



UNDP Project Document

UNDP-GEF Medium-Size Project (MSP)

Government of Lao PDR

United Nations Development Programme

PIMS Project ID 3696

Meeting the Primary Obligations of the Rio Conventions through Strengthening Capacity to Implement Natural Resources Legislation

This project will strengthen the capacity of the Lao People's Democratic Republic (Lao PDR) to meet the primary obligations of the Rio Conventions through strengthening capacity to implement natural resources legislation. The activities of this project are both a direct result of, and represent a continuation of, the National Capacity Needs Self Assessment (NCSA) for Global Environmental Management, which is currently being completed by the Lao PDR. The Project Objective is to strengthen national and local capacity to implement natural resources legislation with a focus on issues most relevant to the Rio Conventions. The Project has three main outcomes: Outcome 1 is that key stakeholders in the three provinces are implementing and enforcing important components of the existing natural resource management legislation; outcome 2 is that national level stakeholders have the capacity to implement and enforce natural resource legislation, and in particular are able to support all provinces in Lao PDR with legislation implementation and enforcement; and outcome 3 is that legislation and policy with regards to the Rio Conventions in Lao PDR is more suitable to the national situation and more comprehensive in nature. The project will furthermore increase the general awareness of Rio Convention issues and also facilitate the integration of gender considerations into natural resource legislation and its implementation.

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Acronyms

APR/PIR	Annual Project Reports/Project Implementation Reviews
ASEAN	Association of South-East Nations
EIA	Environmental Impact Assessment
EPL	Environmental Protection Law
DOFI	Department of Forest Inspection
GEF	Global Environment Facility
GMS	The Greater Mekong Sub-Region
GOL	Government of the Lao PDR
INC	The Initial National Communication to the UNFCCC
MAF	Ministry of Agriculture and Forests
MoJ	Ministry of Justice
MRC	Mekong River Commission
NAP	National Action Programme on Combating Desertification
NAPA	National Adaptation Plan of Action (to climate change)
NBCA	National Biodiversity Conservation Areas (also known as National Forest Conservation Areas)
NBSAP	National Biodiversity Strategy and Action Plan
NCSA	National Capacity Self Assessment
NEC	National Environment Committee
NES	National Strategy on Environment to the years 2020 and Action Plan for the Years 2006 - 2010
NGPES	National Growth and Poverty Eradication Strategy
NPC	National Project Coordinator
NPD	National Project Director
NPM	National Project Manager
NTFP	Non-timber forest products
PAFO	Provincial Agriculture and Forestry Office
PF	Project Board
PDAF	Provincial Departments of Agriculture and Forests
PDR	People's Democratic Republic
PEC	Provincial Environment Committee
POPs	Persistent Organic Pollutants
PEG	Project Executive Group
PSTEO	Provincial Science, Technology and Environment Office
RCU	UNDP-GEF Regional Coordination Unit
SEM II	The Strengthening Environmental Management Project (Phase II), supported by SIDA
SRF	Strategic Results Framework
STA	Senior Technical Advisor
MEA Project	GOL/UNDP supported project: ' <i>Coordinating the Implementation of Multi-Lateral Environmental Agreements in Lao</i> '
UNDP	United Nations Development Programme
UNCBD	United Nations Convention on Biological Diversity
UNCCD	United Nations Convention on Combating Desertification and Land
UNFCCC	United Nations Framework Convention on Climate Change
WG	Project working groups
WREA	Water Resources and Environment Administration (formerly STEA Science, Technology and Environment Agency)
WREO	Provincial Water Resources and Environment Office

SECTION I: ELABORATION OF THE NARRATIVE

PART I: Situation analysis

Project Summary

1. Throughout the 1990s, Lao PDR has increasingly become an active player in the global environmental management arena. The country has become Party to all the three Rio Conventions – UN Convention on Biological Diversity (UNCBD), United Nations Framework Convention on Climate Change (UNFCCC), and the UN Convention to Combat Desertification (UNCCD) – along with other international multilateral environmental agreements (MEAs) and sustainable development conventions and agreements. Together, the three Rio Conventions and their instruments collectively set the overall context for Lao PDR’s global environmental management.

2. GOL recently undertook a series of surveys and participatory planning processes within the framework of the MEAs, particularly with regards to biodiversity, land degradation and climate change. These have led to national action plans and strategies to implement the MEAs, including the *National Capacity Needs Self-Assessment (NCSA) for Global Environment Management*, the *National Biodiversity Strategy and Action Plan (NBSAP)*, and the *National Adaptation Programme of Action (NAPA) to Climate Change*. The main findings of these processes include:

- In line with the national transition process to rule of law, the legislative framework is a key tool for achieving natural resource related goals;
- Although incomplete, the existing legislative framework does provide a strong basis for action;
- However, implementation, enforcement and compliance with the legislative framework is weak;
- Therefore, increasing compliance is a key priority.

3. In particular, the thorough and comprehensive NCSA process identified priority capacity needs under the three Rio Conventions and those that cut across all three Conventions. This led to the identification of seven capacity development priorities relevant to all three Conventions, including strengthening the capacity of institutions to facilitate the sustainable management of natural resources. Subsequent discussions involving the NCSA team and high level officials identified *the need to strengthen the implementation and enforcement of existing laws and regulations* as the priority for international assistance for capacity development. Hence, GEF funds are requested to strengthen capacity to enforce the existing legislative framework.

4. This project builds on a strong baseline. With UNDP support, the GOL is implementing a project to increase coordination and implementation of *all* multi-lateral environmental agreements – *the MEA Project*; developing their Second National Communication to the UNFCCC; and designing the Poverty Environment Initiative. With the support of the Government of Sweden, a systematic effort is underway to strengthen environmental management in general, through the Strengthening Environmental Management Project (SEM II). This project focuses on the national environment, and also mostly on brown issues. These projects provide a sound baseline for the development of this project, and without these projects the proposed GEF project would be far less ambitious in scope.

5. While systemic capacities that support the implementation and enforcement of existing laws and regulations are strong in terms of legislative framework, the lack of local individual capacities in terms of knowledge, skills, experience and institutional support remain a major impediment. Specifically, the fact that the majority of the populace has a negative attitude to legislation and law-enforcers; the present emphasis by the authorities focuses on sanctions and penalties as the tools for implementation; levels of knowledge regarding legislation remain low (amongst both professionals and the general public); there is a near-absence of simple, practical tools to support implementation and compliance.

6. Hence, this project will strengthen capacity to implement natural resources legislation to meet the primary obligations of the Rio Conventions. The below table sums up the expected project scope and results (outcomes and outputs).

7. The key outcomes and outputs of the proposed project are:

Table 1: Overview of Expected Project Results

Project Objective	Outcomes	Outputs
Strengthen national and local capacity to implement natural resources legislation with a focus on issues most relevant to the Rio Conventions	1. Key stakeholders in the three provinces are implementing and enforcing important components of the existing natural resource management legislation.	<p>1.1 An agreed set of priority laws, regulations and/or articles.</p> <p>1.2 A compliance strategy. This will consist of a set of steps to be taken to increase local compliance with the law. It will also include timelines, indicators and allocation of responsibilities. This includes clear mechanisms to ensure that Rio Conventions will be addressed.</p> <p>1.3 A package of operational tools. There are many possible tools. Some <i>illustrative</i> examples include:</p> <ul style="list-style-type: none"> ◦ Model village agreement to implement forestry law, with full consideration given to Rio Convention issues and objectives; ◦ Translation of law into local language and customs; ◦ Targeted marketing campaigns to increase appreciation of laws; ◦ Checklist or guidance manual for law enforcement officers¹; ◦ Judges and Court Officers trained on natural resource legislation; ◦ Ombudsman or a trustworthy complaints mechanism. <p>1.4 Documentation of the impacts of the tools on compliance across the Project Site.</p>
	2. National level stakeholders have the capacity to implement and enforce natural resource legislation, and in particular are able to support all provinces in Lao PDR with legislation implementation	<p>2.1 An agreed set of priority laws, regulations and/or articles, that are best addressed at the national level.</p> <p>2.2 A compliance strategy. This will consist of a set of steps to be taken at the national level to increase compliance with the laws selected under 2.1 and to be implemented at the national level. It will also include timelines, indicators and an allocation of responsibilities. This will also include clear measures to ensure the commitments under the Rio Conventions are adequately accounted for.</p>

¹ At the village level, law enforcers are the villagers. These are backed up by district and provincial officials.

and enforcement.*

2.3 A package of operational tools. There are many possible tools. Some *illustrative* examples include:

- Marketing campaigns to increase appreciation of laws by national decision-makers;
- Judges trained on natural resource legislation;
- Ombudsman or trustworthy complaints mechanism;
- By-laws or regulations.

2.4 Documentation of the impacts of the tools on law compliance, and feedback on the impact on the environment.

3.1: Legislative revision takes into account the primary and secondary obligations to UNCBD, UNFCCC and UNCCD.

3. Legislation and policy with regards to the Rio Conventions in Lao PDR is more suitable to the national situation and more comprehensive.**

3.2: The findings, experience and lessons learnt from the Provinces under Outcome 1 feed into the legislative process and into laws and regulations. The GEF Project will help MAF to make recommendations to fill legal gaps with amendments to existing legislation to enable their enforcement. This will ensure that, in the future, the process to prepare laws and the law/regulations better appreciates the on-the-ground opportunities and realities.

*Outcome 2 will be implemented by MEA / Environmental Governance, PEI and GEF funds.

**Outcome 3 is primarily funded by SEMII and MEA / Environmental Governance.

8. The project will be monitored and evaluated in accordance with established UNDP/GEF procedures and M&E will be conducted by the project team and the UNDP Country Office with support from UNDP-GEF. The project management reports will be presented to the Project Board (PB) for endorsement before they are distributed to the relevant stakeholders. The project will use a capacity development monitoring and evaluation scorecard to monitor the project capacity development progress. It will monitor the relevant six capacity development indicators for this project, which are of direct relevance to strengthen national and local capacity to implement natural resource legislation with a focus on issues most relevant to the Rio Conventions in Lao (see table below). This scorecard will be used to review/rate the relevant capacity development indicators at inception, at mid-point of project implementation and finally at the end of project implementation. This capacity development monitoring tools will be used by the project implementation team to monitor the project capacity development progress and also by the evaluators to conduct the MTE and the final evaluation.

Table 2: Overview of Capacity Results / Indicators

Capacity Result / Indicator	Contribution to which Outcome
CR 1: Capacities for engagement	
Indicator 1 – Degree of legitimacy/mandate of lead environmental organizations	1
Indicator 2 – Existence of operational co-management mechanisms	
Indicator 3 – Existence of cooperation with stakeholder groups	1, 2
CR 2: Capacities to generate, access and use information and knowledge	
Indicator 4 – Degree of environmental awareness of stakeholders	
Indicator 5 – Access and sharing of environmental information by stakeholders	
Indicator 6 – Existence of environmental education programmes	
Indicator 7 – Extend of the linkage between environmental research/science and policy development	
Indicator 8 – Extend of inclusion/use of traditional knowledge in environmental decision-making	
CR 3: Capacities for strategy, policy and legislation development	
Indicator 9 – Extend of the environmental planning and strategy development process	2
Indicator 10 – Existence of an adequate environmental policy and regulatory frameworks	1, 2, 3
Indicator 11 – Adequacy of the environmental information available for decision-making	
CR 4: Capacities for management and implementation	
Indicator 12 – Existence and mobilization of resources	

Capacity Result / Indicator	Contribution to which Outcome
Indicator 13 – Availability of required technical skills and technology transfer	1, 2
CR 5: Capacities to monitor and evaluate	
Indicator 14 – Adequacy of the project/programme monitoring process	1, 2
Indicator 15 – Adequacy of the project/programme evaluation process	

Country Ownership

Country Eligibility

9. The Government of the Lao People’s Democratic Republic (Lao PDR) is a party to the three Rio Conventions of UN Convention on Biological Diversity (UNCBD), United Nations Framework Convention on Climate Change (UNFCCC) and the United Nations Convention to Combat Desertification (UNCCD). The Government of Lao PDR (GOL) acceded to the Convention on Climate Change on 4th January 1995, and acceded to the Conventions on Biodiversity and Land Degradation on 20th September 1996.

Country Driven-ness

10. The proposed project is in line with national priorities and strategies for socio-economic development, natural resource management and capacity development, as set out for example in the National Growth and Poverty Eradication Strategy (NGPES), the Sixth Five Year National Socio-Economic Development Plan (2006-2010), and the National Strategy on Environment to 2020 (NES). These documents all emphasize that natural resources – notably land, water and forests - are essential to income generation, to livelihood development, to poverty alleviation and to economic development. These documents also state that natural resources have to be sustainably managed.

11. In order to better understand the dynamics behind the threats to Lao PDR’s environment vis-à-vis global environment management, the GOL, with support from UNDP-GEF, recently undertook a self-assessment of its capacity to implement the Rio Conventions. Through a broad-based consultative and participatory process, the Lao PDR NCSA first identified priority capacity development needs in the biodiversity, climate change and land degradation thematic areas. It then identified seven priority capacity development needs that cutting across these three thematic areas. Based on this analysis, the GOL prepared a Capacity Building Programme based on seven prioritized capacity needs to fulfill Lao PRD’s responsibilities and commitments associated with ratification of the three Conventions.

PART II: Strategy

Programme Designation and Conformity

12. The proposed project addresses the objectives of 3 GEF focal areas (biodiversity, climate change, and sustainable land management) and specifically fits under the strategic priority related to crosscutting capacity building (CB-2).

13. The project is aligned with the GEF-approved⁽²⁾ “*Strategic Approach to Enhance Capacity Building*”. It identifies capacity development as “.. a strategic priority that cuts across all focal areas”.

(2)

http://www.gefweb.org/Documents/Council_Documents/GEF_C22/C.22.8_Strategic_Approach_to_Capacity_Building_FINAL.pdf

Moreover, the strategy to design and implement the project follows the operational principles identified in the GEF approved strategic approach:

- 1) Ensure national ownership and leadership
- 2) Ensure multi-stakeholder consultations and decision-making
- 3) Base capacity building efforts in self-needs assessment
- 4) Adopt a holistic approach to capacity building
- 5) Integrate capacity building in wider sustainable development efforts
- 6) Promote partnerships
- 7) Accommodate the dynamic nature of capacity building
- 8) Adopt a learning-by-doing approach
- 9) Combine programmatic and project-based approaches
- 10) Combine process as well as product-based approaches

14. This project is a direct response to the national capacity self-assessment (NCSA) conducted in Lao PDR during the period 2004-2009. It will address some of the identified cross-cutting capacity issues related to the implementation of the 3 Rio Conventions and strengthen the synergies in implementing these conventions and more generally Lao PDR's broader global environmental agenda.

Project Design

Context – Introduction

15. Lao PDR is a Southeast Asian country of approximately 236,800 km² and a population of approximately 6 million. It is a land-locked country and has borders with China, Myanmar (both to the north and northwest), Vietnam (east), Cambodia (south) and Thailand (west). Administratively, it is composed of eighteen provinces. There are two additional levels of government administration: districts and villages.

16. Lao PDR faces important socio-economic challenges. It is estimated that 38.6% of Lao citizens live below the national poverty line³. The average life expectancy is 59 years, compared to 70 in Vietnam. On the global Human Development Index, in 2007, Lao PDR ranked 130 out of 177 nations globally. The majority of Lao PDR's poor live in rural areas where they depend to a large extent on natural resources for their livelihoods. Notably, 87% of the country's poor are in farming households, and only 25% of these have access to irrigated land. Consequently, the national goal of the Government is to eradicate poverty by 2010 and bring the country out of the category of 'least developed country' by 2020.

17. In 1986, the GOL adopted the New Economic Mechanism, moving towards a market-based economy and opening to international trade and investment. Since then there has been steady improvements in most social and economic indicators. More recently, Lao PDR has become an active partner in the Association of South-East Asian Nations (ASEAN). In this context, it should be noted that many of Lao PDR's immediate neighbours (notably China, Thailand and to a lesser extent Vietnam) have recently experienced several years of rapid economic growth. This has directly increased investment into and trade with Lao PDR. These factors, although largely positive, can lead to additional pressures on the natural resource base in Lao PDR. For example, the increased investments in Lao PDR in the timber trade and in coffee plantations result directly from the improved trading conditions and economic growth in neighbouring countries.

Context – Environment, Natural Resources and Global Significance

³ Human Development Report, 2005

18. As stated in the NES, '*Lao PDR still has rich natural resources and good environmental quality. It is a strength for social and economic development*'. Compared to most of its neighbours, natural resources in Lao PDR remain in good condition. As emphasized by the NES, the most important resources are land, water, forests, biodiversity and mineral resources.

19. Lao PDR is a predominantly mountainous country - two-thirds of the land has slopes of over 20%. It is also a highly forested country – just over 40% of the country is covered in forests, making it 11th in the world in terms of percentage forest cover. Accordingly, forest resources play a central role in the country's economic growth and are also primary sources of food and income for many rural households. Rivers are another important feature of Lao PDR's geography: approximately 80% of the land lies in the Mekong River Basin, and Lao PDR contributes approximately 35% of the water flowing in that river.

20. With respect to the Rio Conventions, the most important environmental issues are forests and forest loss, land and land degradation, biodiversity and its loss, adaptation to climate change and loss of carbon absorption capacity. These are discussed in the following paragraphs.

21. Deforestation In the period 1940 -1989, forest cover in Lao PDR declined from 17 million hectares to 11.2 million hectares⁴. Some observations indicate that the process of deforestation is accelerating, although confirmed up-to-date figures are not available. In addition, the *quality* of remaining forests declined significantly, with much primary forest being replaced by secondary forest, plantations and scrub-forest. The main causes of forest loss and decline are:

- Agricultural expansion;
- Unsustainable logging practices;
- Infrastructure development;
- Pioneering shifting cultivation;
- Over-harvesting of non-timber forest products (NTFPs); and,
- Forest fires.

22. Deforestation is also the major cause of land degradation in Lao PDR, causing significant water erosion and nutrient loss. In many cases, deforestation is the first step in a vicious circle that converts rich forests to barren lands. First, the reduced land quality directly affects a significant number of resource users, leading to economic and social challenges. Second, the resulting siltation affects large-scale irrigation and hydro-power schemes and affects the overall quality of the international Mekong River. Third it has direct, negative effects on biodiversity and on carbon sequestration.

23. Biodiversity Lao PDR is one of the biologically richest countries in the region, having a high number of species and diverse forest and aquatic ecosystems. Many species once common throughout South East Asia are now only found in Lao PDR. Although data is very incomplete, there are at least 700 species of birds, 100 large mammals and 500 indigenous fish species. Loss of forests and damage to the water courses (through siltation, pollution and engineering schemes) are having a damaging but un-measured impact on the biodiversity. Three of the WWF Global 200 Ecoregions are represented in Laos.

24. Climate Change Lao PDR is not a large emitter of climate changing gases. Lao PDR's role in the UNFCCC relates more to its capacity to absorb Carbon and the risks it faces from climate change. One

⁴ Source, the National Action Plan for Land Degradation, GOL, 1999

recent study⁵ estimated that the land and forests in Sekong province⁶ contain approximately 65 million tons of carbon. Clearly, the forests of Lao PDR contain and sequester significant quantities of Carbon. In terms of vulnerability to global climate change, models⁷ project that some areas of Lao PDR will have increased rainfall, others less. All areas will be subject to increased storms, and floods will be more frequent. Climate change is predicted to have a direct impact on natural resources, thereby threatening forestry and agriculture, and threatening the livelihoods of the vast majority of the population. Locally, deforestation is also leading to an emerging serious climate pattern called seasonal aridity.

Context – The Legislative Framework in Lao PDR and Natural Resource Management

25. Lao PDR has adopted the strategy of ‘Rule by Law’ in order to achieve social, economic and environmental objectives. Accordingly, one of the principal strategies for managing the natural resources is the legislative framework. The Constitution – approved in 1991 – provides the basis for this approach.

26. The GOL has not adopted a specific legal system, but has taken a step-by-step approach to developing laws, thereby mixing various legal principles to fit the Lao PDR context. Accordingly, the current system is a hybrid of common law and civil code systems. The National Assembly was first elected in 1992 and since then it has passed over 50 comprehensive laws, a considerable achievement. Under the Constitution and the comprehensive laws, there is a hierarchy of legislative tools, ranging from Prime Minister’s Decrees to Ministry Regulations and down to local Government regulations and decisions (notably Governor Orders and Village Rules).

27. In the natural resource management sector, an impressive array of laws, regulations and administrative orders have been promulgated⁸, of which the most important are:

- The Environmental Protection Law (EPL, 1999), and the related Decree on its implementation (2000), and the related Regulation on Environmental Impact Assessment (EIA, 2000);
- The Forest Law (1996), with a large number of associated regulations, for example the Regulation on the Management of National Biodiversity Conservation Areas (NBCA), Aquatic and Wild Animals, or the Ministry Instruction on the Stabilisation of Shifting Cultivation (1998);
- The Water and Water Resources Law (1997) and the Decree on its implementation (2001);
- The Land Law (1997) and the Decree on its implementation (1999).

28. Through their contents, the above (and other) domestic laws cover the implementation of the Rio Conventions, although they do not make specific references. Hence, by fully implementing these laws, the Lao PDR will substantially implement the Rio Conventions. The above laws, in substantive terms, are comprehensive. This comprehensive framework was developed over a short period of time. However, apart from the Forest Law⁹ and underlying acts, the above laws tend to be general. They do not specifically prohibit or outlaw specific actions or acts, but provide the general conditions and objectives.

⁵ ‘*The Economic Returns from Conserving Natural Forests in Sekong*’, Lao National Mekong Committee et al, 2003.

⁶ 7,655 km², i.e. approximately 3% of Laos.

⁷ The Mekong River Commission (MRC) ran models over the periods 2010-2040 and 2070-2100.

⁸ A recent study by DANIDA identified 102 relevant legislative acts promulgated at national level.

⁹ The Forest Law does make many acts illegal in NBCAs, and does make, for example, the hunting of a list of protected species illegal.

29. In line with the above laws, the GOL has also taken many institutional measures aimed at implementing the above laws and the Rio Conventions:

- Establishing the Water Resources and Environment Administration, WREA, as the agency with overall responsibility for environmental protection, and for coordination of the implementation of the Rio Conventions;
- Establishing Provincial Water Resources and Environment Offices (WREO) in each Province;
- Constituting the high level National Environment Committee (NEC) to ensure better inter-ministerial coordination;
- Constituting, in each Province, a Provincial Environment Committee (PEC);
- Allocating clear environmental responsibilities to the District Governors and to the approximately 11,000 Villages Heads.

Problem Analysis

30. As identified by the NCSA and many other national studies, the existing legislative framework, although imperfect, provides an adequate basis for substantially improving natural resource management. However, there are many capacity barriers to implementing the existing legislative framework. If these barriers can be removed, implementation of existing legislation will be improved, natural resource management will improve, and this will automatically lead to improved implementation of the Rio Conventions.

31. Some of the major capacity barriers to implementing the existing legislative framework are:

- Government officers are inadequately informed of the details of the Laws. This is particularly pertinent for national and provincial officers, as it is not necessary for lower level officers to be familiar with the exact wording of the law.
- The overall public perception of laws is negative. Laws are considered, at best, to be restrictive instruments. At worst, they may be interpreted as things which restrict the action of small stakeholders thereby freeing the action of large or powerful stakeholders. The idea that laws are there to help and protect small stakeholders is not widely prevalent.
- The mechanisms for disseminating laws are not adapted to cultural and traditional situations. Laws are typically 'sent out' by national government agencies or 'read out' by officials (often, these officials do not understand the laws). Hence the district heads, village heads and local people are not able to appreciate the laws.
- There is a lack of confidence in law enforcement system. A victim of an infringement is unlikely to turn to the legal system to seek justice.
- Environment and natural resource laws have not been the priority of the national government¹⁰. Hence, efforts to disseminate and promote the natural resource laws have been limited. For example, few judges and court officers are aware of the details of the natural resource laws.
- Where serious efforts have been undertaken to implement laws, the emphasis has been on the sanctions and punishment aspects. Common understanding is that enforcing laws simply means sending people to jail. It is not appreciated that there are many ways to implement laws, and that a law can be used to change attitudes and behaviours without many sanctions or punishments. Notably, with regards to environmental law, it is widely recognised that three

¹⁰ Recently, the Forest Law and related regulations have been given increasing national importance.

complementing strategies are essential: the drum, the carrot and the stick¹¹. A drum provides information and raises awareness. A carrot provides rewards for good behaviour. A stick penalises bad behaviour. All three approaches can have an educational aspect. This is not well understood in Lao PDR. [Section IV Part III](#) provides additional information on approaches to law enforcement and compliance.

- Finally, basic implementation tools do not exist. Based on international experience, three kinds of tools exist to help stakeholders to implement laws. These are materials (such as posters, booklets), knowledge and expertise (often provided through training), and institutions (such as legal advisory centres, ombudsmen). [Section IV Part III](#) also provides additional information on possible tools to be used in Lao PDR.

Baseline: ongoing projects

32. There are several important ongoing projects in the baseline, as follows.

33. [The MEA Project](#) is drawing to a close. Activities have involved:

- Clarifying issues and setting priorities for MEA implementation;
- Consolidating and coordinating MEA implementation mechanisms;
- Developing plans for MEA negotiation, ratification and implementation;
- Integrating MEA monitoring and reporting systems;
- Targeted awareness raising.

The MEA Project addresses all eleven MEAs, and therefore it has only limited resources to allocate specifically to the three Rio Conventions. Within the context of the MEA project, an evaluation of UNDP Lao PDR support to WREA will be realized and a continued programme of support designed that may encompass MEAs.

34. [The Strengthening Environmental Management Project \(SEM II\)](#). In the baseline, this project will:

- Strengthen legislation at the national level, focusing on the EPL and related regulations;
- Generally strengthen capacity in WREA for environmental protection and natural resource management;
- At the provincial level (eight provinces) strengthen the WREO and the PEC and support environmental awareness and education programmes, with a focus on the urban environment and brown issues.

In the baseline, the SEM II project focuses on addressing national environmental issues. It only indirectly affects the Rio Conventions.

35. [The Poverty Environment Initiative \(PEI\)](#) has the following specific objectives:

- To build the long term capacity of the government to integrate environmental concerns in the national development plans and poverty reduction strategies, and in their implementation;
- To improve the longer-term ability of natural and environment resources to support livelihood and reduce poverty.

¹¹ The IUCN – World Conservation Union and its Commission on Education and Communication has described the “Drum, Carrot, and Stick” approach to changing behaviour towards more sustainable practices in numerous publications and talks at its World Congress in Bangkok, November 2004.

The PEI is currently in its Preparatory Phase in Lao PDR and the support that this Initiative provides to Government will likely be concentrated in the Ministry of Planning and Investment and the National Assembly.

36. The Greater Mekong Sub-Region (GMS) Biodiversity Corridor Initiative This project identified the corridor between Dong Hua Sao NBCA and Dong Amphan NBCA as the most important biodiversity corridor in Lao PDR. This corridor stretches across the Bolaven Plateau and therefore the Project Site. In the baseline, this project aims to conserve the biodiversity in the corridor by protecting remaining forests and supporting reforestation.

Project Objective, Strategy, Outcomes and Indicators

37. The **Overall Goal** of this project is the more effective implementation of MEAs in Lao PDR, in direct support of national socio-economic goals.

38. The **Project Objective** is to strengthen national and local capacity to implement natural resources legislation with a focus on issues most relevant to the Rio Conventions.

39. The **Project Strategy** consists of the following elements:

- **Focusing on cross-cutting and common issues.** As determined under the NCSA, there are many issues and challenges that cut across all three Rio Conventions. In addition, there are many opportunities to develop synergies and economies of scale, by ensuring the three sets of stakeholders work together. The project strategy is to focus on those cross-cutting and common aspects, and thereby generate synergies, economies of scale, and reduce overlap and duplication.
- **Implementing Rio Conventions through implementing national legislation.** As seen from the analysis in the previous sections, in general, if domestic legislation is implemented, the Rio Conventions will be largely implemented. Hence, the project approach is to increase implementation and enforcement of domestic legislation, and thereby implement the Rio Conventions. The project activities will focus on those aspects of domestic legislation that are most relevant to the Rio Conventions and will ensure the Rio Conventions are central to all GEF-supported activities.
- **Operationalising the existing legislative framework.** The project will use the existing framework and aim to increase implementation – rather than trying to perfect the framework. However, baseline projects (notably SEM II) will focus on finalising and improving the framework. Also, it is expected that the proposed project will learn lessons ‘on the ground’ that will be useful in the future development of legislation.
- **Capacity-development-by-doing.** The project will not develop capacity at an abstract level. It will coach national and local stakeholders to address real on-the-ground issues at the Project Site. It will contribute to four capacity results required in a management system as per Section IV Part V and the progress to monitor capacity development will be done through the monitoring of six capacity development indicators as indicated in Section IV Part V. The Project Site will serve as the ‘training ground’ for stakeholders. The project will support the stakeholders at the site as they go through the process: of selecting priorities; identifying challenges; analysing stakeholders; selecting tools; designing tools; applying tools; monitoring tool effectiveness; and modifying tools. This hands-on experience will develop their capacity to implement legislation. The national stakeholders will then be able to use this capacity to support all provinces in Lao PDR.

- **Providing practical tools.** Stakeholders who are familiar with laws require access to and understanding of ‘tools’ in order to implement and enforce the laws. This project will identify, design, create and strengthen tools. These tools will be selected by local stakeholders and developed ‘on-the-job’, thereby ensuring their relevance and applicability to the situation in Lao PDR. Three kinds of tools exist to help stakeholders to implement laws. These are materials (e.g. checklists and booklets), knowledge and expertise (often provided through training) and institutions (e.g. legal advisory centres, ombudsmen). The project will first determine which tools best fit the present situation in Lao PDR. Section IV Part III provides additional information on possible tools.
- **Ensuring an appropriate balance between implementation, compliance and enforcement.** As described in Section IV Part III, there are three approaches to implementing legislation, sometimes referred to ‘drums’, ‘carrots’ and ‘sticks’. The project will support stakeholders to develop a balanced basket of tools to be used.
- **Motivation.** Law enforcement (and compliance) requires that the law enforcement officers are motivated to enforce the laws. It is not sufficient to have the technical tools and the ability. Hence, the project has been designed to generate motivation. They will be motivated: by the support and interest they are getting from the project; by the fact that the project will generate benefits (in terms of livelihoods and social welfare); by their increased understanding of the issues and the project; and by the training they will receive. This motivation will apply to both government officials and villagers. This approach contrasts with previous strategies to increase compliance in Lao PDR which have focussed on ‘instructing people how to behave’, without considering motivation aspects.

Overall Indicators

40. Three/four indicators of achieving the Project Objective will be used (see Section II) for more details, including explanations). The first three are indicators of capacity, whereas the fourth is an indicator of the pressure on natural resources and therefore more directly indicates environmental benefits. The indicators are:

- The number of complaints pertaining to potential infractions of environmental laws that are made to an Ombudsman or to a concerned government official;
- The number of infractions of environmental laws that are reported in the national press;
- The percentage of respondents (to an independent survey financed by the project) in all provinces that are sufficiently familiar with national laws to know that they address biodiversity, land degradation and/or climate change;
- The proportion of logging that is legal and sustainable (at project site).

Outcomes and Outputs

41. The Project has three Outcomes. Of these, the first is almost entirely supported by the GEF funds. The second is funded partly by GEF funds and partly by the PEI project. The third is funded mostly by the SEM II project, with some input from GEF and PEI.

42. **Outcome 1 - Key stakeholders in the two / three provinces are implementing and enforcing important components of the existing natural resource management legislation.** This Outcome is almost entirely supported by GEF. Working in the Project Site, the first task for the team, with facilitation from project experts, will be to review the text of several national laws or regulations, and determine which

laws, regulations or articles should be the priority for implementation and enforcement¹². Once the laws/regulations/articles have been selected, the team will prepare a ‘compliance strategy’. The team, again with support from project experts, will identify the most appropriate tools to be used at the project site, selecting from the tools in Section IV Part III and others as appropriate. The team will also prepare specific timelines and indicators for each tool. The experience of other countries in ASEAN will be considered in the selection of tools. Also, the experience in Lao PDR with law implementation in other sectors should be considered. The next step, with project technical support, will be to create or modify the tools for use at the Project Site. The substantive details of this step depend on the tools selected. The provincial stakeholders will then test run the tools, for example in a small number of pilot villages in the Project Site. Based on this initial testing, the tools may be revised or modified. The final step will be to use the tools across the entire project site, and more broadly if the provincial authorities feel appropriate.

A series of Outputs will be generated through this process:

- Output 1.1: An agreed set of priority laws, regulations and/or articles;
- Output 1.2: A compliance strategy. This will consist of a set of steps to be taken to increase local compliance with the law. It will also include timelines, indicators and allocation of responsibilities. This includes clear mechanisms to ensure that Rio Conventions will be addressed;
- Output 1.3: A package of operational tools. There are many possible tools. Some illustrative examples include:
 - Model village agreement to implement forestry law, with full consideration given to Rio Convention issues and objectives;
 - Translation of law into local language and customs;
 - Targeted marketing campaigns to increase appreciation of laws;
 - Checklist or guidance manual for law enforcement officers¹³;
 - Judges and Court Officers trained on natural resource legislation;
 - Ombudsman or a trustworthy complaints mechanism.
- Output 1.4: Documentation of the impacts of the tools on compliance across the Project Site.

Indicators for Outcome 1 are:

- Percentage of respondents in 3 participating provinces that are sufficiently familiar with national laws to know that they address the Rio Convention;
- The number of times the tools are used at the Project Site;
- The number of times the village officers request assistance from the provincial authorities for assistance in enforcing the selected laws.

43. **Outcome 2** - *National level stakeholders have the capacity to implement and enforce natural resource legislation, and in particular are able to support all provinces in Lao PDR with legislation implementation and enforcement.* This Outcome will be implemented by both MEA Follow Up / PEI and GEF funds.

44. Under Outcome 2, the Outputs of the GEF funded activities will be:

- Output 2.1 An agreed set of priority laws, regulations and/or articles, that are best addressed at

¹² In the national consultation preparing this project, participants were presented with three articles, one each from the Forestry Law, Water Law and Environmental Protection Law. They then outlined compliance strategies for these articles. This is the approach that would be adopted in the Project. The criteria to be used are that the law/regulation/article has a direct bearing on the global environment and poverty alleviation; relevance at the project site; and can generate quick impacts and results.

¹³ At the village level, law enforcers are the villagers. These are backed up by district and provincial officials.

- the national level;
- Output 2.2 A compliance strategy. This will consist of a set of steps to be taken at the national level to increase compliance with the laws selected under 2.1 and to be implemented at the national level. It will also include timelines, indicators and an allocation of responsibilities. This will also include clear measures to ensure the commitments under the Rio Conventions are adequately accounted for;
- Output 2.3 A package of operational tools. There are many possible tools. Some illustrative examples include:
 - Marketing campaigns to increase appreciation of laws by national decision-makers;
 - Judges trained on natural resource legislation;
 - Ombudsman or trustworthy complaints mechanism;
 - By-laws or regulations.
- Output 2.4 Documentation of the impacts of the tools on law compliance, and feedback on the impact on the environment.

Indicators for Outcome 2 are:

- Confidence of the national stakeholders in their own ability to implement laws;
- The number of times that provincial officers request assistance of national authorities for assistance in enforcing the selected laws.

45. **Outcome 3** - *The legislation and policy with regards to the Rio Conventions in Lao PDR is more suitable to the national situation and more comprehensive. This is mostly funded by SEM II.*

The existing Environmental Protection Law and regulations with regards to Environmental Impact Assessment will be revised. These are planned activities under the SEM II project. GEF Funds will ensure that Rio Convention issues are adequately accounted for.

46. Whereas most of this is financed by SEM II in the baseline, TRAC and PEI funds will also contribute to this Outcome. Notably, they will support the mainstreaming of environmental concerns into national and provincial planning processes.

Indicators for Outcome 3 are:

- The revised EPL is promulgated and, to an appropriate extent, reflects the findings and recommendations of this project;
- The mainstreaming of environment into national and provincial (Savannakhet and Saravanne) planning processes.

Sustainability and Risks

47. **Sustainability:** The project adopts a bottom-up approach to developing legislative tools, working with local stakeholders on practical issues, to develop tools that best fit the local situation. This will ensure that the tools are appropriate to local conditions, and should therefore be utilised afterwards.

48. The project also builds the appropriate capacity at national level to support local stakeholders. The project strategy, which ensures that national level stakeholders will be fully involved in developing tools, thereby ensures that national stakeholders develop the capacity to: prioritise legislative acts, identify tools, and design and create tools. The national stakeholders will be able to apply this to other provinces in the country, thereby contributing to the sustainability of project outcomes.

49. Under Outcome 3, the findings and lessons learnt from the tool building at local level will feed back into national legislative processes. This will ensure that future legislation is more in line with on-the-ground needs and realities. More effective legislation is one way to ensure sustainability of project impacts.

50. Finally, the project complements the ongoing transition in Lao PDR to a society of ‘rule-of-law’. Over the next decade, laws and the legislative framework will play an increasing role in guiding activities in Lao PDR. This project will ensure that those laws and the legislative framework also pay adequate attention to environmental sustainability and the Rio Conventions.

51. **Risks:** There are three risks associated with the implementation of this project: First, even when stakeholders have the capacity to implement laws, there is a risk that they will not be motivated to implement. This would normally be a medium risk in Lao PDR, where finances are limited and government incentives schemes have had mixed results. However, it is the project strategy to target lack of motivation and to target the real barriers to implementation, not just the theoretical or technical barriers. Hence, this risk is minimised. Second, there is a low risk that the government’s commitment to a society of ‘rule-of-law’ declines in the coming years. The present government is fully committed to this approach, and is encouraged by the international community. Given the present government support, and the support of the international community to this approach, this is considered a low risk. Finally, there is a risk that the existing laws/regulations in Lao PDR are not yet ready for implementation. Although the laws may clearly demonstrate intent, the formulation of many laws is too general for immediate enforcement, and may not yet be ready for implementation. They would, for example, require the addition of ‘enabling’ amendments or regulations. However, initial reviews through the NCSA and in the project preparation indicate that there are at least some important articles that are ready to be implemented immediately. These Articles simply need tools for compliance and enforcement. Hence, this is considered a low risk.

Lessons Learnt and Replicability

52. **Lessons learnt:** One lesson learnt from previous projects to support implementation of the Rio Conventions is that the stakeholders for the three Conventions have common functions and tasks, they have shared resources, and they face common challenges and constraints. Hence, it is desirable that they work closely together and merge work programmes to the extent possible. However, in the past, actions to meet obligations under the Conventions have been largely driven by the international community. Through this proposed project, the Lao PDR government will ensure that future actions are more structured and that synergies are generated.

53. A second lesson is that whereas it is relatively easy to develop legislation, it has proven more challenging to implement (or ensure compliance with) legislation in Lao PDR. This is true for many countries. This project builds on previous initiatives to develop legislation, and addresses the complex issue of *compliance*.

54. **Replicability:** The project addresses a capacity challenge prevalent in Lao PDR and common throughout the region and indeed throughout the world: the fact that adequate legislation exists but implementation and enforcement capacity is inadequate. Anything the project does in terms of developing practical, on-the-ground tools to implement/enforce legislation will be applicable to other areas and countries. The lessons learnt and experience gained through the project will be valuable to many other countries. The UNDP and GEF framework will ensure that these lessons are disseminated to other countries.

55. The project strategy involves national agencies in developing the tools to address specific environmental issues at the provincial and lower levels. This strategy will develop national capacity. This national capacity will then be applied to support other provinces across Lao PDR, on similar and different issues. Outcome 2 addresses this aspect of replicability.

Stakeholder Involvement

56. ***Stakeholder involvement in project design:*** The project design builds on the NCSA process in Lao PDR. The NCSA followed a thorough and extensive consultation and participatory process, with three thematic working groups, over 20 workshops and over 600 people involved, representing all sectors of Lao society. This process ensured that all major stakeholders were involved in the identification of priority capacity needs.

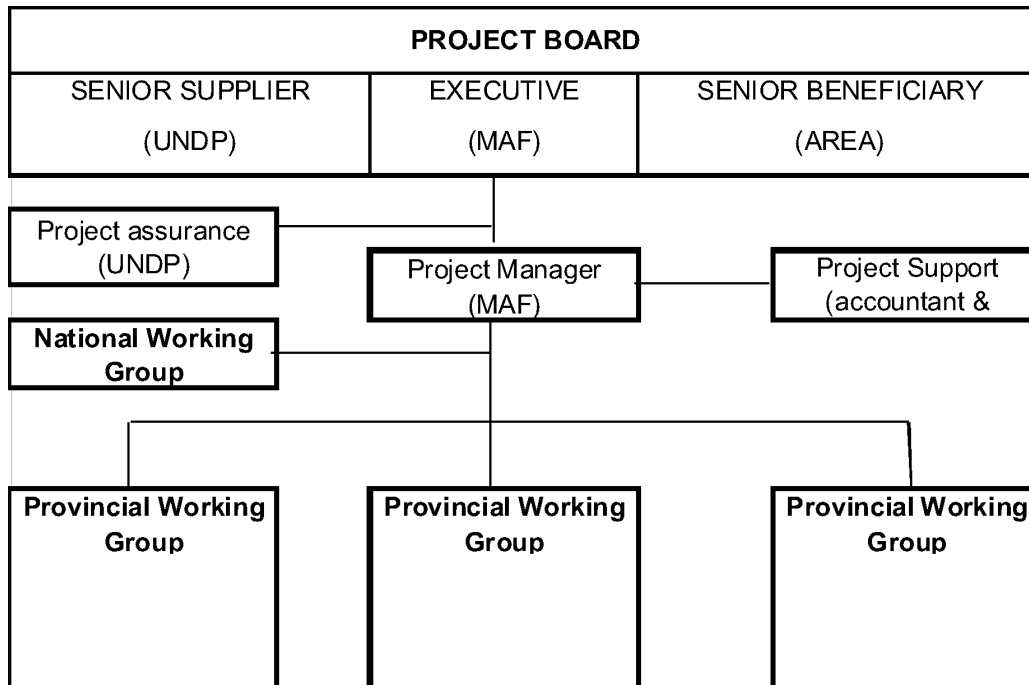
57. In the specific process to design this project proposal, all major stakeholders were consulted. In addition, two consultations were held.

58. ***Stakeholder involvement during project implementation:*** The main beneficiaries of the project are WREA, which is focal point for UNFCCC and MAF, which is Focal Point for UNCCD and UNCBD under Rio Conventions and both agencies are responsible for coordinating the implementation of the Conventions. Other core stakeholders to be involved directly in project related activities and initiative include those listed below:

1. Ministry of Justice (MOJ)
2. Mass and community organizations
3. Water Resources and Environment office (WREO) in pilot provinces
4. Provincial Agriculture and Forestry (PAFO) in pilot provinces
5. District Agriculture and Forestry Office (DAFO) in pilot districts
6. Department of Forest Inspection (DOFI) at national and provincial levels
7. Village elders (in pilot provinces)
8. Law implementation and enforcement agencies (Investigation Organ; Office of Public Prosecutors, and the Court)
9. Other relevant Government sectors
10. Other relevant private sectors
11. International organizations

PART III: Management arrangements

59. The project will be implemented by the Ministry of Agriculture and Forestry (MAF) under NEX modality. The management arrangements for this project will follow both the arrangements for the NCSA and the standard project management arrangements for the UNDP Lao PDR supported projects. At all levels, the participation of women in the processes of project planning, management, implementation, monitoring and evaluation will be strongly encouraged. The proposed structure is presented below:



60. To promote capacity building, gender balance, self-reliance and sustainability, ownership and internalisation of external inputs, and relevance of impacts, the project will be nationally driven and implementation led by appointed government officials. The national implementation is based on the willingness of the government to assume management responsibilities for the project. The key principles for national implementation are: (a) use of government rules and procedures when consistent with internationally recognised practises, to ensure integration with and relevance to national programmes and structures; (b) government accountability for the effective use of UNDP resources through adequate financial reporting and the achievement of project objectives; (c) adherence to UNDP regulations and rules, when the UNDP Lao PDR office provides support services.

61. The institutional framework will consists of following entities:

- 22.1. ***Ministry of Agriculture and Forestry (MAF)*** is the Focal Point for the UNCBD and UNCCD in Lao PDR and is to be designated as the Implementing Partner for the project. MAF will be accountable for the delivery of the project outputs and the achievements of the project objectives. MAF will be responsible for the planning and overall management of the project activities, including reporting, accounting, monitoring and evaluation, and use of resources.
- 22.2. ***Oversight: Project Board*** The Project Board is the group responsible for making executive management decisions for the project when guidance is required by the Project Manager, including approval of project revisions. Project assurance reviews by this group are made at designated decision points during the running of a project, or as necessary when raised by the Project Manager. This group is consulted by the Project Manager for decisions when project tolerances have been exceeded. The group contains three roles: an Executive to chair the group (representative of MAF), a Senior Supplier (representatives of UNDP) to provide guidance during regarding the technical feasibility of the project, and a Senior Beneficiary (WREA) to ensure the realisation of project benefits from the perspective of project beneficiaries. See ToRs in Section IV, Part IV.
- 22.3. ***Project Assurance: UNDP*** The responsibility of project assurance is to support the Project Board and the Outcome Board by carrying out objective and independent project oversight

and monitoring functions. This role will be a responsibility of a UNDP Programme Analyst.

22.4. **Project Management:**

- **Project Manager** The Project Manager is responsible for day-to-day management and decision-making for the project as well as ensuring that the project outputs and results are delivered as planned. The Implementing Partner, in this case MAF, will appoint the Project Manager. The Project Manager’s roles include but not limited to: determining when, where, and how activities take place; ensure that the project stays on track; inform all stakeholders on progress; resolve impasses and conflicts among all stakeholders. MAF will designate the Alternate or Officer in charge of the project when the Project Manager is not available. See ToRs in Section IV, Part IV.
- **Project Support.** Project support comprises of one Assistant Project Manager, administrative staff and possible advisors. Project support based at MAF will be in charge of day-to-day project implementation and ensure that the project outputs are achieved as planned. Project support staff will work under the direct supervision of the Project Manager. ToRs for Assistant Project Manager are presented in Section IV, Part IV.
- To facilitate the implementation of the project, the UNDP Lao PDR CO will provide support services to the project in accordance with UNDP procedures as requested. These services may include sub-contract arrangements and the procurement of goods and services. A summary of the project personnel is provided in the table below.

22.5. **Working Groups.** The project will establish multidisciplinary working groups with technical staff from relevant government agencies. These working groups will be responsible for carrying out technical aspects of the project in the three provinces with support from the national and international technical advisors. There will be four groups organized geographically: (1) Central, (2) province 1, (3) province 2, and (4) province 3. The sectoral working groups will operate under the direct supervision of the Central Working Group Team Leader and Project Manager. The WGs will consist of experts from all concerned agencies. The WGs will be financed by the government, although expenses (e.g. travel, equipment) will be provided by the project. For example, the WG will: select laws, select tools and develop the compliance strategies. They will also be involved in the preparation of tools.

Table 3: Project management team

Project Board Executive	Director General, Department of Forestry
Project Board Senior Supplier	Manager, UNDP/UNEP Environment Unit, UNDP Lao PDR
Project Board Beneficiaries	-Representative of WREA at Department level
Project Manager	Project Manager: MAF (at least at senior professional staff level) Alternate Project Manager MAF (at least at senior professional staff level)
Project Assurance	Programme Analyst, UNDP Lao PDR
Project Support Staff	1. Project Technical Assistant Project Accountant to be hired Assistant Project Manager - To be hired 2. Project Driver-To be hired
Central Working Group Leader	Department of Forestry/MAF
Provincial Working Group Team Leader	Provincial National Protected Areas Management Division from pilot province
Provincial Working Group Team Leader	Provincial National Protected Areas Management Division from pilot province
Provincial Working Group Team Leader	Provincial National Protected Areas Management Division from pilot province

62. MAF will provide a Project Office for the Project Team. The Project Team will include a full time Assistant Project Manager (financed by GEF) who will also be an expert on environment/law/facilitation, and a financial/administrative officer (financed by the GEF). In addition to project management, the Assistant Project Manager’s job will be to guide and technically support the activities of the WGs. S/he will also play a key role in designing the tools. Together with short term

international experts, s/he will also play a key role in ensuring that most relevant international experience is made available to the WGs and to other project stakeholders.

63. As necessary, the project will recruit national and international experts. This will be to feed best practices and experience from throughout the region into the project activities. This will notably be to support the identification and design of the tools. The possibility of sub-contracting a regional organisation, with both international expertise and national experts will also be explored.

64. It was originally anticipated that this project be implemented alongside the Implementation of Multilateral Environment Agreements in the Lao PDR (“MEA Project”). However, the MEA project is now drawing to a close and this project will instead be implemented alongside the Poverty Environment Initiative (PEI) – which is also being implemented in Saravanne and Savannakhet Provinces – and support to WREA that will follow-up on the MEA support.

65. In order to accord proper acknowledgement to GEF for providing funding, a GEF should appear on all relevant GEF project publications, including among others, project hardware and vehicles purchased with GEF funds. Any citation on publications regarding projects funded by GEF should also accord proper acknowledgment to GEF. The UNDP logo should be more prominent -- and separated from the GEF logo if possible, as UN visibility is important for security purposes.

PART IV: Monitoring and evaluation

66. Project progress will be monitored according to UNDP-GEF rules and regulations by the project team and the UNDP Country Office (UNDP-CO) with support from UNDP-GEF.

67. The **Project Board** will meet at least once a year to assess the project’s progress against planned outputs and to give strategic direction to the implementation of the project. The **Project Team** will hold monthly meetings with UNDP to monitor progress and troubleshoot.

68. Annual Project Reports/Project Implementation Reviews (APR/PIRs) will be prepared by the project and submitted to the PEG for approval. The APRs, prepared in UNDP-GEF format, shall assess the performance of the project and the status of achievement of project outputs and their contribution to the relevant UNDP Outcomes. The project will be subject to at least one external financial audit in accordance with established UNDP-GEF regulations, and to one independent evaluation.

69. The Logical Framework in Section II provides indicators for the Project’s Objective and Outcomes. Detailed explanations of these indicators are provided in footnotes to Section IV Part III. In addition, where appropriate, the baseline, the target and the sources of verification are provided.

70. In line with the GEF results-based management framework which aims at “*designing mechanisms to ensure the measurement of progress*” and the GEF’s need to monitor “*how outputs and outcomes at the project and programme level are progressing towards achieving global environmental benefits*”, project will use a capacity development monitoring and evaluation scorecard to monitor the project capacity development processes (see scorecard in Section IV Part V). This scorecard will track project CD processes along four capacity results. Indicators will be rated to quantify the change achieved. So far, it is expected that the project capacity development activities will largely be monitored by six indicators (see Section IV Part V – indicators 1, 3, 9, 10, 13 & 14), which are of direct relevance to strengthen national and local capacity to implement natural resources legislation with a focus on issues most relevant to the Rio Conventions in Lao. The success of the project will therefore be monitored against these indicators

only. However, any indirect contribution to other capacity development indicators will also be documented in the project reports, as necessary.

71. This scorecard will be used to establish the project baseline at inception, at mid-point of project implementation and finally at the end of project implementation. The rating done at project inception will also provide a useful capacity assessment at the start of the project; including the current areas of weaknesses and strengths. This capacity development monitoring tools will be used by the project implementation team to monitor project progress and also by the evaluators to conduct the MTE and the final evaluation.

72. At a general level, the Project Office, under the NPC, will be responsible for collecting data on the indicators and reporting on progress. For monitoring, the Project Office will be supplemented by (see Section IV Part III for more details):

- An annual survey of villagers in the Project Site, funded by the project, and implemented by competent, independent experts;
- An annual, short, questionnaire of national level stakeholders, funded by the project, and implemented by competent, independent experts; and,
- Results of self-monitoring of the Compliance Strategies, developed under Outcomes 1 and 2.

PART V: Project reporting

73. The Project Manager in conjunction with the UNDP CO team will be responsible for the preparation and submission of the following reports that form part of the monitoring process.

74. A Project **Inception Report** will be prepared immediately following the Inception Workshop. It will include a detailed First Year Work Plan divided in quarterly timeframes detailing the activities and progress indicators that will guide implementation during the first year of the project. The Report will also include the detailed project budget for the first full year of implementation, prepared on the basis of the Annual Work Plan, and including any monitoring and evaluation requirements to effectively measure project performance during the targeted 12 month time-frame. The Inception Report will include a more detailed narrative on the institutional roles, responsibilities, coordinating actions and feedback mechanisms of project related partners. In addition, a section will be included on progress to date on project establishment and start-up activities and an update of any changed external conditions that may affect project implementation. The report will also specify cash transfer modalities. When finalized, the report will be circulated to project stakeholders for comments or queries. Prior to this circulation of the IR, the UNDP CO and UNDP-GEF's Regional Coordinating Unit will review the document.

75. **Risks, issues and lessons learned logs** shall be updated on a monthly basis during monthly management meetings, and documented on a quarterly basis to facilitate tracking and resolution of potential problems or requests for change, and to facilitate learning and adaptation within the organization

76. **Quarterly Progress Reports** reflecting all aspects of project implementation will be prepared by the project and shared with the PEG members for review. UNDP CO will share short updates on the progress of the project with the GEF Regional Coordination Unit (RCU) on a quarterly basis.

77. An **Annual Review Report** shall be prepared by the Project Manager and shared with the Project Board. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information for each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.

78. The APR is a UNDP requirement and part of UNDP's Country Office central oversight, monitoring and project management. It is a self -assessment report by project management to the Project Board. An APR will be prepared on an annual basis (normally by December of the year) prior to the Project Board Meeting, to reflect progress achieved in meeting the project's Annual Work Plan and assess performance of the project in contributing to intended outcomes through outputs and partnership work. The report will be based on the above-mentioned ARR. The format of the APR is flexible but should include the following:

- An analysis of project performance over the reporting period, including outputs produced and, where possible, information on the status of the outcome
- The constraints experienced in progress towards results and the reasons for these
- The three (at most) major constraints to achievement of results
- AWP and other expenditure reports
- Lessons learned
- Clear recommendations for future orientation in addressing key problems in lack of progress

79. **Audit Clause:** The Government will provide the Resident Representative with certified quarterly financial reports. An annual audit of the financial statements relating to the status of UNDP (including GEF) funds will be conducted by the legally recognised auditor according to the established procedures and international standards within the framework of Harmonised Approach to Cash Transfer (HACT).

PART VI: Legal context

This Project Document shall be the instrument referred to as such in Article I of the Standard Basic Assistance Agreement between the Government of Lao PDR and the United Nations Development Programme, signed by the parties on 10 October 1988. The host country implementing agency shall, for the purpose of the Standard Basic Assistance Agreement, refer to the government co-operating agency described in that Agreement.

The UNDP Resident Representative in Lao PDR is authorized to effect in writing the following types of revision to this Project Document, provided that he/she has verified the agreement thereto by the UNDP-GEF Unit and is assured that the other signatories to the Project Document have no objection to the proposed changes:

- a) Revision of, or addition to, any of the annexes to the Project Document;
- b) Revisions which do not involve significant changes in the immediate objectives, outputs or activities of the project, but are caused by the rearrangement of the inputs already agreed to or by cost increases due to inflation;
- c) Mandatory annual revisions which re-phase the delivery of agreed project inputs or increased expert or other costs due to inflation or take into account agency expenditure flexibility; and
- d) Inclusion of additional annexes and attachments only as set out here in this Project Document.