality in Livelihood Support. Relevant production groups include those which have as members one or more villagers benefiting from VLD Grants provided by SUFORD-SU.

Methodology: The indicator will be measured by conducting a perception-based survey among project beneficiaries.

Frequency: Year 5 and Closing

Data source: Perception-based survey

Responsibility: DOF

Revised sub-indicator 1.1a. VFLC who receive services of adequate quality in Forest Management and Village Livelihood Development (Percentage)	0 (2013)	-	-	-	0	80	71	80
<i>Achievements:</i>	0	-	-	-	0	Not measured		
Revised sub-indicator 1.1b. Production groups who receive services of adequate quality in Livelihood Support (Percentage)	0 (2013)				0	80	95	80
<i>Achievements:</i>	0	-	-	-	0	Not measured		
Revised indicator 1.2 (replaces original indicator 1.2)	0 (2013)	-	-	-	0	80	97	80

Participants who perceive the Community Engagement Framework (CEF) process is adequate (Percentage)								
<i>Achievements:</i>	0	-	-	-	0	Not measured		

Indicator definition: Percentage of participants who perceive the Community Engagement Framework (CEF) process is adequate. Participants refer to all villagers who have participated in various stages of the CEF process.

Methodology: Perception-based survey among villagers who have participated in the CEF process. The survey sample shall include representatives from Village Forest and Livelihood Committee and population groups such as women, and ethnic minorities, if present in the village.

Frequency: Year 5 and Closing

Data source: Perception-based survey

Responsibility: DOF

New indicator 1.3 (replaces original indicator 1.3) Forest area under MoU-PSFM (Ha)	0 (2013)	-	-	-	0	975 000	10 750	975 000
<i>Achievements:</i>	0	-	-	-	0	976 211		

Indicator definition: MoU-PSFM refers to PSFM Forest Management Agreement signed between the villages (located fully or partially inside PFAs) and the government. The area refers to the portion of village territory that is inside PFA boundaries.

Methodology: The area under MoUs-PSFM is established based on reports provided by Provincial Forestry Sections.

Frequency: Annual

Data source: Annual Report

Responsibility: DOF

Note: The May 2018 restructuring revised the end of project target, which is achieved. The baseline has been set at zero and the target has been reduced to account for the inaccessibility of some areas for security reasons (see PDO 1). MoU is the instrument selected by the government to strengthen tenure in Production Forest Areas. MoU-PSFM refers to the PSFM Forest Management Agreement signed between the villages (located fully or partially inside PFAs) and the government. The area refers to the portion of village territory that is inside PFA boundaries.

Revised indicator 1.4 (replaces original indicator 1.4) VLD Grants disbursed to villages and under implementation (Percentage)	0 (2013)	-	-	-	30	100	100	100
<i>Achievements:</i>	0	-	-	-	40	100		

Indicator definition: VLD Grants disbursed to villages and under implementation. Each village receives one VLD Grant which is divided among several village sub-projects. Disbursement refers to releasing VLD Grant funds to villagers for implementing their sub-projects. They are considered to be under implementation once the villagers have started to spend funds. The percentage indicates the proportion of village sub-projects under implementation compared to the total number of proposed village sub-projects. VLD Grants are funds provided under SUFORD-SU for village livelihood development.

Methodology: The proportion of funding in sub-projects under implementation is estimated based on reports provided by provincial authorities.

Frequency: Starting from 2018

Data source: Annual Report

Responsibility: DOF

Revised indicator 1.5 (replaces original indicator 1.5) Aggregate forest area under certification as a result of the project (Ha)	0 (2013)	-	-	-	0	175 000	108 408	175 000
<i>Achievements:</i>	0	-	-	-	10 949	10 949		
<p>Indicator definition: Total forest area under certification as a result of technical or financial support provided by the project. Forest area refers to 3 zones inside PFAs: production forest, HCV zone, and the Village Use Forest. Forest certification is a mechanism for forest monitoring, tracing and labeling timber, wood and pulp products and non-timber forest products, where the quality of forest management is judged against a series of agreed standards. The standards applied in Lao PDR are the FSC Forest Management Standard and the FSC Controlled Wood Standard. FSC Forest Management certification confirms that a specific area of forest is being managed in line with the FSC Principles and Criteria (https://us.fsc.org/en-us/what-we-do/mission-and-vision). FSC Controlled Wood Standard confirms that wood products do not originate from unacceptable sources (https://us.fsc.org/en-us/certification/controlled-wood).</p> <p>Sub-indicator 1.5a. definition: Same as above.</p> <p>Sub-indicator 1.5b. definition: Same as above.</p> <p>Methodology: The forest area meeting the FSC requirements is determined through audits by a third-party certifying body. Before audits the certificate holder, in this case DOF, declares the area they propose for certification. After completing the audit, the certifying body confirms whether the area meets the requirements. The confirmed area of certified forest is sourced from the audit report.</p> <p>Frequency: Annual starting from 2018</p> <p>Data source: FSC Report</p> <p>Responsibility: DOF</p>								
Revised sub-indicator 1.5a. Forest area under certification (FSC Forest	0 (2013)	-	-	-	0	85 000	50 534	85 000

Management Standard) as a result of the project (Ha)								
<i>Achievements:</i>	0				10 949	10 949		
Revised sub-indicator 1.5b. Forest area under certification (FSC Controlled Wood Standard) as a result of the project (Ha)	0 (2013)	-	-	-	0	90 000	57 534	90 000
<i>Achievements:</i>	0	-	-	-	0	0		
Revised indicator 2.1 (replaces original indicator 2.1) Number of FLM Frameworks developed (Number)	0 (2013)	-	-	-	4	4	6.6	4
<i>Achievements:</i>	0	-	-	-	4	4		
<p>Indicator definition: FLM framework at the provincial level comprises the conceptual plan for managing the FLM area, the map defining the FLM area, and the organization coordinating FLM management by involved entities following on the national REDD+ strategy. The target in each province is met once the conceptual plan and the FLM map are available, the organization to be in charge has been identified, and the conceptual plan and the FLM map have been introduced to the representatives of the said organization.</p> <p>Methodology: Reporting is based on DOF reports.</p> <p>Frequency: Annual</p> <p>Data source: Annual Report</p> <p>Responsibility: DOF</p>								

Revised indicator 2.2 (replaces original indicator 2.2) Areas with Forest Landscape Management implementation plans (Ha)	0 (2013)	-	-	-	0	1.080m	1.080m	1.080m
<i>Achievements:</i>	0	-	-	-	0	110 000		
<p>Indicator definition: Forest landscape (as defined under PDO indicator 2) covered by implementation plans. These may include annual plans, general long-term plans or short-term operational plans depending on the planning approach in the involved entities.</p> <p>Methodology: The information is collected from entities managing land units inside Forest Landscape Management area.</p> <p>Frequency: Annual starting from 2018</p> <p>Data source: Annual Report</p> <p>Responsibility: DOF</p>								
Revised indicator 3.1 (replaces original indicator 3.1) Reforms in forest policy, legislation or other regulations supported (Yes/No)	No (2013)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Achievements:</i>	No	Yes	Yes	Yes	Yes	Yes		
<p>Indicator definition: Description of reforms in forest policy, legislation or other regulations supported by the project. Support comprises formulation of proposals for policies, legal acts or guidelines, conducting relevant analyses, and contributing to relevant working groups.</p> <p>Methodology: Information collected through project reports.</p>								

Frequency: Annual

Data source: Annual Report

Responsibility: DOF

Note: Support has been provided to completed or on-going policy or legal work on village forestry, salvage logging, preparation of the pending new Forest Law (including forestry legal compendium, wildlife and aquatic legal compendium, penal code, TLAS, Forest Certification Systems), implementation of PMO-15, and National REDD+ Strategy, and approval of PMO5 (wildlife law enforcement).

Revised indicator 3.2 (replaces original indicator 3.2) Investigations of breaches of forestry law and wildlife and aquatic law referred to criminal courts (Percentage)	N/A (2013)	-	0	1	12	5	5	5
Achievements :	-	-	0	16 (out of 1345 investigations in 12 months)	88 (out of 710 investigations in 12 months)	32 (out of 643 investigations in 9 months)		

Indicator definition: Percentage of investigations of breaches of forestry law and wildlife and aquatic law referred to criminal courts.

Methodology: Data will be collected from DOFI records. The original related indicator (now replaced with this indicator in the May 2018 restructuring) did not capture the salient points of investigative activity. It referred only to Forestry Law and excluded the Wildlife and Aquatic Law which is a critical area of enforcement carried out under SUFORD-SU. Also, it did not distinguish between the types of investigative "conclusions". Administrative procedures are considerably easier to conclude than cases referred to criminal courts, which are considered more important in that they typically deal with more serious breaches. Accordingly, the indicator scope has been broadened to cover activities related to Wildlife and Aquatic Law. At the same time, it has been given a sharper focus by limiting it to cases that reach criminal courts. The outcome of the court cases is left out of the indicator scope as the project is not directly involved and cannot contribute to the outcome.

Frequency: Annual

Data source: Annual Report

Responsibility: DOF

New indicator 3.3 (new indicator 3.3) STEPP field activities resulting in enforcement action (Percentage)	0 (2013)	-	-	-	80	80	85	80
<i>Achievements:</i>	0	-	-	-	81	81		

Indicator definition: Percentage of person-days spent on STEPP field activities resulting in enforcement action. Enforcement activities include detection, disruption, dismantling, discouragement, and ultimately prosecution. Field activities refer to activities undertaken by provincial and district staff. Enforcement includes patrolling but excludes education and administration.

Methodology: Data will be collected from DOFI records.

Frequency: Annual

Data source: Annual Report

Responsibility: DOF

New indicator 3.4 (new indicator 3.4) POFIs in compliance with DOFI best management practice operating procedures (Number)	0 (2013)	-	-	-	17	18	16	18
<i>Achievements:</i>	0	-	-	-	17	17		

Indicator definition: Number of provinces (out of the total of 18 provinces) that pass the DOFI annual compliance audit.

Methodology: Compliance will be assessed based on DOFI evaluation audits done separately for each province on a monthly basis. The annual score is the average of monthly scores during the fiscal year. The evaluation is done by the DOFI Information Management Division whose initial assessment is endorsed by DOFI Director General. The evaluation is done on a scale from 1 to 5 where 1 indicates full compliance and 5 poor performance. An average score of 4 or higher indicates failure to pass the audit. Evaluation covers eight areas of work including 1) Patrol Activity, 2) Timber Seizures 3) Wildlife Seizures, 4) NTFP, 5) Land illegally cleared, 6) Equipment, 7) Investigations, 8) Community Education Activity. In addition, the quality of written reports is evaluated. The limitation of the indicator is that it captures compliance with procedures but not the direct outcome.

Frequency: Annual

Data source: Annual Report

Responsibility: DOF

New indicator 3.5 (new indicator 3.5) Forest area under MoU- VFMA	0 (2013)	-	-	-	-	0	5 000	10 000
<i>Achievements:</i>	0	-	-	-	-	0		

Indicator definition: MoU-VFMA refers to Village Forest Management Agreement signed between the villages and the government. The area refers to the portion of village territory allocated as Village Forests inside or outside PFAs comprising Village Use Forests, Village Protection Forests and Village Protected Areas.

Methodology: The MoU – which is the Village Forest Management Agreement (VFMA) -- is the instrument selected by the government to strengthen tenure in village forests. The target was reduced because after the mapping done by SUFORD-SU the area of Village Use Forests in and around the PFAs of the two pilot provinces turned out to be significantly less than the original target. Measurement will be done in year 5 and at close because Village Forest Management Plans, which are the basis for preparing VFMA, became available only towards the end of year 4. VFMA cannot be signed unless the Village Forest Management Plans are available.

Frequency: Annual

Data source: Annual Report

Responsibility: DOF and Division of Village Forestry
