



## Additional Financing

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Project Number: 40253  
Grant Number: 0242-LAO  
July 2016

# Proposed Administration of Grant Lao People's Democratic Republic: Greater Mekong Subregion Biodiversity Conservation Corridors Project

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Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 30 June 2016)

Currency unit	–	kip (KN)
KN 1.00	=	\$0.0001234
\$1.00	=	KN8,104

## ABBREVIATIONS

ADB	–	Asian Development Bank
CO <sub>2</sub>	–	carbon dioxide
FIP	–	Forest Investment Program
ha	–	hectare
Lao PDR	–	Lao People's Democratic Republic
MONRE	–	Ministry of Natural Resources and Environment
REDD+	–	reducing emissions from deforestation and forest degradation plus conservation of forest carbon stocks, sustainable management of forests, and enhancement of forest carbon stocks
SCF	–	Strategic Climate Fund

## NOTE

In this report, "\$" refers to US dollars.

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5.	Summary Poverty Reduction and Social Strategy	
6.	Gender Action Plan	
7.	Environmental Assessment and Review Framework	
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10.	Technical Feasibility Study for Expanding the Scope of the Biodiversity Conservation Corridors Project in the Lao People's Democratic Republic to Accommodate Additional Financing from the Forest Investment Program	
11.	Stakeholder Consultation and Participation Plan	



## PROJECT AT A GLANCE

<b>1. Basic Data</b>		<b>Project Number:</b> 40253-036	
<b>Project Name</b>	LAO: Greater Mekong Subregion Biodiversity Conservation Corridors Project (Additional Financing)	<b>Department /Division</b>	SERD/SEER
<b>Country Borrower</b>	Lao People's Democratic Republic Government of Lao PDR	<b>Executing Agency</b>	Ministry of Natural Resources and Environment
<b>2. Sector</b>	<b>Subsector(s)</b>	<b>ADB Financing (\$ million)</b>	
✓ <b>Agriculture, natural resources and rural development</b>	Agricultural production		0.00
	Forestry		0.00
	Land-based natural resources management		0.00
		<b>Total</b>	<b>0.00</b>
<b>3. Strategic Agenda</b>	<b>Subcomponents</b>	<b>Climate Change Information</b>	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Climate Change impact on the Project	High
Environmentally sustainable growth (ESG)	Environmental policy and legislation		
	Global and regional transboundary environmental concerns		
	Natural resources conservation		
Regional integration (RCI)	Pillar 4: Other regional public goods		
<b>4. Drivers of Change</b>	<b>Components</b>	<b>Gender Equity and Mainstreaming</b>	
Governance and capacity development (GCD)	Civil society participation	Effective gender mainstreaming (EGM)	✓
	Institutional development		
	Organizational development		
Knowledge solutions (KNS)	Pilot-testing innovation and learning		
Partnerships (PAR)	International finance institutions (IFI)		
	Official cofinancing		
<b>5. Poverty Targeting</b>		<b>Location Impact</b>	
Project directly targets poverty	Yes		
Geographic targeting (TI-G)	Yes		
<b>6. Risk Categorization:</b>	Low		
<b>7. Safeguard Categorization</b>	<b>Environment: B Involuntary Resettlement: B Indigenous Peoples: B</b>		
<b>8. Financing</b>			
<b>Modality and Sources</b>	<b>Amount (\$ million)</b>		
<b>ADB</b>	<b>0.00</b>		
<b>Cofinancing</b>	<b>12.84</b>		
Strategic Climate Fund - FIP - Grant	12.84		
<b>Counterpart</b>	<b>0.06</b>		
Government	0.06		
<b>Total</b>	<b>12.90</b>		
<b>9. Effective Development Cooperation</b>			
Use of country procurement systems	No		
Use of country public financial management systems	Yes		



## I. BACKGROUND

1. On 10 December 2010, the Board of Directors of the Asian Development Bank (ADB) approved a grant of \$20,000,000 from ADB's Special Fund Resources to the Lao People's Democratic Republic (Lao PDR) for the Lao PDR component of the Greater Mekong Subregion Biodiversity Conservation Corridors Project.<sup>1</sup> The project became effective on 11 April 2011 and will be completed on 31 March 2019. The impact of the project is climate-resilient sustainable forest ecosystems benefiting local livelihoods in the biodiversity corridors of the Lao PDR, while the outcome is sustainably managed biodiversity corridors in the Lao PDR. The outputs are (i) strengthened institutions and communities for biodiversity corridor management; (ii) restoration, protection, and sustainable management of biodiversity corridors; (iii) improved livelihoods and provision of small-scale infrastructure; and (iv) project management and support services.

2. The project is implemented in the three southern provinces of Attapeu, Champasak, and Sekong. The Ministry of Natural Resources and Environment (MONRE) serves as the executing agency of the project. After getting off to a slow start, the project has made good progress especially in biodiversity assessments, land use planning, and the establishment of village development funds and village patrolling teams. The midterm review conducted in November 2014 recommended reforms to improve the forest planting and livelihood programs and the implementation of infrastructure subprojects. Progress in all aspects of the project has improved since then, and the project is currently rated *on track* in the ADB project performance rating system. The project contract awards and disbursements as of 19 July 2016 are \$12.8 million (63.8% of the grant amount) and \$10 million (49.9% of the grant amount) respectively, in line with projections. The project is compliant with the financial management covenants and safeguards.

## II. ADDITIONAL FINANCING

### A. Rationale

3. The total forest area in the Lao PDR has steadily declined from about 70% of total land area in 1940 to about 40%, or about 9.5 million hectares (ha), in 2010. This, coupled with the increasing fragmentation of forests, has reduced the carbon sequestration capacity and biodiversity of forested areas. Within the project landscape, the forests of Attapeu and Sekong are considered to be hot spots of deforestation and forest degradation. These two provinces contain about 1.7 million ha, or around 18% of the country's total forest areas and most of it is situated in upland areas. The key drivers of deforestation are small-scale clearings by local communities for rotational agricultural cropping and, to a lesser extent, by small and/or medium-sized entrepreneurs for commercial crops such as coffee. Across the country, upland areas account for 25% of the country's population and 39% of the poor.<sup>2</sup>

4. In 2011, the Lao PDR was selected as a pilot country to participate in the Forest Investment Program (FIP), a targeted subprogram within the framework of the Strategic Climate Fund (SCF) under Climate Investment Funds. The FIP Investment Plan for the Lao PDR was

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<sup>1</sup> ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Grants to the Kingdom of Cambodia, Lao Peoples Democratic Republic, and Socialist Republic of Viet Nam for the Greater Mekong Subregion Biodiversity Conservation Corridors Project*. Manila.

<sup>2</sup> P. Messerli et al, eds. 2008. *Socio-Economic Atlas of the Lao PDR – an Analysis based on the 2005 Population and Housing Census*. Swiss National Center of Competence in Research North-South, University of Bern, Bern and Vientiane: Geographica Bernensia.

approved in 2012 and lists ADB as one of the implementing agencies.<sup>3</sup> The expected outcomes of the FIP Investment Plan are to improve sustainable forest management practices and support readiness activities to reducing emissions from deforestation and forest degradation plus conservation of forest carbon stocks, sustainable management of forests, and enhancement of forest carbon stocks (REDD+).<sup>4</sup> Since this is consistent with the objectives, scope, and implementing arrangements of the project, the SCF funds are used to scale up the project. The use of SCF funds meet the eligibility criteria to be considered as additional financing to the project.<sup>5</sup> Specifically, it supports a project that remains technically feasible, economically viable, and financially sound; and is consistent with government priorities and the country partnership strategy.<sup>6</sup>

## **B. Impact, Outcome, and Outputs**

5. The impact of the project with additional financing remains unchanged. The revised outcome statement will be biodiversity corridors in the Lao PDR with communities ready to scale-up REDD+ activities sustainably managed. The additional financing will expand the scope of the project under the existing outputs.<sup>7</sup> Accordingly, output 1 will be expanded through the delivery of REDD+ awareness, training, and policy support. Output 2 will be expanded through forest restoration and patrolling interventions and the establishment of a carbon baseline and monitoring mechanism. Output 3 will be expanded by implementing sustainable livelihood support activities to reduce pressure on forest areas. Additional interventions under output 4 will support strengthening project management. Additional financing activities will be implemented in 21 new non-biodiversity conservation corridors villages in two districts (one in each province). The activities for each village cluster will be decided through a consultative process and based on the village land use plans. The revised design and monitoring framework is attached as Appendix 1.

## **C. Revised Investment and Financing Plans**

6. The additional financing for the expanded project scope will be \$12,900,000, of which SCF will provide grant cofinancing equivalent to \$12,840,000, to be administered by ADB.<sup>8</sup> Expenditure under the additional financing will be parallel to those of the ongoing project. The same project disbursement arrangements will apply to the additional financing except for block grants, which will not be implemented under the additional financing. Retroactive financing will apply for eligible expenses incurred before grant effectiveness and up to 12 months prior to the date of signing of the grant agreement, with a ceiling of 20% of the grant amount. The revised investment and financing plans are in Tables 1 and 2.

<sup>3</sup> Government of the Lao Peoples Democratic Republic. 2011. *Forest Investment Program Lao Investment Plan*. Vientiane. The portion to be implemented by ADB is listed as a subproject titled “Protecting Forest for Sustainable Ecosystem Services.”

<sup>4</sup> “REDD” stands for reducing emissions from deforestation and forest degradation and “+” stands for conservation of forest carbon stocks, sustainable management of forests and enhancement of forest carbon stocks.

<sup>5</sup> ADB. 2011. *Additional Financing. Operations Manual*. OM H5/BP. Manila.

<sup>6</sup> ADB. 2011. *Country Partnership Strategy: Lao People’s Democratic Republic, 2012–2016*. Manila.

<sup>7</sup> The modules include (i) agroforestry with livestock support—a silvi-pastoral system based on intensifying productivity of existing grazing lands and promoting more sedentary livestock rearing; (ii) agroforestry with crop support—based on a model of alley cropping between commercially valuable tree plantations to meet food requirements with community members gradually phasing out shifting cultivations; (iii) carbonization of noncommercial wood into charcoal—the process of removing biomass from areas designated for inundation or some other development and converting into commercially valuable charcoal; (iv) afforestation and forest rehabilitation; and (v) forest protection and patrolling.

<sup>8</sup> The government will provide the equivalent of \$60,000 through in-kind contributions.



**Table 1: Revised Investment Plan**  
(\$ million)

Item	Current Amount <sup>a</sup>	Additional Financing <sup>b</sup>	Total
<b>A. Base Cost<sup>c</sup></b>			
1. Institutional and community strengthening for biodiversity conservation corridors management and implementation of REDD+	0.94	0.50	1.44
2. Biodiversity corridors restoration, protection, maintenance, and REDD+ readiness	3.92	3.85	7.77
3. Livelihood and small-scale infrastructure	4.58	2.97	7.55
4. Project management and support	8.81	3.74	12.55
<b>Subtotal (A)</b>	<b>18.25</b>	<b>11.06</b>	<b>29.31</b>
<b>B. Contingencies<sup>d</sup></b>	<b>2.20</b>	<b>1.84</b>	<b>4.04</b>
<b>C. Financing Charges During Implementation</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total (A+B+C)</b>	<b>20.45</b>	<b>12.90</b>	<b>33.35</b>

REDD+ = reducing emissions from deforestation and forest degradation plus conservation of forest carbon stocks, sustainable management of forests, and enhancement of forest carbon stocks.

<sup>a</sup> Includes \$0.5 million in taxes and duties, which will be financed through the Asian Development Bank (ADB) Asian Development Fund grant funds.

<sup>b</sup> Includes taxes and duties of \$1.19 million to be financed by the Strategic Climate Fund (SCF) in compliance with para. 9 of the ADB *Operations Manual* on Cost Sharing and Eligibility of Expenditures for ADB Financing (OM H3/OP). The following principles were followed in determining the amount of taxes and duties: (i) the amount is within reasonable country thresholds; (ii) the amount does not represent an excessive share of the project investment plan; (iii) taxes and duties apply only to SCF-financed expenditures; and (iv) the financing of taxes and duties is relevant to the success of the project.

<sup>c</sup> In mid-2010 for the ongoing project and mid-2015 for the additional financing.

<sup>d</sup> Physical contingencies for additional financing computed at 5% for civil works, consulting services, training, surveys, and studies. Price contingencies for additional financing, taking into account a public-private partnership exchange rate, have been computed at 1.9% in 2016, 2.2% in 2017, 1.9% in 2018, and 1.8% thereafter on foreign exchange costs, and at 5.5% in 2016, 5.0% in 2017, and 4.5% thereafter on local currency costs.

Sources: Asian Development Bank estimates.

**Table 2: Revised Financing Plan**

Source	Current		Additional Financing		Total	
	Amount (\$ million)	Share of Total (%)	Amount (\$ million)	Share of Total (%)	Amount (\$ million)	Share of Total (%)
Asian Development Bank	20.00	97.8	0.00	0.0	20.00	60.0
Strategic Climate Fund <sup>a</sup>	0.00	0.0	12.84	99.5	12.84	38.5
Government <sup>b</sup>	0.27	1.3	0.06	0.5	0.33	1.0
Beneficiaries <sup>b</sup>	0.18	0.9	0.00	0.0	0.18	0.5
<b>Total</b>	<b>20.45</b>	<b>100.0</b>	<b>12.90</b>	<b>100.0</b>	<b>33.35</b>	<b>100.0</b>

Note: Bank charges related to the operation of the imprest accounts will be financed from the respective grant proceeds.

<sup>a</sup> Under the Forest Investment Program financed by the Strategic Climate Fund, administered by the Asian Development Bank.

<sup>b</sup> Government and beneficiaries share adjusted during the midterm review mission to reflect the delay in implementation arrangements.

Source: Asian Development Bank estimates.

## D. Due Diligence

7. Due diligence has been carried out for the additional financing. The original safeguard category of B (for environment, indigenous people, and involuntary resettlement) of the project has not changed.<sup>9</sup> The ethnic groups' development framework, the environmental assessment

<sup>9</sup> Stakeholder Consultation and Participation Plan (Supplementary Appendix, available upon request).

and review framework, the resettlement framework, and the gender action plan of the project have been updated to reflect the additional financing. The new activities are not expected to result in significant negative environmental impacts or the involuntary resettlement of people. The proposed new activities will promote effective gender mainstreaming by ensuring women's participation in all activities especially in forest conservation, use of forest resources, and alternative livelihood activities. Corresponding gender targets are included in the revised design and monitoring framework. The financial management arrangements of the project were reviewed during the midterm review, and measures to improve financial management were adopted. The existing risk mitigation measures are adequate to ensure effective project implementation.

8. The additional financing interventions are considered to be economically viable based on the net reduction in CO<sub>2</sub> emissions, estimated at 97,000 tons annually. Using the assumed economic price of \$10 per ton of CO<sub>2</sub>, the benefits are estimated at \$0.97 million per year on average for the first 10-year period and \$1.47 million per annum over a 30-year period. This yields an economic internal rate of return of 15.1% and none of the risk factors appear to place these investments' economic viability in immediate jeopardy. The financial analysis showed that the additional financing was cost-effective in terms of undertaking the project investment. The key recurrent expenditure is of patrolling and maintaining the replanted areas, and these costs are expected to reduce as trees reach canopy closure.

9. Around 420 households will benefit directly from more productive and sustainable agricultural systems. The financial viability of these interventions will be assessed during implementation. Targeted communities will benefit from incremental employment (estimated at 160,000 person-days) in forest patrolling and forest rehabilitation. In addition, downstream communities are expected to benefit from enhanced ecosystem services generated through the actions of direct beneficiaries. Institutional and capacity-building interventions are expected to generate significant social benefits although these are not readily quantifiable. The financial sustainability of interventions is assured by provincial regulations whereby provincial governments will ensure that the recurrent cost of protection and enforcement will be covered.

## **E. Implementation Arrangements**

10. The existing project implementation arrangements will be applied to the additional financing, thus maximizing cost effectiveness and efficiency of implementation.<sup>10</sup> Contracts for the new activities will be incorporated into the project's procurement plan and will be awarded following ADB's Guidelines on the Use of Consultants (2013, as amended from time to time), and the procurement of goods and services will be in accordance with ADB's Procurement Guidelines (2015, as amended from time to time).<sup>11</sup> The National Project Management Office will be responsible for administering and disbursing the grant funds in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time).

## **III. THE PRESIDENT'S DECISION**

11. The President, acting under the authority delegated by the Board, has approved the administration by ADB of the grant not exceeding the equivalent of \$12,840,000 to the Lao People's Democratic Republic for the additional financing of the Greater Mekong Subregion Biodiversity Conservation Corridors Project, to be provided by the Strategic Climate Fund.

<sup>10</sup> The executing agency was changed from the Ministry of Agriculture and Forestry to MONRE, with Decision No. 3121/MONRE issued by the Minister of MONRE on 18 May 2012.

<sup>11</sup> Universal procurement will apply R29-13: Blanket Waiver of Member Country Procurement Eligibility Restrictions in Cases of Cofinancing for Operations Financed from Asian Development Fund Resources.

## REVISED DESIGN AND MONITORING FRAMEWORK

Impact the Project is Aligned with			
<p><b>Current project</b> Climate-resilient sustainable forest ecosystems benefitting local livelihoods (Ministry of Natural Resources and Environment's Vision towards 2030).</p> <p><b>Overall project</b> Unchanged.</p>			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
<p><b>Outcome<sup>a</sup></b></p> <p><b>Current project</b> Sustainably managed biodiversity corridors in the Lao PDR</p> <p><b>Overall project</b> Biodiversity corridors in the Lao PDR with communities ready to scale up REDD+ activities sustainably managed</p>	<p>(2010 baselines: 0)</p> <p><b>Current project</b> By 2018: a. BCC regulations approved in Attapeu, Champasak, and Sekong b. BCCs mapped with priority conservation areas being protected and managed c. Village forest management improved with forest management committees operational in all 67 villages d. Each village forest management committee has 30% female members e. 3,900 ha of forest enhancement, including 800 ha of agroforestry established in the 67 participating communities contributing a 10% increase in household income</p> <p><b>Overall project</b> Current targets remain and additionally: f. By 2019, at least 10 communities ready to scale up REDD+ pilots</p>	<p>a. National databases MONRE and MAF</p> <p>b. MOU between the Lao PDR and Viet Nam regarding management of Biodiversity Corridor zones in cross-border areas</p> <p>c. Text of Biodiversity Corridor Decree or regulatory instrument</p> <p>d. Performance monitoring survey and/or reports</p> <p>e. Project management information system</p> <p>f. Carbon baseline monitoring</p>	<p>Government places low priority on conservation of biodiversity rich landscapes</p>
<p><b>Outputs<sup>a</sup></b></p> <p><b>Output 1</b></p> <p><b>Current project</b> Institutions and communities strengthened for biodiversity corridor management</p> <p><b>Overall project</b> Biodiversity corridor management and REDD+ implementation capacity of institutions and communities strengthened</p>	<p>(2010 baselines: 0)<sup>b</sup></p> <p>1a. <b>Current project</b> By 2018, 67 BCC villages with PLUP approved <b>Overall project: Unchanged</b></p> <p>1b. <b>Current project</b> By 2018, 62 plots of village forest land and 2,300 household certificates awarded <b>Overall project: Unchanged</b></p> <p>1c. <b>Current project</b> By 2018, 300 km of community forest lands delineated and demarcated in 67 BCC villages <b>Overall project: Unchanged</b></p> <p>1d. <b>Current project</b> By 2018, 3,000 trainees in land use planning, forest management, patrolling, and livelihoods <b>Overall project: Unchanged</b></p> <p>1e. <b>Current project</b> By 2018, among the trained persons at the national, provincial, district, and village levels, at least 30% are female (overall target) <b>Overall project: Unchanged</b></p>	<p>1a. Corridor maps approved by Provincial Government and MAF and/or DOF</p> <p>1b. Carbon-sensitive PLUPs with maps for 90 villages</p> <p>1c. Village investment plans of 90 villages; demarcation maps</p> <p>1d. Land use certificates</p> <p>1e. Project progress reports</p> <p>1f. Performance monitoring survey and/or reports</p> <p>1g. NPMO reports; project completion report</p>	<p>Other developmental activities (including commercial plantations, mining, settlements, and roads) create further fragmentation of the forest ecosystem and hamper landscape approaches</p>

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
	<p><b>Overall project (added)</b> (2015 baselines: 0)<sup>c</sup></p> <p>1f. By 2019, awareness and knowledge about REDD+ systems and opportunities improved in 21 villages within Attapeu and Sekong with 50% being women beneficiaries</p> <p>1g. By 2019, an additional 50 provincial, 75 district, 800 village-level persons trained in REDD+ activities with at least 30% of trainees being female and 30% of trainees being from ethnic groups</p>		
<p><b>Output 2</b></p> <p><b>Current project</b> Biodiversity corridors restored, and ecosystem services protected and maintained</p> <p><b>Overall project</b> Biodiversity corridors restored, ecosystem services protected, maintained, and REDD+ ready</p>	<p>(2010 baselines: 0)<sup>b</sup></p> <p>2a. <b>Current project</b> By 2018, 67 BCC villages with a total of at least 67 patrol teams with at least 40 patrolling interceptions per district per year; and the number of violations reduced by 60% compared to 2015 baseline <b>Overall project: Unchanged</b></p> <p>2b. <b>Current project</b> By 2018, spatial assessment of biodiversity in the BCC completed and used to identify priority protection and management zones by 2016 <b>Overall project: Unchanged</b></p> <p>2c. <b>Current project</b> By 2018, 3,900 ha of forest lands planted and maintained using native species (the area of forest planting in villages is based on the result of the PLUP) <b>Overall project: Unchanged</b></p> <p>2d. <b>Current project</b> By 2018, forest restoration activities include at least 30% of women's labor input participation on cash basis <b>Overall project: Unchanged</b></p> <p>2e. <b>Current project</b> By 2018, three demonstration sites for connectivity for biodiversity established <b>Overall project: Unchanged</b></p> <p><b>Overall project (added)</b> (2015 baselines: 0)<sup>c</sup></p> <p>2f. By 2019, an additional 50,000 ha of forest effectively patrolled</p> <p>2g. By 2019, an additional 1,450 ha of natural forest land rehabilitated</p>	<p>2a. Land use certificates</p> <p>2b. Provincial and district economic survey statistics</p> <p>2c. Reports of DOFI and DONRE on illegal activities</p> <p>2d. Performance monitoring survey and/or reports</p> <p>2e. NPMO reports</p> <p>2f–2g. ADB review mission and project completion reports</p>	<p>Other developmental activities (including commercial plantations, mining, settlements, and roads) create further fragmentation of the forest ecosystem and hamper landscape approaches</p>
<p><b>Output 3</b></p> <p><b>Current project</b> Livelihoods improved and small-scale infrastructure support provided in target villages</p> <p><b>Overall project</b> Unchanged</p>	<p>(2010 baselines: 0)<sup>b</sup></p> <p>3a. <b>Current project</b> By 2018, 67 BCC villages with VDFs established and onlending to livelihood groups for BCC beneficiaries <b>Overall project: Unchanged</b></p> <p>3b. <b>Current project</b> By 2018, at least 30% of extension trainings for livelihoods in the 67 BCC villages will focus on home gardening, and among the beneficiary households from home gardening, at least one woman in</p>	<p>3a. Provincial and district economic survey and/or reports</p> <p>3b. Provincial revenue reports</p> <p>3c. Provincial business and enterprise statistics</p> <p>3d. Performance monitoring survey</p>	<p>Insufficient operation and maintenance leads to premature asset deterioration</p>

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
	<p>each household participated in these trainings  <b>Overall project:</b> Unchanged</p> <p>3c. <b>Current project</b>  All VDFs reinvested at least three times with a default rate of less than 10%  <b>Overall project:</b> Unchanged</p> <p>3d. <b>Current project</b>  At least 40% of VDF beneficiaries (VDF production group members) are female  <b>Overall project:</b> Unchanged</p> <p>3e. <b>Current project</b>  At least 30% of VDF management board members are women  <b>Overall project:</b> Unchanged</p> <p>3f. <b>Current project</b>  Small-scale infrastructure improving the livelihoods of BCC villages based on the approved infrastructure plan  <b>Overall project:</b> Unchanged</p> <p>3g. <b>Current project</b>  At least 4 profitable value addition businesses linked to other project activities supported in each district  <b>Overall project:</b> Unchanged</p> <p><b>Overall project (added)</b>  (2015 baselines: 0)<sup>c</sup></p> <p>3h. By 2019, at least 420 additional households receive cash and technical support to improve productivity and income from livelihoods, with at least 40% of beneficiaries being female</p>	<p>and/or reports</p> <p>3e–3h. Project progress reports</p>	
<p><b>Output 4</b></p> <p><b>Current project</b>  Project management and support services are operational</p> <p><b>Overall project</b>  Unchanged</p>	<p>(2010 baselines: 0)<sup>b</sup></p> <p>4a. <b>Current project</b>  By March 2011, NPMO in DFRM and PPO in Attapeu, Champasak, and Sekong operational; at least 20% of project staff are female  <b>Overall project:</b> Unchanged</p> <p>4b. <b>Current project</b>  By March 2011, NPMO in DOF and PPO in Attapeu, Champasak, and Sekong operational; at least 20% of project staff are female</p> <p>By June 2011, all advance actions regarding procurement of vehicles, equipment, and consultants completed  <b>Overall project:</b> Unchanged</p> <p>4c. <b>Current project</b>  By August 2011, first tranche of grant received in imprest accounts  <b>Overall project:</b> Unchanged</p> <p>4d. <b>Current project</b>  By 2012, around 1,000 officials and project staff will be trained on procurement, management, financial controls, and monitoring and reporting</p>	<p>4a. Government statistics</p> <p>4b. Provincial and district statistics</p> <p>4c. NPMO reports</p> <p>4d. ADB review mission reports</p> <p>4e. Midterm evaluation</p> <p>4f. Performance monitoring survey/reports</p> <p>4g. Grant disbursement reports</p> <p>4h–4l. Project progress reports</p>	<p>Unavailability of qualified staff and frequent staff movements hamper project management.</p>

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
	<p><b>Overall project:</b> Unchanged</p> <p><b>4e. Current project</b> Timely technical and financial reports submitted every midyear and end of the year (June and December) produced in Lao and English by NPMO <b>Overall project:</b> Unchanged</p> <p><b>4f. Current project</b> Project performance and monitoring system established by early 2012 <b>Overall project:</b> Unchanged</p> <p><b>4g. Current project</b> Timely submission of financial liquidation and withdrawal applications <b>Overall project:</b> Unchanged</p> <p><b>4h. Current project</b> By 2017, operational guidelines and/or manuals circulated on biodiversity corridors management and best practices <b>Overall project:</b> Unchanged</p> <p><b>4i. Current project</b> By 2017, at least 20 project staff will be trained on procurement, management, financial controls, and monitoring and reporting<sup>a</sup> <b>Overall project:</b> Unchanged</p> <p><b>Overall project (added)</b> (2015 baselines: 0)<sup>c</sup></p> <p><b>4j.</b> By 2019, existing project management offices at national level and FIP-related provinces and districts commence activities related to additional financing</p> <p><b>4k.</b> By 2019, at least 20% of additional financing staff are female</p> <p><b>4l.</b> By 2019, district offices in Dakcheung and Phouvong constructed</p>		
<b>Key Activities with Milestones</b>			
<b>1. Biodiversity corridor management and REDD+ implementation capacity of institutions and communities strengthened</b>			
1.1 Strengthen policy framework for biodiversity corridor establishment and implementation. (completed)			
1.2 Raise awareness and build technical capacity to replicate model of biodiversity corridors. (Q4 2019)			
1.3 Participate in GMS transboundary and subregional biodiversity corridor activities and establish cross-border cooperation framework on biodiversity corridor management. (Q4 2019)			
1.4 Strengthen capacity on land use planning, zoning, demarcation across landscapes. (completed)			
1.5 Strengthen the capacity of district officials and key provincial level staff in corridor and protected areas management. (completed)			
1.6 Strengthen village level capacity for managing VDFs. (completed)			
1.7 Strengthen the capacity of villagers to manage and protect forest and natural resources in the corridors and move toward effective community-based natural resource management (with co-management of some parts of the protected areas and protection forests). (completed)			
1.8 Secure recognition of biodiversity corridors through provincial-level policy and regulations, decisions and decrees, and implement management plans. (completed)			
1.9 Design and deliver REDD+ awareness and training courses. (added) (Q3 2019)			
1.10 Strengthen policy framework for implementation of REDD+. (added) (Q2 2017)			
<b>2. Biodiversity corridors restored, ecosystem services protected, maintained and REDD+ ready</b>			
2.1 Undertake participatory demarcation and delineation of forest and conservation corridor areas from village areas. (completed)			
2.2 Identify and undertake landscape connectivity in key fragmentation points through targeted reforestation and enrichment planting, gap filing or natural regeneration. (unchanged) (Q4 2019)			

**Key Activities with Milestones**

- 2.3 Identify bare and/or scrub land available close to villages and/or clusters for forest plantations, NTFP domestication, and supply of timber for value addition. (unchanged) (Q4 2019)
- 2.4 Implement forest restoration interventions for enhanced carbon storage. (added) (Q4 2019)
- 2.5 Establish carbon baselines and monitor effectiveness of pilot interventions. (added) (Q1 2017)
- 3. Livelihoods improved and small-scale infrastructure support provided in target villages**
- 3.1 Update village and/or commune level data on socioeconomic status and poverty mapping and/or monitoring. (completed)
- 3.2 Provide support to promoting agriculture and agroforestry-based livelihood improvements. (unchanged) (Q4 2019)
- 3.3 Explore possibilities of improving market information services using mobile IT technology and private sector services in the clusters and/or villages or through local associations. (unchanged) (Q4 2019)
- 3.4 Provide seed capital for VDFs. (completed)
- 3.5 Provide investment support to prioritized small-scale infrastructure. (unchanged) (Q4 2019)
- 3.6 Implement agroforestry, livestock, and charcoal production pilot interventions to support sustainable alternative livelihoods. (added) (Q4 2019)
- 4. Project management and support services provided**
- 4.1 Establish national and provincial project management offices. (completed)
- 4.2 Establish financial accounts and internal audit controls. (completed)
- 4.3 Open project accounts and secure monthly statements. (completed)
- 4.4 Recruit support staff and consultants. (unchanged) (Q1 2017)
- 4.5 Draw up annual and 6 monthly workplans, personnel scheduling, budgets, and procurement plans; and seek approvals. (unchanged) (Q4 2019)
- 4.6 Procure goods and services applying procurement rules as laid out in the PAM. (unchanged) (Q4 2018)
- 4.7 Guide and oversee implementation. (unchanged) (Q4 2019)
- 4.8 Conduct survey and/or reports and studies to enhance and support project implementation (unchanged) (Q4 2018)
- 4.9 Monitor project implementation. (unchanged) (Q4 2019)
- 4.10 Prepare statement of expenditure and liquidation documents. Submit six monthly financial and technical reports. (unchanged) (Q4 2019)
- 4.11 Strengthen project management through additional technical support to implement new interventions (technical and administrative). (added) (Q4 2019)
- 4.12 Provide additional vehicles and equipment for project implementation support. (added) (Q1 2017)
- 4.13 Construct and furnish two district offices. (added) (Q1 2017)

**Inputs**

<b>ADB: Grant</b>
\$20,000,000 (current)
\$0 (additional)
\$20,000,000 (overall)

<b>Strategic Climate Fund: Grant</b>
\$0 (current)
\$12,840,000 (additional)
\$12,840,000 (overall)

<b>Government</b>	<b>Beneficiaries</b>
\$270,000 (current)	\$180,000 (current)
\$60,000 (additional)	\$0 (additional)
\$330,000 (overall)	\$180,000 (overall)

**Assumptions for Partner Financing**

Not applicable.

ADB = Asian Development Bank; BCC = Biodiversity Conservation Corridor; DFI = development finance institution; DFRM = Department of Forest Resource Management; DOF = Department of Forestry; DOFI = Department of Forest Inspection; DONRE = District Office of Natural Resources and Environment; FIP = Forest Investment Program; GMS = Greater Mekong Subregion; IT = information technology; km = kilometer; MAF = Ministry of Agriculture and Forestry; MONRE = Ministry of Natural Resources and Environment; MOU = memorandum of understanding; NPMO = National Project Management Office; PAM = project administration manual; PLUP = participatory land use plan; PPO = Provincial Project Office; REDD+ = reducing emissions from deforestation and forest degradation plus conservation of forest carbon stocks, sustainable management of forests and enhancement of forest carbon stocks; VDF = village development fund.

<sup>a</sup> Impact, outcome, and output indicators were updated during the midterm review mission on 3–10 November 2014 and approved by ADB Director, Environment, Natural Resources, and Agriculture Division of Southeast Asia Department on 19 January 2015.

<sup>b</sup> Applies for all output indicators of the current project.

<sup>c</sup> Applies for all output indicators of the expanded scope.

Source: Asian Development Bank.