

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC346

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Project Name	LA-Scaling-Up Participatory Sustainable Forest Management (P130222)
Region	EAST ASIA AND PACIFIC
Country	Lao People's Democratic Republic
Sector(s)	Forestry (80%), Public administration- Agriculture, fishing and forestry (20%)
Lending Instrument	Specific Investment Loan
Project ID	P130222
Borrower(s)	Ministry of Finance
Implementing Agency	Ministry of Agriculture and Forestry
Environmental Category	A-Full Assessment
Date PID Prepared/ Updated	30-Jan-2013
Date PID Approved/ Disclosed	01-Feb-2013
Estimated Date of Appraisal Completion	29-Mar-2013
Estimated Date of Board Approval	28-May-2013
Concept Review Decision	Track II - The review did authorize the preparation to continue

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I. Introduction and Context

Country Context

Lao PDR is one of the least developed countries in Southeast Asia. The country has considerable natural resources in forests, water resources, and minerals and these are significant for cultural development, environment protection, and economic development. Its forests cover about 40% of the country, the highest percentage in Southeast Asia, but the total area of forest has been declining dramatically from 70% of the land area in 1940, to 49% in 1982, and to only 40% or about 9.5 million ha in 2010. The Government of Lao PDR (GoL) has recognized the dual challenge of balancing economic growth with sustainable stewardship of its natural resources. GoL has also taken note of its international obligation to reduce emissions from deforestation and forest degradation in Lao PDR, as well as to conserve biodiversity and other resources in its forests, sustainably manage its forests, and enhance stocks, thereby contributing to global efforts to mitigate climate change.

Sectoral and Institutional Context

The policy framework of laws, decrees and regulations in the forestry sector has seen significant improvements in the past few years. These include approval of the decree on timber revenue benefit sharing 2012, forestry law 2007, and regulations related to improved implementation. Most recent legislation and policy guidance encourage the protection and sustainable use of forestry and natural resources.

The policy and legal framework for critical resources of land and forestry are both currently under review and revision. The National Assembly is leading a process which expects to finalize a new land policy by mid-2013, followed by a strategy and a land law in 2014. Responding to increasing concerns from its National Assembly the GoL has recently placed a moratorium on grant of new concessions until December 2015. The forest law is also under revision and the amended law is expected to be passed in June 2013.

Lao PDR's REDD+ process continues to evolve at the policy level and with increased engagement of international donors and pilot projects. The REDD+ Task Force has been established with inter-ministerial representation and will report to the National Environmental Council (NEC) to be chaired by a Deputy Prime Minister.

The REDD+ Readiness - Preparation Proposal (R-PP) grant is being prepared in parallel and is expected to be operational by midyear (2013). The Scaling-Up Participatory Sustainable Forest Management (SUPSFM) Project and the REDD+ R-PP implementation will share programmatic and institutional linkages. In addition consultations have been held to prepare for the implementation of the Dedicated Grant Mechanism (DGM) for indigenous peoples in Lao PDR which will contribute substantially to building understanding of REDD+ in general and the Scaling-Up PSFM Project in particular.

Relationship to CAS

The proposed project is expected to contribute to achievement of Country Partnership Strategy (CPS) 2012-2016 Strategic Objective 2 Sustainable Natural Resource Management, Outcome (2.3) sustainable management and protection of forests and biodiversity.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The Project Development Objective is to contribute to national REDD+ efforts to reduce carbon emissions from forest by expanding the national program of Participatory Sustainable Forest Management (PSFM) in Production Forest Areas and developing and piloting Landscape PSFM in 4 provinces.

Key Results (From PCN)

Key results will include:

- Participatory Sustainable Forest Management practices are implemented in selected production forest areas in at least two additional provinces
- Local community participation and livelihood benefits including from PES/REDD+ are enhanced in pilot areas
- Policy, regulatory and enforcement frameworks supportive of PSFM and REDD+ implementation are developed and applied in the forestry sector.

III. Preliminary Description

Concept Description

The proposed project is expected to promote sustainable management of Lao PDRs forests and enhance both carbon sequestration at the national level and livelihood security for forest-dependent communities at the local level. Forest products will be harvested at sustainable levels without degrading forest resources. Timber harvesting with retention of large trees in harvested stands would lead to minimal changes in species composition and stand structure, and minimal habitat impacts. A recently issued decree on timber revenue benefit sharing, and revised auction procedures will provide enhanced revenue to communities. The project will also provide access to community development services, training and improved village revenue, reducing dependence on natural forest resources, and promote in situ biodiversity conservation. The project will use well-tested and nationally adopted participatory land-use planning and forest management processes which would help resolve land use issues, clarify land tenure and resource use rights, and ensure greater consultation, fairness and consistency in land allocation and forest regulation and management. This will make a direct contribution to alleviate rural poverty, promote economic development, and strengthen the ability of local communities to prioritize and implement their own development. Such efforts are expected to attract support from provincial and district authorities as they are well aligned with established GoL revenue and policy implementation objectives.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	x		
Natural Habitats OP/BP 4.04	x		
Forests OP/BP 4.36	x		
Pest Management OP 4.09	x		
Physical Cultural Resources OP/BP 4.11	x		
Indigenous Peoples OP/BP 4.10	x		
Involuntary Resettlement OP/BP 4.12	x		
Safety of Dams OP/BP 4.37		x	
Projects on International Waterways OP/BP 7.50		x	
Projects in Disputed Areas OP/BP 7.60		x	

V. Tentative financing

Financing Source	Amount
BORROWER/RECIPIENT	1.00
International Development Association (IDA)	15.00
Strategic Climate Fund Grant	12.83
Total	28.83

VI. Contact point

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