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READINESS PREPARATION PROPOSAL ASSESSMENT NOTE

ON A

PROPOSED GRANT

IN THE AMOUNT US\$ 3.6 MILLION

TO THE

THE KINGDOM OF THAILAND

FOR

REDD+ READINESS PREPARATION

December 3, 2015

Vice President: Axel van Trotsenberg

Country Director: Ulrich Zachau

Global Practice Manager: Iain Shuker

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Task Team Leader: Robert Davis

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DATA SHEET
Kingdom of Thailand
REDD+ Readiness Preparation

READINESS PREPARATION PROPOSAL (R-PP) ASSESSMENT NOTE
East Asia and Pacific

Date: December 3, 2015 Country Director: Ulrich Zachau GP Manager/Sr. Director: Iain Shuker and Paula Caballero Project ID: P130115 Lending Instrument: Grant Team Leader(s): Robert Davis	Risk Rating: High Sectors: Agriculture, fishing and forestry sector: Forestry (100%) Themes: Climate Change (67%; Other Environment and Natural Resource Management (33%) EA Category: B
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Date of country selection into FCPF: March 13, 2009
Date of Participation Agreement signed by Country: December 29, 2009
Date of Participation Agreement signed by Bank: December 29, 2009
Date of R-PP Formulation Grant Agreement signature: October 21, 2011
Expected date of Readiness Preparation Grant Agreement signature: June 30, 2016
Joint IFC: N/A

Project Financing Data:

<input type="checkbox"/> Loan	<input checked="" type="checkbox"/> Grant	<input type="checkbox"/> Other, explain:
<input type="checkbox"/> Credit	<input type="checkbox"/> Guarantee	

For Loans/Credits/Others:
Total Project Cost (US\$M): US\$3.98 million
Cofinancing: US\$0.38 million
Total Bank Financing (US\$M): N/A

Source	Total Amount (US\$)
FCPF	3.6 million
Government of Thailand	0.38 million

Regional FCPF Trust Fund Number: TF093772
FCPF Country Child Trust Fund Number: TF018351

Recipient: Government of (the Kingdom of) Thailand
Responsible Agency: Department of National Parks, Wildlife and Plant Conservation

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Project Implementation Period: 2016 – 2019

Clearances to the Readiness Preparation Proposal Assessment Note:

GP Manager: Iain Shuker
Regional Safeguards Coordinator: Peter Leonard
Safeguards Specialists: Haddy Sey (Social) and Waraporn Hirunwatsiri (Environmental)
Procurement Specialist: Sirirat Sirijaratwong
Financial Management Specialist: Malarak Souksavat

PURPOSE OF THE READINESS PREPARATION PROPOSAL ASSESSMENT NOTE

As part of its responsibilities for the FCPF, the World Bank has been asked to ensure that the FCPF's activities comply with the relevant World Bank Operational Policies and Procedures, in particular the Safeguard Policies, and the policies on Procurement and Financial Management.

The World Bank has also been asked to assist REDD Country Participants to formulate and implement their Readiness Preparation Proposals (R-PPs).

The purpose of this Readiness Preparation Proposal Assessment Note (R-PP Assessment Note), therefore, is for the Bank to assess if and how the proposed REDD+ Readiness Support Activity, as presented in the R-PP, complies with Safeguard Policies, and the Bank's policies on Procurement and Financial Management, discuss the technical quality of the R-PP, record the assistance it has provided to the REDD Country Participant in the formulation of its R-PP, and describe the assistance it might potentially provide to the REDD Country Participant in the implementation of its R-PP.

ABBREVIATIONS AND ACRONYMS

CAS	Country Assistance Strategy
CBD	Convention on Biological Diversity
CCMP	Climate Change Master Plan
CDM	Clean Development Mechanism
CERD	Convention on Elimination of all forms of Racial Discrimination
CO ₂ e	Carbon dioxide equivalent
CSO	Civil Society Organization
DG	Director-General
DMCR	Department of Marine and Coastal Resources
DNA	Designated National Authority
DNP	Department of National Parks, Wildlife and Plant Conservation
ESMF	Environmental and Social Management Framework
FCPF	Forest Carbon Partnership Facility
FIO	Forest Industry Organisation
FMT	Facility Management Team
GOT	Government of (the Kingdom of) Thailand
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
ITTO	International Tropical Timber Organisation
MoNRE	Ministry of Natural Resources and Environment
MRV	Measurement, Reporting and Verification
NCCC	National Climate Change Committee
NESDB	National Economic and Social Development Board
NFI	National Forest Inventory
NGO	Non-governmental organization
NSCCM	National Strategy on Climate Change Management
ONEP	Office of Natural Resources and Environment Policy
PC	Participants Committee
PS	Permanent Secretary
REDD+	Reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries
REL	Reference Emission Level
RFD	Royal Forest Department
RL	Reference Level
R-PIN	Readiness Preparation Idea Note
R-PP	Readiness Preparation Proposal
Mt	Megaton (million metric tons)
SESA	Strategic Environmental and Social Assessment
TF	Task Force
TGO	Thailand Greenhouse-gas management Organisation
UNFCCC	United Nations Framework Convention on Climate Change
WBS	World Bank System

KINGDOM OF THAILAND
REDD+ READINESS PREPARATION

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KINGDOM OF THAILAND REDD+ READINESS PREPARATION

I. Introduction and Context

A. Country Context

1. Thailand is located in the south-eastern part of continental Asia, bordered by Myanmar, Lao PDR, Cambodia and Malaysia and is one of the strongest economies in the sub-region. It has a land area of approximately 51.3 million ha and the central part of the country contains the major rice growing area formed by the basin of the Chao Phaya River. The northwestern part of the country is mainly mountainous with a sub-tropical climate and the northeastern part is mainly comprised of a semi-arid plateau with generally poor soils. The southern part is a long, generally mountainous peninsula that separates the Gulf of Thailand from the Indian Ocean and has a tropical climate.

2. The predominant forest types are mainly evergreen forest in the south and mixed deciduous forest in the west and northwest, while the northeastern part of the country is predominantly a dry dipterocarp forest. Each of these forest types contains many valuable timber species such as teak and rosewood. However, the forest area has steadily declined over the past decades as a result of several factors including population growth with increased demand for forest products and land for agricultural expansion as well as development of infrastructure facilities (*e.g.* roads, electricity, water reservoirs for hydro-power and irrigation and mining), and despite improvements in forest management.

3. Today people cook on natural gas rather than firewood and charcoal, and wood substitutes are increasingly replacing wood in house construction as it is more affordable than timber. Forest management has slightly improved due to both the direction of government policy and pressure from society. Government policies have emphasized conservation and sustainable use of forest resources since a national logging ban was imposed in 1989. The government has also recognized and supported people's participation and private investment in forestry activities. Nevertheless, despite these policies the improvement in forest management would not have succeeded without considerable public pressure and support for stronger conservation and protection.

B. Sectoral and Institutional Context

4. Thailand had approximately 19.6 million ha of forest land in 2006, based on ground sampling, a somewhat higher figure than the estimate of 17.13 million ha from interpretation of satellite imagery. About 1.45 million ha are plantations and almost 13 million ha are evergreen forest. The balance is made up of various drier forest types, including mixed deciduous, dry dipterocarp and pine as well as mangroves and small areas of swamp forest. Forests are vitally important to Thailand's tourist industry and virtually all of the natural forests are under some form of formal protection, mainly as national parks or forest reserves. Biodiversity is considered high in

many of the remaining forests. About 7 percent of all flora and fauna worldwide is found in Thailand's terrestrial, marine and aquatic ecosystems, making it one of the most bio-diverse countries in the world. Production forestry is limited to plantations, which consists largely of rubber wood, with smaller areas of teak, eucalypts, acacias, and pines, among others. Since 1989, a logging ban in natural forests has reduced forestry's share of GDP to around 0.1 percent. In contrast, tourism accounts for around 20 percent of GDP. While no statistics on fuelwood use are available, it is considered high due to the large number of rural populations living within or in close proximity to forests, who also depend heavily on non-timber forest products.

5. Thailand has actively participated in the global climate change debate and fora. The Government of Thailand (GOT) ratified the UNFCCC in December 1994 and the Kyoto Protocol in August 2002. Subsequently, in 2004, Thailand designated the Office of Natural Resources and Environmental Policy and Planning (ONEP) under MONRE as the national climate change focal point. In 2007, Thailand Greenhouse Gas Management Organization (TGO), a public organization, was established as the Designated National Authority (DNA) for Clean Development Mechanism (CDM) projects, and the National Climate Change Committee (NCCC) was established as the policy making body on climate change issues. In 2008, the Cabinet approved the National Strategy on Climate Change Management (NSCCM) (2008-2012) to support Thailand's action on climate change and to provide a comprehensive guideline of national responses to climate change.

6. The ten-year National Climate Change Master Plan (CCMP) Draft (2010-2019) has been adopted and is now in the process of being extended to a 40-year period (2011-2050) to provide long-term development directions to all sectors in order to manage climate change. The goal of the CCMP is to reduce greenhouse gas emissions and to become a low carbon society in the next 40 years, by 2050. The Plan emphasizes the importance of an effective reforestation program over the next ten years through community participatory processes.

7. The National Climate Change Committee (NCCC) is chaired by the Prime Minister and vice-chaired by the Minister of MONRE and the Permanent Secretaries (PS) of relevant ministries (Finance, Foreign Affairs, Agriculture and Cooperatives, Transport, Information and Communication Technology, Energy, Science and Technology, Public Health and Industry) are members, together with the NESDB Secretary General and 5-9 experts related to climate change (e.g. laws, economics, environment, science and technology, energy). The main task of the NCCC is to formulate and oversee major climate change policies on mitigation of greenhouse gases, adaptation to impacts and vulnerabilities of climate change and research and development, and provide advice on the national positions when contributing to the international efforts to the UNFCCC and international fora. The Climate Change Coordinating Office was also established under the Office of Natural Resources and Environmental Policy and Planning (ONEP) to serve as a secretariat of the NCCC.

8. In 2010, GOT decided to participate in the REDD+ partnership and followed up with the establishment of a REDD+ Taskforce (TF) in 2011 as an inter-ministerial and multi-sectoral committee. The REDD+ TF in Thailand is currently chaired by DG of the Department of National Parks, Wildlife and Plant Conservation (DNP) and includes representatives from key government agencies which have importance for managing the drivers of deforestation and

forest degradation. More recently in 2013, the REDD+ TF has been strengthened for the REDD+ readiness in Thailand by revising the composition of committee members and including more stakeholders from both government and non-government agencies, such as, civil society organizations, local forest-dependent communities, private sector organizations, academia and research institutions.

Each representative is nominated by their respective institution through a self-selection process. The need for a multi- sectoral approach to REDD+ implementation is critical as the GOT recognizes that the drivers of deforestation and forest degradation often lie outside the forestry sector.

The key challenge for the success of REDD+ efforts in Thailand is the way in which institutions will actually lead and coordinate across sectors and stakeholder groups, how benefits are fairly shared and how various competing or conflicting interests are satisfied or mediated, including, inter alia, land tenure and user rights in forested areas. MONRE has ultimate responsibility for the majority of state forest lands but there are different institutions responsible for different forest categories; (a) RFD is responsible for Reserved Forests outside Protected Areas (b) DNP is responsible for forest Protected Areas (c) DMCR is responsible for mangrove forests outside Protected Areas and (d) FIO is in charge of forest plantations. However, other Ministries and Departments have mandates that sometimes overlap with those of MONRE. Restructuring of existing institutions and the establishment of new institutions at national and sub-national levels to implement the R-PP will be undertaken step by step subject to national circumstances to strengthen inter sectoral coordination and implement the key tasks for REDD+ readiness and implementation.

The REDD+ Readiness Preparation Project will support the government to establish a number of technical working groups essential to the readiness and development of national strategy to provide technical and administrative advice to the REDD+ TF through the Office of the REDD+ TF Secretariat and also a REDD+ Information Center to fulfill a national carbon registry system.

The preliminary analysis indicated that the drivers of deforestation and forest degradation are complex yet similar across the various agro-ecological regions (Table 1).

Table 1. Drivers of Deforestation and Degradation

REDD+ Indicator	Direct Cause	Indirect (underlying) Cause
Deforestation	Encroachment (conversions of natural forest area to agriculture and other uses, e.g., food and energy crops, forest plantations and tourism resorts)	<ul style="list-style-type: none"> • Unclear forest and other land use boundaries • Insufficient public knowledge and awareness of forest conservation • Inadequate integration among responsible agencies in natural resources and environmental management • Poverty resulting in use of forest area for livelihoods • Conflict between conservation and implementation of development strategies, e.g., (a) government and company promote production of food and energy crops by guaranteeing product price, which then would be an incentive for increased forest encroachment; (b) government promotes tourism in natural forest national

REDD+ Indicator	Direct Cause	Indirect (underlying) Cause
		parks, but insufficient impact and carrying capacity control
	Infrastructure development	<ul style="list-style-type: none"> • Increasing population
	Mining	<ul style="list-style-type: none"> • Unclear forest area and other land use boundaries
Forest Degradation	Illegal logging	<ul style="list-style-type: none"> • Insufficient law enforcement • High economic-value tree species, which is an incentive for illegal logging • Insufficient public knowledge and awareness of forest conservation • Increasing population • Poverty resulting in use of forest area for livelihoods
	Uncontrolled forest fire	<ul style="list-style-type: none"> • Insufficient public knowledge and awareness of forest conservation • Demand of NTFP for subsidy

C. Relationship to CAS

13. At the present time, assistance to Thailand by the World Bank Group is guided by an Interim Strategy Note (ISN) implemented through Country Development Partnership (CDP). The most recently published ISN (2011-12) has two main thrusts, the second of which has three activity clusters, one of which is Infrastructure and Climate Change.

14. This second prong of the strategy is targeted toward the medium term challenges that Thailand faces with regard to strengthening the country's competitiveness, promoting private investment and diversifying the export-led growth model. The engagement in this area will focus on three clusters which research suggests are key constraints hindering Thailand's competitiveness: (I) Service Delivery and Social Protection; (II) Governance and Public Sector Reform; and (III) Infrastructure and Climate Change. There are direct tie-ins with all of these areas in the project, for example, by contributing to the development of social safeguards through the SESA, and the development of a comprehensive plan for addressing climate change in the forest sector through REDD+ activities.

15. Following the 1997 crisis, investment in infrastructure in Thailand never fully recovered, while infrastructure demands have increased greatly in tandem with economic growth. Investment in physical infrastructure, especially roads and power transmission lines is a significant driver of deforestation and is often planned with minimal consultation with the forestry and other land-use sectors.

16. This is especially critical now, bearing in mind the importance that has been placed in recent years on large infrastructure investment projects. Given these needs, the Bank Group will continue to provide support for infrastructure development and quality improvement through

enhanced advisory services in critical reforming infrastructure sub-sectors and possibly through investment financing.

17. Climate change must be viewed as a central issue related to Thailand's development. Thailand is placed 26th among the World's largest GHG emitters, and is highly vulnerable to climate change impacts. Direct impacts result not only from gradual changes in temperature and sea level, but also from increased climate variability and extremes, including more intense floods, droughts, and storms.

18. The risks – including physical threats to capital investments, potential economic underperformance and the possibility that projects will indirectly contribute to rising vulnerability – are also closely linked with the competitiveness agenda. Giving appropriate attention to both the issues of mitigation and adaptation, the potential engagement areas include:

- i. **Mitigation.** Energy efficiency and low carbon growth opportunities have been highlighted in the Tenth National Plan as a part of the climate change strategy. More investment in low carbon activities is needed now and will enhance the productivity and competitiveness of Thailand in the medium to long term. Beside supervision of the four carbon finance projects, the Bank will be supporting this parallel program under the Forest Carbon Partnership Fund (FCPF). In addition, a potential Readiness Mechanism Capacity Assessment will allow Thai authorities to identify capacity gaps under the new mechanism.
- ii. **Adaptation.** Interventions in agriculture, forestry and environment will need to be considered, as well as actions in urban areas given the large urban populations. The Global Facility for Disaster Reduction and Recovery (GDNPRR) provides support to: (a) evaluate and compare four cities in Asia using the City Risk Index that combines risk factors from disaster and climate change; and (b) provides post-disaster needs assessment training (taking place in Thailand and co-hosted by the Department for Disaster Prevention and Management) for ASEAN countries. The R-PP is the outcome of the agreement to participate in the Reducing Emissions from Deforestation and Forest Degradation (REDD+) Program and FCPF, which provides a good positioning to access resources in the future.

19. Thailand's second National Communication to IPCC in 2004 reported that in 2000, Thailand emitted GHGs equivalent to 281 million tons of CO₂. Taking into account a sink of 52 mtCO₂, the net GHG emissions reached 229 million tons of CO₂, which ranked the country 26th globally for GHG emissions. However, the data gathered for the R-PP indicate that the forestry is not a net sink as reported, but is in fact a net emitter of about 54 mtCO₂. The 52 mtCO₂ sink is the contribution from the plantations, but takes no account of the emissions from deforestation and degradation of the natural forest as discussed in the R-PP.

20. The country is highly vulnerable to the likely impact of climate change from both rising sea levels and changes in rainfall patterns that may lead to increased flooding at times in some areas of the country and increased severity of drought at other times and in other areas. The Government has been placing increasing priority on climate change issues since 2002, and joined the Forest Carbon Partnership Facility in 2010 with REDD+ Readiness being an important part

of Thailand's climate change mitigation efforts.

II. Proposed PDO/Results

A. Proposed Development Objective(s)

21. The Project Development Objective *is to support the development of the Readiness Preparation Activities*¹. This will be achieved by supporting the preparation of its REDD+ strategy, the design of a national MRV system, and by producing technical work and policy advice.

22. These activities are referred to as 'REDD+ Readiness' and are supported in part by the Readiness Fund of the FCPF. This FCPF Readiness Preparation grant activity (referred to as "Project" in the R-PP Assessment Note) will fund only a portion of the R-PP activities, to help Thailand move toward achieving REDD+ Readiness. The operation **will not** finance the implementation of REDD+ activities on the ground (e.g., investments or pilot projects) but would prepare Thailand for such investments later on. At the same time, the operation's activities will produce tangible outcomes and products themselves to support Thailand's natural resources sector and the government's ability to manage them. For example, in assimilating and analyzing data to produce a national "reference emissions level/reference level" (REL/RL) for REDD+ purposes, the grant would simultaneously complete and publish Thailand's latest national forest inventory. The monitoring and reporting system (MRV) upgrades realized through the FCPF grant would serve to enhance the country's management of its protected areas and a wide range of forest resources. Because REDD+ also includes afforestation and reforestation, the operation would also help to develop positive incentives for rural producers for planting and maintaining tree covers and plantations, which are in very short supply. This, in turn, would create new opportunities for sustainable livelihoods and public-private partnerships in rural areas, where employment opportunities are frequently scarce and business opportunities limited. Along with these, the consultation and benefit sharing mechanisms are expected to foster the development of improved lines of communication and cooperation between rural communities and government agencies, which can only benefit the management of the country's precious forests and other natural resources on which a main pillar of its economy relies. Ensuring that REDD+ activities and natural resource management are done in participatory ways is a major element of the FCPF approach.

23. Thailand received grant support to develop a Readiness Preparation Proposal (R-PP), which contains a detailed assessment of the drivers of deforestation and forest degradation, terms of reference for defining their emissions reference level based on past emission rates and future emissions estimates, establishing a monitoring, reporting and verification system for REDD+, adopting or complementing their national REDD+ strategy, and actions for integrating environmental and social considerations into the REDD+ Readiness process, including the national REDD+ strategy. A Consultation and Participation Plan was part of the R-PP. Based on the activities outlined in the R-PP, it is expected that upon successfully *reaching REDD+*

¹ Readiness preparation activities are defined in *A Guide to the FCPF Readiness Assessment Framework* (FCPF, June 2013). Core readiness activities include "... REDD+ organization, consultation and strategy preparation, design of reference levels and monitoring systems, as well as cross-cutting issues such as governance, and environmental and social safeguards..."

Readiness, the Country would eventually be eligible to participate in REDD+ carbon transactions, including under the FCPF Carbon Fund.

B. Key Results

- a) a socially and environmentally sustainable, coherent and cost effective national REDD+ strategy
- b) REDD+ framework designed, including an Environmental and Social Management Framework
- c) establishing a credible Reference Emission Level against which to measure future emission reductions
- d) putting in place a comprehensive and credible MRV system for GHG emissions and co-benefits.
- e) National benefit sharing mechanism/ plan

III. Project Context

A. Concept

1. Description

24. The GoT recognizes that achieving the aim of REDD+ requires a multi-sector approach, and a major campaign of awareness raising among a wide range of stakeholders.

25. The operation would assist the Royal Thai Government (RTG) in developing its REDD+ Strategy so that it is technically sound and environmentally and socially sustainable, as well as in compliance with World Bank safeguards policies. The REDD+ Readiness, which will be completed around 2018 will be achieved by (i) developing a coherent and cost effective National REDD+ strategy; (ii) designing a REDD+ institutional framework, including an environmental and social management framework (ESMF); (iii) ensuring consultation, participation and overall social inclusion, especially ethnic minorities and developing benefit sharing mechanisms for REDD+ at the national, provincial, district and community levels; (iv) establishing a credible Reference Emission Level/Reference Level (REL/RL) against which to measure future emission reductions; and (v) putting in place a comprehensive and credible Measurable, Reporting and Verification (MRV) system for Greenhouse Gas (GHG) emissions and co-benefits.

26. Changing institutional structures is a slow and difficult process in Thailand, but recognizing that most of the drivers of deforestation and forest degradation are from land-using sectors other than forestry, such as agriculture and infrastructure development, the R-PP provides for the early strengthening and broadening of representation on the existing cross-sector REDD+ Task Force (TF) chaired by the DG of the Department of National Parks, Wildlife and Plant Conservation (DNP) who reports to the Climate Change Technical Sub-Committee (CCTS) under the NCCC. At the end of the Readiness phase the status of the REDD+ TF will be raised further by placing chairmanship with the PS of MoNRE and putting it directly under the NCCC.

27. The REDD+ Office will be supported by six or more Technical Working Groups (TWGs). The members of which will come from concerned sector agencies and will be nominated by the sector's representative on the REDD+ TF. The Office will act as the Secretariat for the TF and channel requests for studies or information from the TF to the appropriate TWG, and the outputs from the TWGs up to the TF. Operational support for the TF and TWGs will be needed and provided by the FCPF grant. These TWGs will be charged with developing concepts and draft documents for the various instruments required to manage and monitor REDD+ activities, to include: regulations, financial management arrangements and benefit sharing, carbon accounting, a REDD+ strategy, a credible REL/RL and a MRV system. Emphasis will be placed on sustainability of the TF so that it will continue to support the operation's activities after grant closure, and or into the next phase.

Table 2. Cost Summary Table for Operation

REDD+ Readiness Preparation Activities	FCPF (US\$ Millions)	GOT (US\$ Millions)	TOTAL (US\$ Millions)
Component 1: Readiness Organization and Consultation	0.55	0.20	0.75
1.a National Readiness Organization and Consultation	0.33	0.12	0.45
1.b Participation and Consultation Process	0.22	0.08	0.30
Component 2: REDD+ Strategy preparation*	1.55	0.15	1.70
2.a Governance and Drivers of Land Use Change	0.13	0.01	0.14
2.b REDD+ Strategy Options	0.80	0.08	0.88
2.c Social and Environmental Sustainability/ Grievance Mechanism	0.62	0.06	0.68
Component 3: Forest Monitoring and Emissions*	1.10	0.02	1.12
3.a Reference Emissions Level	0.69	0.01	0.70
3.b Forest Monitoring	0.41	0.01	0.42
Component 4: Project Management, Monitoring and Evaluation Framework	0.40	0.01	0.40
Total	3.60	0.38	3.98

(Discrepancies in sums are due to rounding.)

Component 1: Readiness Organization and Consultation (US\$ 0.55 million, FCPF)

28. The activities under this component include: (i) supporting the establishment and operationalization of the National REDD+ (Bangkok) office and four Regional REDD+ Units, by providing them with the technical and operational resources required for startup and implementation; (ii) developing outreach mechanisms through consultation and a robust communications strategy; (iii) developing and implementing REDD+ outreach programs for CSOs, youth and others and (iv) the formation and operation of technical, stakeholder and cross-sectorial working groups needed to tackle complex issues where either technical depth or broad participation is required from multiple sectors to provide a coordinated approach to REDD+.

1.a National Readiness Management Arrangements (US\$ 0.33 million, FCPF)

29. **Context:** DNP has established a REDD+ Task Force at the national level that includes representatives of the relevant sectors in the government, forest dependent communities/ethnic minorities, civil society organizations, private sector, and academia, among others. DNP acts as secretariat for the Task Force. The intention is to establish a national REDD+ Office that will take over the function of secretariat for the TF. The TF will establish six or more Technical

Working Groups with members from the different bodies represented in the TF to deliberate on topics such as benefit sharing mechanisms, a regulatory framework and carbon registry, and the REDD+ Office will support these activities and submit the TWG reports and recommendations to the TF for decision. The REDD+ Office will also establish a REDD+ Information Centre to collect and disseminate REDD+ related information to all stakeholders.

FCPF Grant Support

- TWGs on REDD+ (for different themes)
- Technical support
- Participation in international fora and workshops
- Capacity building
- Establish REDD National office for Secretariat (Bangkok)
- Establish REDD Regional Information Centers/Offices

1.b Participation and Consultation Process (US\$ 0.22 million, FCPF)

30. **Context:** Key issues unique to REDD+ implementation that must be resolved during the readiness phase through a highly participatory consultation process include institutional arrangements to plan, implement and monitor REDD+ activities and a communication strategy and public consultations; to engage a wide range of stakeholders, especially forest-dependent local communities/ethnic minorities in the entire REDD+ process. During readiness, the institutional / implementation arrangements will be adjusted for the effective and inclusive delivery of readiness.

FCPF Grant Support

- Communication Strategy
- Consultation with Stakeholders on FCPF and proposed REDD+ activities (includes ESMF)
- Support to REDD+ CSO/LC/Youth Network and other working groups
- Public dissemination of the SESA

Component 2: REDD+ Strategy preparation (US\$ 1.55 million, FCPF)

31. This component will support DNP in developing its REDD+ strategy and include: (i) supporting analytical work to prepare a REDD+ strategy; (ii) conducting consultation and studies on key issues related to REDD+, including drivers and underlying causes of deforestation and degradation, REDD+ strategy options, forest governance and land tenure, and benefit sharing arrangements, among others; and (iii) organizing component activities, compiling material inputs and elaborating the REDD+ strategy document. The inclusive and participatory dialogue supported by this component and new information and data generated will also further strengthen existing forest policy and management systems. A highly experienced lead advisor would be recruited to provide the highest level of guidance to the development of the strategy. From an operational perspective, the three subcomponents under Component 2 will be developed in concert with one another under a single contract. This will ensure that the elements of social and environmental sustainability are firmly embedded in the technical proposals for proposed REDD+ activities.

2.a Land Use, Drivers of Land Use Change, Forest Law, Policy and Governance (US\$ 0.13 million, FCPF)

32. **Context:** The preliminary analysis indicated that the drivers of deforestation and forest degradation are complex but are not so different in the various agro-ecological regions. The studies revealed that deforestation is mainly triggered by development policies of the state such as the policy on forest concessions, mines and dams as well as infrastructure development, which leads to the destruction of forests and biological resources as a result of road construction and settlement in forests. In addition, the policy on promotion of capital-intensive monoculture commercial crops results in deforestation due to agricultural expansion. Forest degradation, where the land remains as forest but the density and quality of the forest is decreased, is caused mainly by illegal logging and harvesting of non-timber forest products for commercial purpose, and uncontrolled forest fires.

33. Some of the underlying factors of deforestation and forest degradation include unclear designation of legal forest areas and other land use boundaries; increasing population and inequality in income and livelihoods that may impact the forest. It is recognized that information and data for the analysis were not always readily available. Consequently, additional information and analysis is crucial for the identification of REDD+ strategic options. Supplemental analysis will be conducted during the Readiness phase to better define and quantify the causes of deforestation and forest degradation in various ecological zones/regions. Governance studies will focus, inter alia, on the regulatory mandate of the many agencies potentially involved in REDD+, identify overlaps and gaps, and draft recommendations for improvements and ways of coordinating. The subcomponent will also include a review of land tenure and ownership rights, conflicts and potential conflicts with import for REDD+ and draft recommendations for remedial efforts.

FCPF Grant Support

- Update and prioritize deforestation and degradation driver analyses
- Carry out a forest governance assessment, including land tenure review

2.b REDD+ Strategy options (US\$ 0.80 million, FCPF)

34. **Context:** A number of potential strategic options to address the direct causes of deforestation and forest degradations were identified through analysis of existing policies, legal framework and plans, as well as stakeholder consultations. The proposed strategic options include establishment of clear forest area boundaries and zoning, updating and harmonizing forest and forest-related policies, improving efficiency of forest law enforcement, building awareness of forest conservation, development of alternative livelihoods, developing forest certification and chain of custody standards, enforcing environmental and social impact assessments of any infrastructure projects, and improving fire detection and control capability. These potential REDD+ Strategies Options will be evaluated further through the REDD+ Readiness phase. Several studies will be undertaken, including: risk analysis (summarizing major types of risk, and their significance for the major REDD+ strategy activities); and feasibility assessment (socioeconomic, political and institutional) of the options. A forest

governance assessment framework will be undertaken in the Readiness Phase.

FCPF Grant Support

- Elaboration of draft REDD+ Strategy (including, among others, institutional, legal, policy, risk, feasibility, and economic aspects, includes SESA, interacts with TWGs)
- Workshops on REDD+ strategy and readiness activities
- Studies to analyze and design benefit sharing arrangements
- REDD+ Lead Technical Advisor

2.c Social and Environmental Sustainability/Grievance Mechanism (US\$ 0.62 million, FCPF)

35. **Context:** The readiness grant will support the integration of social and environmental concerns into the REDD+ process and develop an approach for the mitigation of negative impacts through the SESA. Strategic environmental and social issues which must be considered at the REDD+ readiness stage include biodiversity and ecosystem services; micro-climate; water services and quality; soil condition; food security, location of people and fauna, gender, cultural and social problems resulting from migration and immigration, land ownership, land tenure, land accessibility, energy supply and gender equity and other benefits to improve education and health of the people while pursuing growth with low emissions from land use change. The conduct of the SESA will also include establishment of a SESA working group and capacity building for the SESA and ESMF, as well as for the management of possible grievances. A state-of-the-art monitoring system for safeguards would be designed in conjunction with the information systems in Component 3.

FCPF Grant Support

- National and subnational workshops for SESA, including for validation
- Carryout SESA and elaborate the ESMF
- Review options and establish a grievance framework and resolution mechanism
- Safeguards Monitoring System Design

Component 3: Forest Monitoring and Emissions (US\$ 1.10 million, FCPF)

36. The activities under this component will put in place a robust monitoring system for REDD+ including the design of the approach and development of the REL/RL. Based on the existing inventory system in DNP, an IPCC compliant MRV system would be developed, as well as a safeguards information system. The inventory and monitoring system established under this component will also provide important information and data that can be directly used in the management and development of the forest sector more broadly. Targeted technical support will be given for developing allometric equations and biomass expansion factors (BEF) for improvements in assessing the carbon content of Thailand's trees and forests, required for determining the impact of REDD+ activities in sequestering carbon and in climate change mitigation. The component would also help to train personnel and other stakeholders in new techniques for inventories, monitoring and the application of algorithms for determining carbon uptake and release in the sector.

3.a Reference Emissions Level (US\$ 0.69 million, FCPF)

37. **Context:** Forest carbon stocks in Thailand were estimated in 1989, 1994 and 2006. The results indicated that annual loss of carbon from **natural forests** during the period 1994-2006 averaged 33 million tons, which is partly offset by net sequestration in plantations of approximately 17 million tons. Based on an average carbon density in natural forests the loss of carbon from deforestation of approximately 180,000 hectares annually accounts for about 16 million tons, suggesting that forest degradation accounts for the balance of approximately 17 million tons. All these figures need to be verified by more detailed analyses, which will require good coordination between the many departments and actors holding the relevant data, including DNP, DMCR and the RFD.

38. Early in the REDD+ readiness process, the DNP team will establish a technical working group to focus on REL/RL development. The group will need a variety of technical skills including understanding of historical forest land cover trends and data; ability to relate socio-economic data and trends to environmental outcomes; ability to conduct reasonably sophisticated time-series analyses; and knowledge of the historical drivers of deforestation and forest degradation in Thailand. The technical working group would include staff from different partner organizations and require two full time members, who would focus their work on the REL/RL analysis over a period of about two years. (Technical working groups are financed under Component 1 while the actual REL/RL activities, including estimates, technique development and training would come under Component 3.)

FCPF Grant Support

- Design Reference Emissions Level Approach (IPCC Compliant)
- Develop models for emissions estimations
- Review, compile, analyze information and develop National REL/RL estimate
- Training for development of allometric equations, conversion factors
- Assimilate data for the latest national forest inventory, analyse and disseminate results

3.b Forest Monitoring (US\$ 0.41 million, FCPF)

39. **Context:** The Thailand National Forest Inventory program has a strong sample design, data collection and data entry effort, but should improve the capacity for full and timely data analysis and reporting. There is an opportunity to strengthen the inventory program through the FCPF readiness phase, and to increase the return on investment by strengthening this capability in the DNP Inventory office through training and technical assistance inter alia to develop data compilation software. The current inventory design and data collection is generally consistent with IPCC best practices and guidelines and has the potential to satisfy the requirements for REDD+ reporting. The DNP approach relies on stratified systematic sampling using a 10 km x 10 km grid that will provide excellent information at the national and aggregated subnational levels (i.e. 5 geographic regions within Thailand), and will be useful for many other kinds of analyses (e.g. by major forest type group or ecological zones) for the country. The inventory

should serve both REDD+ reporting needs as well as many of the strategic scale information needs for Thailand's forest management and forest protection activities.

40. In addition to the DNP-led inventory which covers protected and reserved forest, Thailand has a second inventory program focused exclusively on mangrove conducted by the Department of Marine and Coastal Resources (DMCR). There are also four separate remote sensing efforts for forests, including DNPs (two units), the RFD and the DMCR. During the readiness phase, further analyses will examine the benefits of harmonizing and improving the approaches under the different mapping and inventory programs.

FCPF Grant Support

- Technical Design and Proposal for Enhancing National Forest Inventory and Monitoring System to support REDD+
- Software programming
- Training and capacity building in Measurement, Reporting and Verification

Component 4. Project Management, Monitoring and Evaluation Framework (US\$ 0.40 million)

41. This component would cover the project management, financial and procurement monitoring, project monitoring and coordination of the operation. The project manager and M&E specialist would be tasked from DNPs staff to work full time on the operation.

FCPF Grant Support

- Financial Specialist
- Procurement Specialist
- Project Technical Officer
- Project Administrative Officer
- Annual Audit
- Office Operations
- Vehicle (1 Pickup, double cab, 4x4)

2. Key Risks and Issues

42. **Uncertainties regarding carbon markets:** There are two issues relating to carbon markets that will impact on the implementation of REDD+ in Thailand. The first is the uncertainty over the global price of carbon, which is currently very low, and uncertain prospects for the near future. The second relates to differences of opinion among stakeholders as to the degree to which Thailand should participate in international carbon funding mechanisms, as opposed to using domestic funding sources.

43. **Mitigation measures:** *The World Bank is presently spearheading an initiative to help establish prices for carbon at the international level. While Thailand's participation in international markets is not clear at this time, in reality the situation is unclear for all countries. Whether the markets are national or international, essentially the same readiness process needs*

to be undertaken. The World Bank's involvement will help to ensure the inclusion of best practices for social and environmental responsibility in REDD+ activities, whether they be national or international.

44. **Full and effective stakeholder participation:** There is concern among some Civil Society Organizations that REDD+ will be used by the government to limit access to, and use of, land deemed to be “forest” by communities where they have been dwelling for many years. Some of the more active CSOs have tended to boycott consultations rather than engaging in constructive debate on the issues and trying to reach an acceptable compromise.

45. **Mitigation measures:** *Consultation aims to include relevant stakeholder groups such as ethnic and local communities, CSOs, and others involved in forestry and forest-land issues. At the same time, the team recognizes that participation is voluntary and that regardless of initial responses, ongoing efforts will need to be made to include a range of stakeholders, even those reluctant to participate at the onset. Terms of reference for the SESA and ESMF work will be subject to prior review by the Bank to ensure inclusion is considered and managed.*

46. **Resource rights:** A range of issues concerning rights to resources need to be considered in the REDD+ approach, including those for land, forest and carbon ownership and user rights. On one hand, these are substantive matters which need to be addressed in the context of developing a viable REDD+ strategy. On the other hand, these are complex issues for which considerable resources and time may have to be expended.

47. **Mitigation:** *Consultation processes, the SESA and ESMF development are well budgeted within the FCPF and comprise around one third of all of the funding. Provisions have been made for international and national experts to help guide the work. This will be supported by extensive public outreach and consultation, workshops and a communications strategy. Additional resources have been allocated for the study of land tenure issues and the establishment of grievance mechanisms. The SESA approach and the final ESMF document would comply with World Bank safeguards policies.*

48. **Interagency coordination:** Because many of the drivers of land use change, deforestation and degradation lie outside of the forest sector, DNP will need to engage with and work closely with a number of agencies working in other sectors, including agriculture, mining, hydro and energy, as well as those in economic development and natural resources. Ensuring the cooperation and active involvement of such a diverse group of actors will be a challenge.

49. **Mitigation:** *The Thai Government has prioritized climate change as an issue within the government. DNP's Director General will serve as the chair of the REDD+ Task Force during preparation to ensure it gets the necessary attention at high levels, and will report directly to the Climate Change Coordinating Office under the Cabinet. To support this effort, the readiness grant provides financing for multi-disciplinary technical working groups and consultations, operating expenses for a secretariat, capacity building, regional and national workshops to engage with a wide range of stakeholders and technical studies to identify issues and propose solutions.*

50. **Project scope.** One risk for the project is related to the sheer scale and breadth of the activities that need to be carried out and the very large number of stakeholders that will be involved. Ensuring that each agency or organizations implements the actions delegated to them, and coordinating all the activities so that outputs from one activity that are needed as inputs for another are available at the right time will be a large and complex undertaking, and will very much depend on the level and quality of staffing assigned to the REDD+ Office.

51. **Mitigation:** *It is widely recognized that good stakeholder buy-in is required in these type of operations and accommodations have been made accordingly. The project design includes around US \$1 million for consultations, workshops, training and outreach of various forms, so that the process and operation would be highly participatory. Procurement arrangements will include large contracts that would divide up the bulk of the work into two main packages, making it more manageable for DNP.*

B. Implementing Agency Assessment

52. The overall responsibility for REDD+ is with MoNRE, which has delegated the preparation of the R-PP to DNP. The current chairman of the REDD+ TF is the DG of DNP. In recognition of the importance of securing cross sector support for implementing REDD+ it is proposed that the REDD+ TF will be strengthened with additional members from private sector and civil society and that the Chair will be with the PS of MoNRE, who will have direct access to the NCCC, which is chaired by the Prime Minister. The proposal is that the PS would chair the project at its inception, to secure higher authority cooperation. In addition the possibility of having the Department of Policy and Planning of each ministry involved in REDD+TF would be considered in order to bring needed decision makers to the table.

53. While high level involvement in the process is important it brings with it the risk of delays, since senior bureaucrats and politicians are very busy and have many priority matters to deal with. Much will depend on the REDD+ Office, which is to be established, and which will be responsible for most of the implementation. If the REDD+ TF makes strategic decisions and delegates responsibility to the REDD+ Office to press forward with implementation progress will be possible, but this is not current practice in Thailand, otherwise there may be delays.

54. The performance of the REDD+ TF will be crucial, and will depend on the degree to which members are delegated responsibility to commit their respective agencies or organizations to particular actions, and on whether such actions are then implemented by the agencies concerned. For example, REDD+ Strategy options include examination of sector strategies such as agriculture, infrastructure and tourism to avoid or minimize their impact on land-use change and loss of forest. It will be crucial to reducing emissions in the future that these sector policies are revised, though there may be economic costs involved.

C. Project Stakeholder Assessment

55. Thailand has an active environmental NGO sector, some of whom sees merit in REDD+ and have already initiated activities, while others express concerns that it will be used to push an

international agenda at the possible expense of communities, often of local forest dependent communities or refugees that are highly dependent on forest land for their livelihoods. These differences of opinion have surfaced during and after the preparation of the R-PP and will remain issues during implementation. Private sector stakeholders have had limited involvement in the REDD+ process so far, although there are a number of corporate initiatives to support afforestation and tree planting for environmental purposes rather than commercial timber production.

56. In 2013, the REDD+ TF was strengthened for the REDD+ readiness by revising the composition of committee members and including more stakeholders from both government and non-government agencies, such as, civil society organizations local forest-dependent communities, private sector organizations, academia and research institutions. Each representative has been nominated by their respective body through a self-selection process. The composition of the REDD+ TF is expected to be further improved. For example, actors and stakeholders such as Thai Climate Justice, Land Tenure Reform Network and Tree Bank, among others, are expected to continue their engagement with FCPF. Details of the current composition are summarized in Table 3 below. The process of self-recruitment by stakeholders groups shall be determined and carried out by each group. The need for a multi- sectoral approach to REDD+ implementation is critical as the GOT recognizes that the drivers of deforestation and forest degradation often lie outside the forestry sector. Therefore for REDD+ to be implemented in an inclusive and participatory manner requires an institutional arrangement/management structure that reflects the relevant sectors engaged in land use and other stakeholders with an interest and stake in REDD+.

Table 3. Current Composition of REDD+ Task Force

Organization	Member
Government	Department of National Parks, Wildlife and Plant Conservation (DNP)
	Royal Forest Department (RFD)
	Department of Marine and Coastal Resources (DMCR)
	Office of Natural Resources and Environment Policy and Planning (ONEP)
	Thailand Greenhouse Gas Management Organisation (Public Organisation) (TGO)
	Bureau of the Budget (BB)
	Office of the National Economic and Social Development Board (NESDB)
	Geo-informatics and Space Technology development Agency (GISTDA)
	Forest Industry Organisation (FIO)
	Department of Agricultural Extension (DOAE)
	Department of Land (DOL)
	Land Development Department (LDD)
	Department of Provincial Administration (DOPA)
	The Treasury Department (TTD)
	Agricultural Land Reform Office (ALRO)
Academia	Kasetsart University Faculty of Forestry (KUFF)
	King Mongkut's University of technology, Thonburi
Private Sector	Suan Kitt Group
Civil Society Sector	Sueb Nakhasathien Foundation
	GSE Institute (GSEI)
	Thailand Environment Institute (TEI)
	Indigenous People's Foundation for Education and Environment (IPFEE)
	Raks Thai Foundation (RTF)

	Sustainable Development Foundation (SDF)
Local Forest Dependent Communities	Northern Forestry Community Network
	Northern Eastern Forestry Community Network
	Southern Forestry Community Network
	Central and Western Forestry Community Network
International	The Centre for People and Forests (RECOFTC)

IV. Overall Risk Ratings

A. Risk Ratings Summary Table

Risk Categories	Rating (H, S, M or L)
1. Political and governance	M
2. Macroeconomic	S
3. Sector strategies and policies	S
4. Technical design of project or program	M
5. Institutional capacity for implementation and sustainability	M
6. Fiduciary	S
7. Environment and social	H
8. Stakeholders	S
Overall	H

B. Overall Risk Rating Explanation

57. The proposed overall risk rating of the project is high. As indicated by several stakeholders during the stakeholder consultations, there is a risk that, if not carefully prepared, REDD may not deliver the expected outcomes and may impact the forest dependent communities and other vulnerable groups. Therefore, full and effective stakeholder participation, public communication and awareness raising, and cooperation among government agencies will be critical throughout the project implementation. Later on, in a proposed REDD+ operation, the continuous implementation of ESMF and monitoring of the safeguards management frameworks will help to ensure the success and sustainability of the next phase’s outcomes.

V. Proposed Team Composition and Resources, including Technical Assistance Provided by Bank Staff to Date

58. The World Bank team provided technical assistance from the R-PIN stage and throughout the development of the R-PP to DNP in various stages. At its fourteenth meeting in March, 2013, the FCPF Participants Committee adopted Resolution PC/14/2013/6 whereby it decides to allocate funding to Thailand to enable it to move ahead with the preparation for readiness phase. Three technical support missions were carried out (April 9-11, August 26-28, November 3-14, 2014) and the third technical support mission focusing on Forest Inventory/ MRV/REL. Procurement and FM missions were carried out at the same time as technical support mission in August 2014.

59. A technical mission took place in August 2014 to conduct a comprehensive assessment to finalize the project assessment note. This mission involved a multi-disciplinary World Bank Team (forest, social, environmental, procurement and financial management) that carried out technical discussions and fiduciaries assessment including safeguards, procurement and financial management. The draft Assessment Note was revised to reflect key issues identified in resolution PC/14/2013/6 including the participation and representation of CSO/local communities/ethnic groups, women and youth network at REDD+ relevant workshops, TWG, and relevant committees will be through a self-selection process. The Assessment Note also addressed the issue of land tenure and gender. The procurement plan was discussed and procurement and FM capacity were assessed. SESA TOR was discussed and will be finalized prior to finalization of the Assessment Note.

60. The Bank team also carried out a technical support mission during the period of November 3-14, 2014 to assist DNP in developing a technical and cost proposal for a REDD+ Monitoring Systems and Reference Emissions Level for Thailand. A draft recommendation on technical needs and costs for developing an Inter-governmental Panel on Climate Change (IPCC) compliant REDD+ Monitoring, Reporting, and Verification (MRV) system for Thailand including Reference Emissions Level/Reference Level (REL/RL) generation as an input to the Thailand R-PP developed by DNP. The draft recommendation was presented to Thai stakeholders in DNP and related agencies at a Technical Workshop on Thailand REDD+ monitoring System and Reference Emission Level which was held on November 14, 2014 at DNP. The REDD+ implementation team should establish a technical subgroup to focus on REL/RL development. The subgroup will need a variety of technical skills including understanding of historical forest land cover trends and data; ability to relate socio-economic data and trends to environmental outcomes; ability to conduct reasonably sophisticated time-series analyses; and knowledge of the historical drivers of deforestation and forest degradation in Thailand.

VI. Assessment Summary

A. Technical

61. The Task Team reviewed the R-PP, and related documentation and conducted numerous missions with the conclusion that Thailand is committed to advance through the REDD+ Readiness preparation phase. Overall, the country has identified the critical issues relevant to REDD+ and developed adequate processes to address these issues during preparation and implementation. The R-PP contains the key elements required for a future REDD+ mechanism as defined by the COP16 in December 2010. The Government has made a good faith effort to hear and incorporate the views of key stakeholders at this stage. Since deforestation and degradation rates do not appear to be declining, REDD+ efforts can reinforce an existing government measures to tackle the problem.

62. *REDD+ mechanisms:* The relative newness of the REDD+ concept and the lack, as yet, of any formal international agreement, combined with the current low global price of carbon means that Thailand has placed strong emphasis on examining all the policy instrument that will be needed for successful implementation. The establishment of a number of cross sector Technical Working Groups will lead to the development of: an appropriate regulatory

framework; an equitable benefit sharing arrangement, a refined carbon assessment, monitoring and registry system; and a multi-tiered institutional structure that will facilitate implementation of REDD+ activities in the future.

63. *Land-use and land tenure:* An important issue is the disagreement between government and local forest dependent communities, that have in many cases occupied land before it was officially designated as protected forests, either as special Protected Areas or as Reserved Forest, intended for controlled forest harvesting. If REDD+ policies can lead to a solution to this issue they could have large and long-lasting social co-benefits.

64. *Focus on natural forest:* In view of the net growth of its plantation forest resources over the last 10 years, Thailand has decided to focus its REDD+ efforts on the protection and recovery of its natural forest ecosystems by adopting a two-pronged approach to deforestation. One line aims to tackle the challenging issue of conflicting sector policies, whereby the development policy of other sectors such as, for example, agriculture, which focuses on expansion of cash crops which then displaces traditional crops onto forest land. The other line aims at the complex issue of land tenure, which has so far resulted in some communities finding they occupy state forest land, and thus being considered as illegal settlers. The problem has been compounded in the past when some such communities having been given title to the land, have then sold out to speculators and moved into other areas of forest. Tourism is of considerable importance to the Thai economy, and there have been frequent conflicts between the forest authorities and private sector developers that have developed resorts on forest land.

B. Financial Management

Summary of the Financial Management Assessment

65. A Financial Management (FM) capacity assessment was conducted to determine the adequacy of the Financial Management capacity of the Environment Division under the Forest and Plan Conservation Research Office of the Department of National Parks, Wildlife and Plan Conservation (DNP) to manage funds according to the Bank's requirements as stipulated in OP/BP 10.00. The assessment was carried out during December 2014 and further updated during March 2015. The risks were determined on the basis of the FM assessment, discussions with the Finance and Accounting Staff of the Environment and Finance Division of DNP.

66. The summary below summarizes the proposed Financial Management arrangements as discussed and agreed.

67. The financial management risk is considered *high* without mitigation and *substantial* with mitigation measures. The following mitigating measures have been agreed for implementation by DNP to ensure compliance and enhance the financial management capacity and systems of the Project: (i) recruitment of one qualified FM consultant within three months of project effectiveness; (ii) Financial Management Manual in place for Bank's acceptance one month following project effectiveness; (iii) all finance staff are to be trained concerning the Bank's financial management requirement and disbursement policies and procedures prior to start of implementation; (iv) agreement on the format of the IFR before negotiation. In addition the DNP

will undertake these actions after project effectiveness to ensure further strengthening of the project FM systems; (i) install acceptable accounting software to aid project accounting; (iv) inform the Office of the Auditor General to agree on the audit work plan with audit Terms of Reference acceptable to the Bank;

68. The financial management arrangements will meet the minimum requirements of OP/BP 10.00 once the first 3 actions proposed have been implemented.

Staffing

69. The Accounting team of the Environment Division under the Forest and Plan Conservation Research Office; is headed by the accounting head who has more than 31 years of extensive experience in accounting. Based on our discussion, the accounting team will help with the day to day basic FM work of the project. However due to their workload, it is proposed to recruit one qualified FM consultant, to be financed by the project, to help with the management and reporting on the funds, however the current staff will work with the Bank team on this project until effectiveness. Once the project becomes effective, the recruited FM consultant together with DNP accounting team will be trained in more detail on the Bank's Financial Management and Disbursement policies and procedures.

Accounting policies and procedures

70. DNP accounting system and procedures follow the government system and regulations. The project accounting and control procedures will follow the current system of DNP. DNP Finance Division is currently using the GFMIS accounting system, however the system cannot sort expenditures by source of funding and record expenditures by components and activities. As the World Bank requires any Bank funded project to provide a financial report for the project by component and expenditures categories, to be able to track the project records, a supplemental system shall be introduced and established to be able to maintain separate accounting records, produce periodic financial reports, maintain systematic control procedures to ensure that the project expenditures are properly verified and duly authorized before payments are made. The financial report will be prepared in accordance with the Thailand accounting standards, which are compatible with International Accounting Standards.

71. The accounting shall be on a cash basis and follow a double entry system. The ToR for the accounting software shall be acceptable to the World Bank. Accounting policies and procedures will be documented in the Financial Management Manual (FMM) which shall be completed before project effectiveness. Supporting documents for all project expenditures will be maintained at DNP for subsequent reviews and audits.

Internal controls

72. The system of internal control will be clearly described in the FM manual to provide guidance to the project management and finance staff. The manual will outline the controls put in place to ensure that sensitive expenditure is properly monitored for eligibility, the financial

information is accurate and that no single person will be able to initiate, verify and authorize payment for a transaction.

73. A project fixed assets register should be prepared for all fixed assets and a physical inventory will be regularly conducted (at least once a year) to ensure the existence and condition. Management and control of project assets shall also be detailed in the FM manual.

74. An advance control book should be prepared and maintained to monitor outstanding advances. Liquidation should be done in a timely manner. Month-end procedures, such as bank reconciliations, cash counts etc... will be performed by responsible person and reviewed by management.

Funds Flow and Disbursements

75. Grant Funds will flow from the World Bank to a Designated Account (DA), opened at Krung Thai Bank Public Company Limited in USD and managed by DNP. The ceiling of the DA will be US\$ 300,000 which is the estimated quarterly expenditures based on the total funding allocation of the project.

76. Conversion/Operating account will also be operated in local currency to facilitate efficient flow of funds and activity implementation.

77. The accounting for transactions and reporting on the use of funds will be done by DNP. The DA should be replenished on monthly (not later than quarterly) basis (irrespective of the amount involved) to assure liquidity of funds.

78. All replenishment applications will be accompanied by reconciled bank statements from the depository Banks showing all transaction through the DA.

79. The authorized and procedures for withdrawals from all bank accounts shall be elaborated in the FM manual.

Disbursement Arrangements

80. Disbursements from the grant account shall be based on traditional method ie made against the Statement of Expenditures (SOE) and/or full documentation depending on prior review thresholds.

81. Disbursement methods shall include: (i) advance, (ii) reimbursement; and (iii) direct payment. The disbursement grace period will be needed and shall be equivalent to 4 months after the project closing date. The withdrawal application amount for direct payments and reimbursements shall be at least equivalent to US\$ 100,000.

Disbursement will be against the category below:

	Disbursement Category	Amount of the Grant (US\$)	Financing Percentage (inclusive of taxes)
(1)	Goods, Non-Consultancy Services, Consultancy Services, Training, Workshops and Operating Costs	3,600,000	100%

C. Procurement

Assessment of the agency's capacity to implement procurement.

82. The Office of Forest Conservation and Plant Research (OFCPR) under the Department of National Parks, Wildlife and Plant Conservation (DNP) of Ministry of Natural Resources and Environment will implement this Project. The OFCPF has the Forest Technical Officers who have some experience with the Government Procurement procedures, but no experience with the procurement guidelines and procedures of the World Bank or other international organizations. For each contract to be financed by the proposed project the different procurement methods or consultant selection methods, estimated costs, prior review requirements, and time frame will be agreed between the DNP and the Bank's Task Team and articulated in the Procurement Plan. An assessment of the capacity of the Implementing Agency identified several key issues and risks concerning procurement that could arise when implementing the project, as well as measures necessary for mitigation. They are as follows:

- (i) Qualified procurement consultant will be hired to ensure quality and timeliness of project implementation.
- (ii) The procurement training was provided to the DNP and other recipients by World Bank staff. More training will be provided during the implementation. The Bank team will work closely with the implementing agency to implement and monitor the fiduciaries.
- (iii) A qualified government staff has been assigned by DNP to serve as the focal point for coordination, consultation and follow-up of procurement activities with support of a local procurement consultant. The procurement consultant's TOR will include procurement capacity building of the DNP staff. The assigned DNP staff should gradually take over the responsibility of procurement.
- (iv) Possible confusion of overall procedures: The Bank team has explained in detail during the August 2014 and April 2015 missions that the Bank's Guidelines will be used for this project. To avoid the situation where DNP has to follow all the government procedures, this will be specified in the financing agreement. Also the designated procurement staff of DNP and the procurement consultant will be invited to attend the procurement training organized by the Procurement Specialist. In addition, the first contract of each procurement method is subject to prior review to ensure DNP be closely mentored from the beginning of the project
- (v) Selection of consultants: The government procedures are different from the Bank's, and the SSS method is usually used in the government procurement procedures. The Bank team has discussed and DNP agreed to use the Bank's Consulting Guidelines, SRFP and contract templates.

83. Based on a procurement capacity assessment undertaken in preparation of the project, the overall procurement risk is considered “Substantial” due to the limited experience and capacity of the implementation agency to the Bank’s procurement procedures.

1. **Applicable Guidelines.** The procurement for the proposed project will be carried out in accordance with the World Bank’s “Guidelines: Procurement under IBRD Loans and IDA Credits” dated July 2014, and “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” dated July 2014; and the provisions stipulated in the Legal Agreements.
2. **Procurement Plan.** During the April 2015 mission, DNP finalized the Procurement Plan for the project, which provides the basis for the procurement methods and review requirements by the World Bank. This plan has been agreed between DNP and the World Bank, and is available in the project’s files. Once the project is approved, it will be made available at DNP and the World Bank’s external website. The Procurement Plan will be updated in agreement with the World Bank annually or as required to reflect the actual project implementation needs and improvements in institutional capacity within DNP.
3. **Frequency of Procurement Support.** The procurement capacity assessment indicated the need for bi-annually implementation support missions to assist in project implementation during the first year of operation. The frequency of procurement supervision will be further defined depending on the progress and capacity of the implementation agency.
4. **Prior Review.** The first shopping contracts of Goods and Works are subject to prior review. All consultant contracts above USD 100,000 and contracts following Single Source Selection procedures are subject to the World Bank’s prior review. Other prior review requirements will be specified in the procurement plan.

D. Social and Environmental (including Consultation, Participation, Disclosure and Safeguards)

84. The FCPF Readiness Preparation grant must comply with World Bank safeguard policies regarding the management of environmental and social impacts. This grant will, in part, support the country’s activities to identify the potential risks associated with REDD+ and mitigation options. In order to do this, the FCPF is using a Strategic Environmental and Social Assessment (SESA) to integrate key environmental and social considerations into REDD+ Readiness by combining analytical and participatory approaches. The SESA guidelines have been integrated into the R-PP template.

D.1. Social (including Safeguards)

85. Thailand is one of the most ethnically and cultural diverse countries in East Asia with 57 ethnic groups. There are approximately 10 highland heterogeneous ethnic groups with distinct

cultures, languages and beliefs. This includes the Akha, Karen, Lisu, Aeu Mien, Lua, Lahu, Hmong, Khamu, Mlabri (Mla), and Thin, which are concentrated in 20 provinces in the upper and lower north and western regions of Thailand. The R-PP reveals very dynamic and complex social and environmental issues relating to REDD+ that includes social impacts issues relating to natural resources management, biodiversity and ecosystem services, water services and quality, soil condition; food security, gender issues in NRM, placement of people and fauna, social problems resulting in land conflict, land ownership and secured access to land tenure. Therefore, policies and strategies aimed at reducing deforestation and forest degradation without clearly addressing these social and diverse ethnic/cultural issues may lead to loss of livelihood sources, social and economic well-being, and potential social conflicts.

86. Given the various institutional responsibilities for managing forest lands, the issue of land tenure as it relates to people living in and around forests is complex. The regulatory framework covering land-tenure rights is complex. The Land Code (1954) defines public and private land and makes provision for individuals to obtain certificates recording “hereditary” rights to land ownership. However, since the promulgation of the Land Code there have been numerous other regulations defining forests in various categories of protected areas and reserved forest as “public land” even though some areas encompass human settlements. Consequently, uncertainties over land ownership and use rights by farmers in forest areas can also be interpreted as illegal “encroachment”.

87. The Agriculture Land Reform Office (ALRO) includes the authority to allocate land to landless farmers. Articles 66 and 67 of the Constitution of the Kingdom of Thailand of 2007 recognize the right of communities to “participate in the balanced and sustainable management, maintenance, preservation and sustainable utilization of natural resources, environment, and biological diversity. However, many communities have not been able to take advantage of this clause. In addition, some provisions of these laws have criminalized the occupation of traditional lands by traditional communities. Therefore the REDD+ preparation and the SESA process includes an analysis of land tenure.

88. Key governance issues related to REDD+ to be addressed during the preparation phase include *inter alia* (i) an analysis of customary and user access rights, and land tenure and ownership in forests or potential forest areas (such as in afforestation areas); (ii) the implications of ownership on REDD+, timber rights and benefit sharing; (iii) the roles of institutions at national, subnational and community levels in forest governance; (iv) stakeholder participation in REDD+; (v) benefit sharing mechanisms; (vi) transparency in decision making; and (vii) the establishment of a robust grievance redress mechanism.

89. The Strategic Environmental and Social Assessment (SESA) will be used to address environmental and social considerations relating to REDD+. SESA process would combine analytical and participatory approaches that aim to integrate environmental and social considerations into policies, plans, programs and assess their connections to economic, institutional and political considerations during readiness.

90. The SESA allows: (i) social and environmental considerations to be integrated into the REDD+ Readiness process, in particular the REDD+ strategy; (ii) stakeholder participation in identifying and prioritizing key issues, assessment of policy, regulations, laws, institutional and

capacity gaps to manage these priorities and recommendations, and disclosure of findings in the REDD+ Country's progress reports on Readiness preparation; and (iii) an Environmental and Social Management Framework (ESMF) to be put in place to manage environmental and social risks and to mitigate potential adverse impacts related to future investments in the context of the future implementation of REDD+. The safety net of SESA is particularly important in Thailand where many vulnerable groups, ethnic minorities, especially women and youth, are dependent on the natural forest resources for their livelihoods.

91. The SESA will contribute towards the REDD+ Readiness process in Thailand by assessing how the proposed REDD+ strategy options address environmental and social priorities associated with current land governance arrangements and natural resource use patterns. In addition, the SESA will assess inter-sectoral linkages within the land-use planning process and, trade-offs and opportunity costs involved with different land uses. SESA will assess forest land tenure and ownership looking at the issues of customary rights, users rights access and land tenure in general.

92. In Thailand some land-tenure conflicts still exist or may emerge in areas where forest dependent communities and ethnic minorities lands intersect with protected forests or national reserves parks. This ongoing land conflict over land use has resulted in the government setting up a committee on Integration of Systematic Land Administration to address and find solution for the land conflict. Challenges/problems of land utilization and recommendations for solving such problems will be addressed in the SESA process through upstream analytical work relating to land tenure, land occupation conflict, and SESA would also be used to inform the institutional arrangements for addressing social conflicts.

93. The SESA will also evaluate the likelihood of potential resettlement or restriction to access of natural resources that may emerge downstream in any future REDD+ activity. This would include for example, restrictions of access to legally designated protected areas. To address such issues, a Resettlement Policy Framework and/or a Policy Framework would need to be prepared as part of the ESMF. These documents would describe the objectives, principles, organizational arrangements, capacity building and funding mechanisms to address any potential resettlement or restriction to access that might occur during a REDD+ activity later on. Since the extent and location of any potential resettlement or possible restriction to access would not be known before hand, the framework provides the opportunity to document how compliance with OP 4.12 will be achieved, either through existing country systems, or through the use of special provisions detailed in the framework.

94. The SESA process will not only focus on mitigating risks but will also look at the co-benefits associated with the REDD+ strategies, which includes but not limited to reduce loss of biodiversity, improved seasonal distribution of water and improved water quality through maintaining forest covers, utilization of non-wood forest products (many of which are integral to local forest dependent communities cultures, and reducing social risks. Substantial indirect benefits will also be obtained through improved governance, especially relating to land tenure and improved livelihoods for rural communities, local climate services, medicinal plants and assets. These types of co-benefits are very important to the local economy and culture.

95. The SESA process will take into consideration that men and women's knowledge of and management strategies for forests are directly related to their use and dependence on forest resources. Poor rural women for example are dependent on forest resources for extraction consumption and sale of other NTFP, which provides crucial livelihoods opportunities. Any REDD+ strategic options have to take into consideration the gender dimension. Mitigation measures must be put in place to ensure that the institutional frameworks, strategy options and policies for REDD+ equally benefit both men and women, especially in the areas of land tenure and security, the multiple co benefits that REDD+ has to offer and improved livelihoods. Furthermore, poor rural women's heavy burden of domestic and income generating responsibilities, as well as socio-cultural factors, have kept them politically and culturally marginalized from decision making structures that affect their access to the very forests upon which they depend. For these purposes, it is important that the REDD+ Secretariat assumes the responsibility of integrating gender into the overall implementation process. Gender disaggregated data and indicators should be included into the results framework. In addition, gender differential analysis of the REDD+ strategy options would be conducted during readiness as part of the SESA process and gender action plan would be integrated as part of the ESMF.

96. The final stage of the SESA process would be the development of the ESMF as an output in order to ensure compliance with Bank's safeguard policies. The ESMF provides a framework for managing and mitigating social and environmental risks associated with REDD+ operations. It will ensure compliance of proposed REDD+ interventions with World Bank Operating Policies and Procedures, most notably Environmental Assessment (OP/BP 4.01). The framework will pay particular attention to the "do no harm" aspects of the applicable safeguard policies, such as Involuntary Resettlement (OP/BP 4.12) with its focus on the restriction of access to resources in legally designated protected areas and on physical and economic displacement and Indigenous Peoples (OP/BP 4.10). At the same time, the framework will identify ways to maximize benefits with regard to social, cultural and economic well-being of particularly forest dependent populations and marginalized groups within these populations; and prevent or mitigate any negative impacts on the forest biodiversity and wider ecosystem. The ESMF to be developed based on the SESA will contain specific sections addressing the requirements of applicable World Bank safeguard policies, including as relevant; an "Ethnic Groups Planning Framework (EGPF) that describes the processes and procedures to be followed to ensure free, prior and informed consultation by affected ethnic groups leading to their broad community support of REDD+ activities; a Resettlement Policy Framework (RPF); and Process Framework (PF). Other Policies to be triggered include ; OP/BP 4.04 on Natural Habitats; OP/BP 4.36 on Forests; OP/BP 4.11 on Physical Cultural Resources; and .OP 4.09 on Pest Management.

97. The national institutional capacity for implementing environmental and social safeguards is strong. Thailand has robust environmental and social policies, laws and regulations that include polices on gender. The Enhancement and Conservation of National Environmental Quality Act 1975 (Amended in 1992) (NEQA) , the nation key environmental law, and its subordinate laws cover most of environmental aspects including environmental impact assessment, environmental quality standards, pollution controls, promotion measures and civil and penal liability, establishment of Environmentally Protected Areas (EPA) and Pollution Control Areas (PCA). More description on environmental laws are provided in section D.2. With regards to public participation, Thailand's Constitution and the NEQA recognizes environmental

rights and duties of Thai citizens to participate in government efforts to protect the environment and promotes public participation. Furthermore there are existing legal and regulatory frameworks relating to forest and other sectors that provide good bases for the governance in relation to REDD+. This include Wild Animal Reservation and Protection Act 1992, National Park Act 1961, Forest Act 1989, National Forest Reserve Act 1964, Plant Protection Act 1999, Reforestation Act 1992, Communal Land Titling Order 2009, Timber Farming Act 1992 and various Cabinet Resolutions regarding forest and natural resources management. Some of these laws aim to reduce land tenure conflict issue and promote participation of local community in forest/ natural resources management. However, effective coordination between relevant institutions across sectors and institutional capacity to implement decisions will need to be investigated and strengthen during the SESA process. It is worth nothing that the GoT plans to set up the SESA working group under the REDD+ Secretariat. It is expected to work closely with the National REDD+ Technical Working Groups in mainstreaming SESA in all the analytic work, combined with consultations required for the various activities funded under the readiness. The SESA working group would help REDD+ Secretariat to mainstream gender issues in REDD+ readiness.

D.2. Environmental (including Safeguards)

98. The project will fund R-PP activities, to help Thailand move forward achieving REDD+ Readiness. It will provide supports for institutional arrangements, safeguard frameworks, analyses, stakeholder consultations and REDD+ strategy development. The present project will *not finance* any implementation of REDD+ activities on the ground (e.g., investments or pilot projects) and is considered a pre-investment phase. The project supported activities to reduce emissions from deforestation and forest degradation (REDD) and contribute to conservation, sustainable management of forests and enhancement of forest carbon stocks (REDD+) have the potential to deliver significant social and environmental co-benefits. However, strategic environmental and social issues need to be considered at the REDD+ readiness stage to ensure that REDD+ activities “do no harm” and instead, should “do good” socially and environmentally. These issues include potential impacts to biodiversity and ecosystem services, micro-climate, air quality (haze and smog), watersheds, soil resources and fauna. Other positive benefits in a next phase include improved food security and land tenure arrangements, among others. The SESA and ESMF will be used as instruments to provide a strategic approach for addressing potential environmental and social impacts related to the project activities. The SESA process was launched during the R-PP formulation phase and will be continued throughout readiness phase. Outcomes from the SESA process will be mainstreamed into the national REDD+ strategy and implementation framework.

99. Thailand has well established institutions and policy frameworks that support environmental sustainability. The key legal framework that provides directives for conducting environmental impact assessment (EIA) and SESA for projects and programs in Thailand include: *National Constitution Of The Kingdom Of Thailand B.E. 2550 (2007)* and *The Enhancement And Conservation Of National Environmental Quality Act B.E. 2535 (1992)*. *The Constitution* prescribes an individual right of access and regard public information which might have an impact on of his or her own right. It also includes community rights to conserve or

restore their customs, local knowledge, arts or good culture of their community and of the nation and participate in the management, maintenance, preservation and exploitation of natural resources, environment, and biological diversity in a sustainable manner. The constitution also prescribes requirement on public consultation and preparation of the environmental and health impact assessment. *While the National Environmental Quality Act B.E. 2535 (1992)* is the main environmental law covering important environmental issues, including Environmental Impact Assessment (EIA) and Environmental Management Plans.

100. In accordance with this act, the National Environment Board (NEB) is allowed to issue environmental standards, pursue EIA reports, control and inspect compliances with laws, ministerial rules, regulations, announcements, local provisions and executive orders. The NEB plays key roles in the Nation Environmental policy-making. It brings together the relevant sector ministries and environmental experts as a way of fostering inter-agency communication and policy coherence. However, these still require improvement in cross-sectoral coordination and participation of the concerned sectors including civil society to develop holistic policy planning among each sector ministry. REDD+ Task Force (TF), a cross-sectoral coordination bodies that include stakeholders from both government and non-government agencies, was established in 2011 to act as the key REDD+ policy decision-making body. The REDD+ TF also includes a representative from the Office of Natural Resources and Environmental Policy and Planning (ONEP), which acts as the NEB Secretariat. In addition, the GoT plans to set up the technical working group on SESA and safeguards under the REDD+ TF. The SESA working group would help REDD+ TF Secretariat to mainstream environmental issues in REDD+ readiness. However, the DNP has limited experience with WB safeguards. The capacity of DNP and the proposed REDD+ office, to be established under REDD+ TFS, will need to be strengthened to carry out the operation according to WB environment and social safeguard Policies. In order to improve institutional capacity, the DNP agreed to assign specific staff responsible for environmental management and social safeguards, and engage experienced environment and social consultants to carry out the Strategic Environmental and Social Assessment (SESA) and the Environmental and Social Management Framework (ESMF). The Bank has experienced social and environmental staff located in Bangkok that will be able to help provide the needed guidance and backstopping to DNPs efforts.

D.3. Consultation, Participation and Disclosure

i. Experience to Date

101. During the preparation of the R-PP extensive consultations were held throughout the country, with 1,692 participants from 180 stakeholder groups, and the R-PP document has been produced in both Thai and English and drafts have been displayed on the government's website to allow public comment at several times during the preparation of the final document. The consultations were held four times in the four regions of the country and were used to both raise awareness of REDD+ among as wide a range of stakeholders as possible, and to elicit concerns and perceived benefits regarding REDD+ from all stakeholder groups. However, not all potential stakeholder groups participated, sometimes because they were not invited and sometimes as a form of boycott, though no stakeholder who asked to participate was refused. There are some stakeholder groups that have different views on the concept of REDD+ and perceive it as a

vehicle for outside interference in Thailand's internal affairs. This will require some effort on behalf of the government to enhance understanding of REDD+ and reach consensus to the extent possible.

ii. Proposal Going Forward

102. During the Readiness phase Thailand will undergo extensive consultations with relevant stakeholders on the various components of the R-PP by building on the early information and social mobilization campaign and dialogue already conducted. The government aims to institutionalize inclusion, active participation and engagement of relevant stakeholders in REDD+ readiness. The utilization of participatory processes within the country will make it possible to ensure transparency in decision-making, improve the empowerment of stakeholders, involve them in making decisions, and implementation and monitoring and evaluation of REDD+ activities.

103. The Consultation and Participation Plan will be implemented in three Phases and has the following Goals and Objectives:

Goals of the Consultation and Participation Plan

- Increased awareness
- Participatory decision making
- Involvement in implementation
- Integration with safeguard measures (SESA)

Specific Objectives

- Establish an information system through which beneficiaries can access information and participate in the design and implementation of REDD+ activities
- Build awareness for cross-sector mainstreaming of activities and monitoring processes that can contribute to reduction of emissions from conversion or degradation of forests
- Improve the quality of decision-making processes
- Promote the development of regulatory frameworks that are socially inclusive and transparent
- Promote equitable outcomes of REDD+ policies
- Increase the chances that local forest-dependent communities benefit from the revenues from REDD+
- Identify and describe indicators for assessing REDD+ performance.
- Discuss potential and existing land user conflicts, review lessons on conflict management and recommend a framework for inclusive and transparent resolution and management processes.
- Exercise Free Prior Informed Consultation for participation in REDD+ pilot areas.

104. A grievance framework will be put in place to define the structure, functioning and governance of such mechanisms. This will take into account customary grievance approaches

practiced in Thailand by local forest-dependent communities. Detailed consultations on setting up the mechanism will be carried out.

D. 4. Safeguards Policies Triggered

Safeguard Policies Triggered	Yes	No	TBD
<p>Environmental Assessment (OP/BP 4.01)</p> <p>The policy is triggered both for REDD+ strategy and proposed policy reforms developed during the readiness phase (the Grant) and for possible future REDD+ investments. Since the present operation is a planning, analytical and capacity building exercise to support REDD+ strategy development and no physical investments for REDD+ are included in the design or financed by the grant, the project is classified as Category B. The Strategic Environmental and Social Assessment (SESA) and Environmental and Social Management Framework (ESMF) will be used as EA instruments to provide a strategic approach to ensure the REDD+ activities are environmentally sound and sustainable, and thus to improve decision making.</p> <p>The SESA being carried out under the present operation is in compliance with OP/BP 4.01 and will serve to identify, avoid, and mitigate the potential negative environmental and social impacts associated with future activities to be supported by the final REDD+ strategy by providing guidance and key elements for the preparation of an Environmental and Social Management Framework (ESMF) under the present operation. The ESMF will establish the modalities and procedures to address potential negative environmental and social impacts from the implementation of a national REDD+ framework as well as associated mitigation measures, and also ways to support good practices. During the preparation of the R-PP extensive consultations were held throughout the country, with 1,692 participants from 180 stakeholder groups. Under the present operation, (Readiness Phase) Thailand will undergo extensive consultations with relevant stakeholders according to a detailed and robust “Consultation and Participation Plan” included in the SESA annex to the Assessment Note. Free, prior and informed consultation will also be carried out in compliance with OP 4.10.</p>	x		
<p>Natural Habitats (OP/BP 4.04)</p> <p>The operation will assist in the development of REDD+ strategies and approaches to promote conservation and the sustainable use of natural habitats, especially forests. The SESA will evaluate the possible risks associated with the strategic options and their potential impact on natural habitats, in both production and protection forests. Other proposed REDD+ activities such as new plantations would also be assessed in respect to possible impacts on non-forest habitats and ecosystems. The ESMF would include provisions to assess, avoid or mitigate potential impacts on natural habitats.</p>	x		
<p>Forests (OP/BP 4.36)</p> <p>REDD+ activities in forest lands aim to reduce deforestation, enhance the environmental services contribution of forested areas, promote reforestation, reduce poverty, and encourage economic development. Overall, the REDD+ activities are expected to have significant positive impacts on forest, in that the main goal of the program is to</p>	x		

<p>reduce deforestation, while contributing to the well-being of forest dependent communities who will be consulted during the course of the project. Critical issues related to forest governance and resources and potential impacts from the national REDD+ framework will be assessed through SESA and potential negative impact addressed in the ESMF.</p>			
<p>Pest Management (OP 4.09) While the scope of REDD+ strategies will be identified during implementation of the Grant, it is possible that future REDD+ investments may involve the use of pesticides or other pest management, for instance in relation to reforestation activities or the intensification of agricultural activities on degraded lands, and this policy is triggered. The SESA will further assess the application of this policy and appropriate mitigation plans including an Integrated Pest Management Plan (IPMP) will be developed and included in the ESMF.”</p>	x		
<p>Physical Cultural Resources (OP/BP 4.11) Future REDD+ activities will not be known in detail while preparing the ESMF. However, since such activities will operate in forest areas where local communities commonly assign particular cultural values to certain locations and habitats a Physical Cultural Resources Management Framework will be included in the ESMF.</p>	x		
<p>Indigenous Peoples (OP/BP 4.10) After the readiness phase and outside the present operation, many of the activities which will be proposed to be implemented as part of a national REDD+ program are likely to take place in areas inhabited by “local forest dependent communities”. OP 4.10 is mainly triggered for hill tribes, as well as other ethnic minorities for both the readiness and in possible subsequent phases. However, relevant safeguard measures of OP 4.10 will also address impacts and risks for other “local forest dependent communities”. The Government (DNP) will consult with the local forest dependent communities identified by the ethnic screening to be present in or have collective attachment to project areas, ensure that they participate in, and benefit from REDD+ activities in a culturally appropriate way and that adverse impacts on them are avoided, or where not feasible, minimized or mitigated. As a key process to ensure this policy requirement, Free, Prior and Informed Consultation will be conducted with affected local forest dependent communities, and their broad community support to the project would be ascertained. Issues of ensuring that livelihoods of local forest dependent communities are duly safeguarded through a review of existing policy and regulatory framework, by design of specific interventions in selected areas, and by recognition of both livelihoods and cultural practices, which will be integrated into the strategy. In addition, the SESA will identify ways to strengthen traditional / customary land tenure and secure access to natural resources by local forest dependent communities. The SESA will assess potential impacts, both positive and negative, on local forest dependent communities. The ESMF to be developed based on the SESA will include a “Ethnic Groups Planning Framework” (EGPF) that describes the processes and procedures to be followed to ensure free, prior and informed consultation by affected ethnic groups leading to their broad community support of REDD+ activities.</p>	x		
<p>Involuntary Resettlement (OP/BP 4.12) While no land acquisition will be carried out under the operation nor is it expected as part of future REDD+ activities, it is conceivable that</p>	x		

local population's access to forests, forest products, forest reserves, forest management areas or protected areas could be restricted and, although unlikely, the possibility of land acquisition cannot be completely discounted at this time. Such impacts would be avoided to the extent feasible, or minimized and mitigated if they are unavoidable. The SESA would assess and identify all potential issues related to involuntary resettlement and access restriction, and the ESMF will include a Process Framework (PF) and a Resettlement Policy Framework (RPF).			
Safety of Dams (OP/BP 4.37) The project will not support construction or rehabilitation of dams nor will it support other investments that rely on the services of existing dams.		x	
Projects on International Waterways (OP/BP 7.50) The project is for terrestrial (mainly forest) ecosystems, and does not involve international waterways.		x	
Projects in Disputed Areas (OP/BP 7.60) No project activities are involved in disputed areas.		x	

105. The main safeguard instrument to be applied is the SESA. The SESA includes as part of the SESA process the preparation of an ESMF. The ESMF may evolve and be updated over time when new REDD+ strategy options, projects or activities (including investments) and/or policies or regulations are identified during the implementation of REDD+. The SESA addresses the key environmental and social issues associated with the preparation of REDD+ strategy options as well as REDD+ projects, activities (including investments), policies and regulations. In this manner SESA can ensure compliance with World Bank's environmental and social safeguards.

106. The SESA process requires that the selection of REDD+ strategy options should take into account the country's institutional and capacity constraints for managing environmental and social risks, as well as the potential environmental and social impacts associated with these strategy options. Any identified gaps to manage these risks and potential impacts in relation to relevant World Bank safeguard policies should be identified along with the strategy options to feed into the preparation of the ESMF. The ESMF should provide a framework to manage and mitigate the potential environmental and social impacts related to specific projects and activities (including investments and carbon finance transactions, in the context of the future implementation of REDD+).

107. The ESMF will be structured to contain subject-specific frameworks addressing the relevant requirements of the applicable environmental and social safeguard policies including, but not necessarily limited to, a Resettlement Policy Framework (RPF); Process Framework (PF); and Ethnic Groups Planning Framework (EGPF).

Annex I: Strategic Operational Risk Tool

Risk Categories	Rating (H, S, M or L)
1. Political and governance	M
2. Macroeconomic	S
3. Sector strategies and policies	S
4. Technical design of project or program	M
5. Institutional capacity for implementation and sustainability	M
6. Fiduciary	S
7. Environment and social	H
8. Stakeholders	S
Overall	H

Annex II: Preparation Schedule and Resources

Preparation Schedule				
Milestone	Basic	Forecast	Actual	
AIS Release	11/4/2010		12/08/2010	
Concept Review	11/26/2014	05/14/2015	05/18/2015	
Auth Appr/Negs (in principle)				
Bank Approval	06/27/2015	11/20/2015		
Sector Unit Estimate of Resources Required from Preparation through Approval				
Source of Funds	Preparation Expenses to Date (USD)	Estimate of Resource Requirements (USD)		
		Fixed	Variable	
Bank Budget	19,077.38	n/a	n/a	
Trust Funds	473,419.54	70,000.00	30,000.00	
Team Composition				
Bank Staff				
Name	Title	Specialization	Unit	UPI
Robert R. Davis	Sr. Forestry Specialist	Task Team Leader	GENDR	94894
Peter Jipp	Sr. Natural Resources Mgmt Spec	NRM and former TTL	GENDR	157997
Haddy Jatou Sey	Sr. Social Development Specialist	Social Safeguards	GCCGT	146523
Waraporn Hirunwatsiri	Sr. Environmental Specialist	Environmental Safeguards	GENDR	274260
Sirirat Sirijaratwong	Procurement Specialist	Procurement	GGODR	21155
Malarak Souksavat	Financial Management Analyst	Financial Management	GGODR	157956
Chutima Lowattanakarn	Team Assistant	Logistics, Administrative Support	EACTF	341000
Wasittee Udchachone	Consultant	Environmental Safeguards	GENDR	420106
Andrew Gillespie	Consultant	MRV and REL	GENDR	368515

Annex III: R-PP Submitted by the REDD Country Participant

Appended by reference

Annex IV: Draft Grant Agreement for REDD+ Readiness Preparation (if available)

Not required yet. To be drafted following approval of the Assessment Note package.

Annex V: SESA Terms of Reference

DRAFT
SUBJECT TO REVISION
TERMS OF REFERENCE FOR THE STRATEGIC ENVIRONMENTAL AND SOCIAL
ASSESSMENT FOR THE REDD+ MECHANISM IN THAILAND

1. Background

Reducing Emissions from Deforestation and Forest Degradation (REDD+) is a proposed global mechanism to mitigate climate change, while mobilizing financial resources for socio-economic development in forest countries. The Forest Carbon Partnership Facility (FCPF), facilitated by the World Bank, brings together 50 donor and forest country participants with the aim of supporting the forest countries in the preparation and subsequent implementation of their REDD+ Strategies.

Thailand is a key participant country in the FCPF. The Government of Thailand is currently preparing for the implementation of its Readiness Preparation Proposal (R-PP) with regards to the REDD+ Readiness phase, and has requested a FCPF Readiness Preparation Grant to support the design of its REDD+ Strategy. This Strategy aims to control deforestation and degradation in order to reduce greenhouse gas emissions into the atmosphere.

Strategic environmental and social assessment (SESA) is a key component of Thailand's Readiness Preparation Proposal (R-PP) to the Forest Carbon Partnership Facility (FCPF). This component is essential for both avoiding negative impacts ("do no harm") and enhancing positive or "additional" REDD benefits, especially in terms of social or livelihood benefits, governance and wider environmental or biodiversity benefits. The SESA is part of the phased approach of the FCPF Readiness Mechanism (preparation of the R-PP and subsequent Readiness Preparation for REDD+).

Currently in Thailand there are favorable environmental/social policies, laws, regulations that address social and environmental issues. During the SESA process these policies will be included as part of the analytical work required to put in place institutional arrangements for managing environmental and social sustainability in REDD strategy options. These include but not limited to:

- *The Enhancement and Conservation of National Environmental Quality Act B.E. 2535 (1992)* The National Environmental Quality Act B.E. 2535 (1992) is the main environmental law covering important environmental issues, including Environmental Impact Assessment (EIA) and Environmental Management Plans. In accordance with this act, the National Environment Board is allowed to issue environmental standards, pursue EIA reports, control and inspect compliances with laws, ministerial rules, regulations, announcements, local provisions and executive orders.

- *The Forest Act (1941)* stipulates logging operations and non-timber forest products collection, transport of timber and non-wood products and saw wood production as well as forest clearing.
- *Land Code (1954)* defines public and private land and made provision for individuals to obtain certificate recording hereditary rights to land ownership.
- *Cabinet Resolution of the Royal Thai Government, August 3rd, 2010 to the project “Recovering the Karen Livelihood in Thailand”* calls for the support the Karen people’s ethnic identity and culture as part of a culturally diverse national culture and to cease the arrest and detention of the Karen people who are part of local traditional communities settled on disputed land which is traditional land used for making a living. It calls on forming a “demarcation committee or a mechanism for specifying the land use zoning for settlement and cultural livelihood to eliminate the conflict concerning land use or land ownership of Karen people and government agencies.
- *Gender:* The Government of Thailand has made strong commitment for gender equity and equality. In 2011, the government established the Thai Women empowerment fund within the Ministry of Social Development and Human Security with the aim of empowering women and youth at the community level to access resources for implementation of economic and social livelihood programs relating to forest management, natural resources and poverty reduction initiatives.
- *Public Participation Law: The Constitution of the Kingdom of Thailand, B.E. 2540 (1997) and B.E. 2550 (2007)* is the key driver for Thailand taking significant steps on public participation. The constitution states the right of the public to receive information and participate in environmental and natural resources management and conservation. In addition, the rules and regulations of the Prime Minister Office regarding the public hearing in 2005 has determined State Enterprises and State Agencies which have responsibility for project operation, to implement the public hearing procedure in line with the provisions as stipulated in the Charter. It is expected that as part of the upstream analytical work associated with SESA, the policies/laws /regulations identified above will be instrumental in informing the review and establishment of REDD institutional arrangements for managing social and environmental REDD considerations.

2. Objectives

The overall objective of these Terms of Reference (ToR) is to ensure that Strategic Environmental and Social Assessment (SESA) can be applied to integrate environmental and social considerations into Thailand’s REDD+ readiness process in a manner consistent with Thailand’s environmental laws and regulations and the World Bank’s environmental and social safeguard policies. In accordance with FCPF guidelines, special consideration should be given to livelihoods, rights, cultural heritage, gender, vulnerable groups, governance, capacity building and biodiversity.

3. Drivers of deforestation and forest degradation

The preliminary analysis indicated that the drivers of deforestation and forest degradation are complex but are not so different in the various agro-ecological regions. Analysis revealed that deforestation is mainly caused by development policies of the state such as the policy on forest concessions, mines and dams as well as infrastructure development which leads to the destruction of forests and biological resources as a result of road construction and settlement in forests. In addition, the policy on promotion of capital intensive monoculture commercial crops results in the expansion of agricultural areas. The deforestation rate due to these factors is approximately 100,000 hectares per year during 2000-2006. Forest degradation, where the land remains as forest but the density and quality of the forest is decreased, is caused mainly by illegal logging and harvesting of non-timber forest product for commercial purpose, and uncontrolled forest fires. Some of the underlying factors of deforestation and forest degradation include: unclear forest areas and other land use boundaries; increasing population and inequality in income and wealth and opportunity to earn a living, which results in use of forest areas for livelihood. It is recognized that information and data for the analysis were not always readily available. Such further information and analysis is crucial for the identification of REDD+ strategic options. Supplemental analysis will therefore be conducted during the Readiness phase to better define and quantify the causes of deforestation and forest degradation and to cover various ecological zones/regions in more detail.

REDD+ indicator	Direct cause	Indirect (underlying) cause
Deforestation	1. Encroachment (conversions of natural forest area to agriculture and other uses, <i>e.g.</i> , food and energy crops, forest plantations and tourism resorts)	<ul style="list-style-type: none"> • Unclear forest area and other land use boundaries • Insufficient public knowledge and awareness of forest conservation • Inadequate integration among responsible agencies in natural resources and environmental management • Poverty resulting in use of forest area for livelihoods • Conflict between conservation and implementation of development strategies, <i>e.g.</i>, (a) government and company promote production of food and energy crops by guaranteeing product price, which then would be an incentive for increased forest encroachment; (b) government promotes tourism in natural forest national parks, but insufficient impact and carrying capacity control
	2. Infrastructure development	<ul style="list-style-type: none"> • Increasing population
	3. Mining	<ul style="list-style-type: none"> • Unclear forest area and other land use boundaries
Forest Degradation	4. Illegal logging	<ul style="list-style-type: none"> • Insufficient law enforcement • High economic-value tree species, which is an incentive for illegal logging • Insufficient public knowledge and awareness of forest conservation • Increasing population

REDD+ indicator	Direct cause	Indirect (underlying) cause
		<ul style="list-style-type: none"> • Poverty resulting in use of forest area for livelihoods
	5. Uncontrolled forest fire	<ul style="list-style-type: none"> • Insufficient public knowledge and awareness of forest conservation • Demand of NTFP for subsidy

A key task for SESA will be to assess potential policy options which will aim to respond to the drivers of deforestation and degradation both on potential social and environmental impacts and contribute to the REDD+ policy discussion. While no implementation will take place during REDD+ preparation, the future impact of policies will require careful analysis especially to anticipate likely impacts. It is worth noting that since the promulgation of the Land Code there have been numerous other regulations defining forest lands in various categories of protected areas and reserved forest as “public land” despite the fact that significant proportion of such land is and has been occupied. The consequences of this situation leads to conflict concerning land use in forest areas that has in turn led to what is defined as “encroachment”. The Agriculture Land Reform Office (ALRO) has the power to allocate land to landless farmers.

Policy outcomes related to improved tenure, land rights, addressing the encroachment issue, and ongoing land conflict, community titling and other instruments will require further review to assess social and environmental impact. Currently the government of Thailand has developed a master-plan for tackling the issues of deforestation, land conflict & encroachment, and forest sustainable management system in Thailand. The master plan has targets for increasing forest land area to 40% of total land area in country within ten years (2014 – 2024). Over the past 15 years there has been ongoing land conflict between the forest dependent communities and government over land use access/rights in protected areas forests as well as other forests. However the government has strong commitment to resolve the conflict. In 1998 they pass the Cabinet Resolution after a long and laborious negotiation between the authorities and villages under the forum of the poor to settle land rights conflict in forest communities in the north and north East. Specific activities to be implemented to help resolve the conflict include land demarcation, national land zoning, creation of a community land use data base to monitor land use and land use change in the forest areas.

As recent as 2012, the Committee on Integration of Systematic Land Administration was appointed in 2012 with the Deputy Prime Minister as Chairman. This committee has emphasized problems on land conflict and the land use zoning system, which will be carried out across the country. During the readiness preparation of REDD+, Technical Working Group on Land Use Policy and Planning will hold a workshop in order to determine a bottom up participation process, which will discuss, express and provide opinions and recommendations for an action plan and strategy for the solution and management of land use conflicts and land possession in forest areas. The result from the workshop will be presented to REDD+ Task Force, Technical Climate Change Sub-committee and Climate Change Committee. The SESA process will contribute to addressing these critical social challenges.

4. REDD+ strategy options

Addressing deforestation and forest degradation presents a number of challenges in Thailand, though success in REDD+ policymaking would offer significant benefits for the society not only in the area of carbon emissions reductions but also in relation to biodiversity conservation, forest industry, agriculture and rural livelihoods. Below is a list of proposed strategy options for addressing the preliminary identified drivers, according to the R-PP:

- Participatory delineation and demarcation of clear forest area boundaries
- Update and harmonize forest and forest-related policies, and ensure synchronization and coordination between sector development policies, such as agriculture and energy policies
- Capacity building of field forestry officers, other law enforcement officers and the judiciary to strengthen forest law enforcement and coordination
- Relevant agencies coordinate development of an optimum forestland zoning system that excludes forests of high conservation value from forest areas earmarked for tourism development
- Develop alternative livelihoods for people dependent on forest resources to supplement their income
- Develop forest certification and chain of custody standards
- Review environmental and social impact assessment process and results of all infrastructure projects (EIA and SIA)
- Exclude forests of high conservation value from infrastructure development.
- Review environmental and social impact assessment process and results of all mining projects (EIA and SIA).
- Exclude forests of high conservation value from mining concessions.
- Improve productivity of farmlands
- Strengthen regulations requiring mining companies to restore mined areas, to maximize carbon sequestration
- Improve aerial surveillance
- Conduct detailed study of wood industry: wood supply and demand and develop future wood production forecasts from forest and rubber plantations.
- Develop forest certification and chain of custody standards.
- Promote tree planting, especially of high-value tree species, to increase wood supply.
- Promote planting of NTFP outside forest areas, and development of markets for NTFP.
- Improve fire detection and control capability.
- Capacity building for local people and field forestry officers for fire protection and monitoring.
- Promote public knowledge and awareness of forest conservation.

5. Links between the SESA and the REDD+ Strategy Options

The SESA contributes to the REDD+ Readiness process in Thailand in two main ways. First, it helps to refine the REDD+ strategy options by assessing how REDD+ strategy options address environmental, social and gender priorities associated with current patterns of land use and forest

management. Gaps identified through this assessment would lead to adjustments in the REDD+ strategy options to close the gaps. Second, the SESA would produce an Environmental and Social Management Framework that will outline the procedures to be followed for managing potential environmental, social and gender impacts of specific policies, actions and projects during the implementation of the REDD+ strategy that is finally selected.

APPROACH FOR UNDERTAKING SESA

The development of the SESA will be done in tandem with the assessment of D&D as well as the assessment of the strategic options described in Thailand R-PP. The SESA will assess the different REDD+ strategy options in an iterative and participatory way. This will be accomplished amongst other vehicles, through a national policy dialogue that includes “local forest dependent communities”(this terminology is used in the R-PP to include all highland ethnic groups, forest dwellers, forest dependent hill tribes, fisher communities and local communities in Thailand.) to represent the daily needs of subsistence land users at the local level. The safeguards working group to be formed during readiness will be responsible for the SESA oversight and coordination.

6. Strategic Environmental and Social Assessment

The SESA will integrate environmental, social and gender considerations in the REDD+ strategy options and will provide a framework for managing potential environmental, social and gender impacts associated with the implementation of these strategy options through the combination of analytical work, consultation and public participation. It is worth noting that, while this grant would help Thailand substantially move towards achieving REDD+ Readiness, including on environmental and social issues, the country may not reach full readiness by closure of the grant. The SESA process aims to pull together different stakeholders involved in REDD+ related activities and create a national platform of dialogue through which differences in approaches taken and policies applied among stakeholders would be clarified and gaps be closed. The ESMF to be developed from the SESA process will contribute to further harmonization in subsequent REDD+ activities by clearly presenting the provisions that are fully in line with the Bank safeguard policies and at the same time agreeable to other stakeholders, and showing remaining gaps.

These draft ToR specify the activities the Consultant should undertake for the SESA

6.1 Scoping

6.1.1 Consultation and Participation Activities

Stakeholder mapping: During the preparation of the R-PP, extensive stakeholder analysis was carried out to identify key stakeholders. Notwithstanding, the Consultant at the start of the assignment shall conduct a stakeholder gap analysis to identify any relevant stakeholders that might not have been considered during the R-PP development phase. Important among them are

ethnic groups, women's and youth organizations, community level representatives, etc. The Consultant should develop the comprehensive list of key stakeholders.

Stakeholder Participation and Consultation Plan: In order to ensure that *free, prior and informed consultations* will be conducted throughout the SESA process with key stakeholders including Forest Dependent and Ethnic Groups and that they meaningfully participate in, and contribute to, the SESA process, the Consultant should review and update the Stakeholder Participation and Consultation Plan prepared during the development of R-PP. The Stakeholder Participation and Consultation Plan should include, among other items, the names of and activities engaged by key stakeholders, the modality of public and stakeholder consultations to be carried out, detailed steps and procedures for stakeholder participation in SESA process, governance and decision making structure under the SESA process including the structure, roles and responsibilities of the Safeguards working group and REDD+ working groups, and feedback and grievance mechanisms. The revised Stakeholder Participation and Consultation Plan should be consulted with key stakeholders and their inputs be incorporated in the final Stakeholder Participation and Consultation Plan.

Given the diversity of ethnic groups in Thailand (59) the Consultant should hold interest-group consultations with stakeholders so that varying concerns and voices of diverse ethnic groups and languages in the country are captured from the beginning of the SESA process. While an-inter disciplinary team will be put together for SESA it is important to include local consultants who are familiar with the language and cultural aspects of interest groups. A Safeguards working group will be established with the participation of key stakeholders including representatives of Forest Dependent and Ethnic Groups and interested CSOs who will be regularly consulted upon and participate in the formation of Stakeholder Participation and Consultation Plan and the subsequent SESA process. The membership of such the safeguards working group is expected to evolve during the SESA process. Interactions between the REDD+ Working Groups and the Safeguards working group would be carefully coordinated. Field based methods will be refined to ensure *free, prior and informed consultations* take place depending upon the geographical, social, cultural and linguistic context.

National Validation Workshop

The SESA ToRs will be subjected to a validation workshop; prior to this workshop, the Consultant will prepare a SESA work plan, which will include the consultation and participation activities of SESA. The SESA ToRs together with the work plan shall be subjected to broad stakeholder validation in a national workshop. The validation workshop is crucial in defining the legitimacy of all subsequent stakeholder consultation and participation processes. Existing platforms and all key stakeholder groups related to forest management in Thailand should therefore be considered. Ample notice shall be given to stakeholder groups and platforms who, as much as possible, shall nominate their own representatives.

The workshop should be held at a place which is more readily accessible to the stakeholder groups coming from different parts of the country. The format and facilitation of the workshop should also ensure that all stakeholders feel comfortable to voice their concerns and that all voices are heard and all inputs considered. Among the issues to be discussed should be included legitimacy and representativeness of stakeholder groups as well as mechanisms for feedback in

the SESA process. Criteria for including new stakeholders in future consultation and participation activities would be also agreed as well as the rules to be followed to reach agreements along the SESA process. Views, comments and agreements from the validation workshop should be used by the consultants to finalize the SESA ToRs and work plan. The plan and any other outcomes of the workshop shall then be publicly disclosed via the websites of the DNP and other relevant websites. For reaching out local communities a plan summary will be communicated by using the appropriate medium/channel of communication, e.g., radio in a culturally sensitive format.

6.1.2 Identification of key environmental and social issues

The Consultant will identify key environmental, social and gender issues associated with deforestation and forest degradation in Thailand to inform the selection of environmental, social and gender priorities. This proposed identification of key issues should be based on analytical work using spatial analysis, case studies and participatory rural appraisal methods. Spatial analysis will be applied in mapping and for overlaying different sets of information to identify critical areas of concentration of environmental and social issues.

Case studies will be used to show opportunity costs of different land uses including environmental and ecosystems valuation. Case studies will also help to dig deeper into key issues, inter-sectoral linkages, and potential policy trade-offs in key areas. Participatory rural appraisal would be the main vehicle for identifying key environmental and social issues at the community level. For scoping key environmental issues the following steps will be followed:

1. Construction of a base map (first layer), using information on forest cover, river basins, water bodies, and salient biodiversity characteristics, including biodiversity hotspots and protected areas.
2. Mapping of main economic activities in forest areas and surroundings including but not limited to logging, farming, agriculture, mining and tourism. The mapping will include information on geological provinces and main production projects under implementation or likely to be implemented in the following five years (second layer).
3. Mapping of existing infrastructure and identification of proposed road, rail, and power projects under investigation or implementation (third layer).
4. Mapping of planned village consolidation, resettlement or relocation of settlements due to development activities, or other causes (Villagers would be enlisted in this exercise to help map their resources and resource use).
5. Superimposition of these four layers of information to define critical areas under or potential environmental stress in forest areas.

Likewise, the following steps will be followed to scope key social issues:

1. Data collection or construction of a base map (first layer) of communities in and around forest areas, including key demographic indicators such as number of inhabitants, gender and age structure, and ethnicity of the populations.
2. Poverty and vulnerability map including income levels of the population (second layer).
3. Participatory mapping of access and land tenure rights that shall include concessions or other existing titling rights for natural resources or extractive industries such as mining (third layer).

4. Superimposition of these three layers of information to define critical social issues such as encroachment, land conflict, in forest areas.
5. Examination of specific social issues, potentials for equitable benefit sharing and mechanisms to share benefits by using rural appraisal methods and case studies to document critical interactions and synergy of these different social factors affecting sustainable forest management in Thailand.

Building on the evidence and results of these analyses, the consultant will produce a scoping report of key environmental, social and gender issues in forests areas in Thailand. The report will:

- i. identify environmental and social hotspots and discuss their main characteristics;
- ii. discuss in a sample of key forest areas land use trade-offs by analyzing the opportunity cost of conserving forests versus developing these areas into alternative land uses such as mining or agriculture; discuss impacts of such land use changes, access restrictions, exclusion of forest dependent, women headed and vulnerable households.
- iii. analyze critical institutional, legal, regulatory, policy and capacity gaps underlying the key environmental and social issues identified.
- iv. Assess potentials to equitably share benefits from REDD+ activities with local population and ethnic minorities and mechanisms of benefit sharing.

The scoping report will inform the public consultations to be undertaken with key stakeholders for the selection of the SESA's environmental and social priorities.

6.1.3 Selection of environmental and social priorities

In line with the consultation and participation plan of the SESA, the key environmental, social and gender issues resulting from the mapping and analytical work shall be reviewed and prioritized by a representative sample of communities in the critical areas identified from the mapping exercise. Stakeholder engagement at this level shall be in the most widely spoken national dialect of the area. The prioritization will then be validated at the regional level by CSOs/community representatives, and local government.

In parallel, institutional stakeholders identified in the SESA work plan such as research and academia, national and sub national authorities and institutions and organization's related to environmental protection, land, water and forestry resources, mining and infrastructure such as hydro power and other civil society coalitions on environment and natural resources management and the private sector will review and prioritize environmental and social issues through consultations that are culturally sensitive, such as interest groups or focus groups. A national workshop will be convened to discuss the results of the prioritization undertaken by the institutional stakeholders to reach a common set of priorities agreed by all institutional stakeholders at the national level (including the National REDD Task Force and the CSO REDD+ working groups). The selected environmental, social and gender priorities of institutional stakeholders and those of the forest communities will be reported either separately, if they are different from each other, or integrated into one set of priorities for the communities and institutional stakeholders, if they are similar or identical.

The Consultant will prepare a report on the selection of priorities by the SESA stakeholders. The report shall then be publicly disclosed via the websites of DNP.

6.2 Assessment

The Consultant will assess environmental and social sustainability of the REDD+ strategy options as follows:

6.2.1 *Assessing candidate REDD+ strategy options vis-à-vis SESA's priorities*

The Consultant will assess the extent to which candidate REDD+ Strategy options may address SESA's environmental and social priorities and take into account in their formulation the opportunity cost of forests. When the REDD+ strategy options address partially or do not address some of the priorities and/or are unresponsive to forest opportunity costs, the gaps will be identified and specific recommendations will be made to refine the REDD+ strategy options to close these gaps. In this way, priority environmental and social considerations and to some extent forest valuation will be integrated into the preparation of the REDD+ strategy. The expected output is revised REDD+ strategy options.

The revised REDD+ strategy options shall be assessed against the environmental and social impacts that they may induce or create during their implementation. These environmental and social impacts will be identified vis-a-vis the World Bank environmental and social safeguard policies. For example, one of the REDD+ strategy options may induce involuntary resettlement of forest communities and farmers located in a specific region of Thailand which will trigger World Bank O.P. 4.12. In such a situation, the Consultant shall provide recommendations to refine further the REDD+ strategy options in order to eliminate or minimize this risk. If some residual risk still remains, it will be dealt with in the Environmental and Social Management Framework (ESMF) prepared to manage risks during implementation of the REDD+ strategy.

6.2.2 *Validation of the assessment*

In coordination with the team in charge of preparing the REDD+ strategy, the refined REDD+ strategy options shall then be subjected to a national validation workshop. Participants from all key stakeholders should be invited to this workshop including those whose work/livelihoods are likely to impact on or be impacted upon by the strategy options. Care should be taken to include women, youth, loggers/miners, migrant farmers and small scale practitioners and any otherwise marginalized groups in line with the consultation and participation plan of the SESA. The validation workshop should be organized in such a way that there will be parallel validation by the different key stakeholders, before a plenary session. This will empower "weaker" stakeholders by ensuring they have a chance to freely express and promote their views. Where necessary, a local dialect should be used in the stakeholder specific session, to allow for proper articulation of concerns by all key stakeholders.

6.3 Environmental and Social Management Framework (ESMF)

The Consultant will prepare an initial draft ESMF suitable for disclosure and public consultations that would involve the following minimum tasks:

- a) A description of the **indicative REDD-plus strategy option(s)**, its main social and environmental considerations, and the various risks involved in its implementation.

- b) An outline of the **legislative, regulatory, and policy regime** (in relation to forest resources management, land use, community customary rights, etc.) that the strategy will be implemented within, drawing from the information available from the Draft REDD+ Strategy. Gap analysis between the World Bank Safeguard policies and Thai environmental and social laws and regulations and gaps filling.
- c) A description of the **potential future impacts**, both positive and negative, deriving from the project(s), activity (-ies), or policy (-ies)/regulation(s) associated with the implementation of the REDD+ strategy options, and the geographic/spatial distribution of these impacts.
- d) A description of the impact of REDD+ strategy options on benefit sharing arrangements and recommendations for fair and equitable benefit sharing arrangements including dispute resolution mechanisms
- e) A description of the arrangements for implementing the specific project(s), subprojects, activity (-ies), or policy (-ies)/regulation(s) with a focus on the procedures for (i) screening and assessment of site-specific environmental and social impacts; (ii) the preparation of time-bound action plans for reducing, mitigating, and/or offsetting any adverse impacts; (iii) the monitoring of the implementation of the action plans, including arrangements for public participation in such monitoring.
- f) An analysis of the particular institutional needs within the REDD+ implementation framework for application of the ESMF. This should include a review of the authority and capability of institutions at different administrative levels (e.g. local, district, provincial/regional, and national), and their capacity to manage and monitor ESMF implementation. The analysis should draw mainly from the REDD+ implementation framework of the Draft REDD+ Strategy.
- g) An outline of recommended capacity building actions for the entities responsible for implementing the ESMF.
- h) Requirements for technical assistance to public- and private-sector institutions, communities, and service providers to support implementation of the ESMF.
- i) An outline of the budget for implementing the ESMF.

The final draft ESMF suitable for inclusion in the R-Package will contain specific sections addressing the requirements of applicable World Bank safeguard policies, including as relevant:

- i. Environmental Management Framework (EMF) to address any potential environmental impacts, including cumulative and/or indirect impacts of multiple activities;
- ii. Involuntary resettlement and/or restriction of access to natural resources having adverse livelihood impacts (e.g. Process Framework);
- iii. Stakeholder engagement and dispute resolution framework;
- iv. Ethnic Groups Planning Framework (EGPF) to address any effects on Ethnic Groups, fully consistent with OP 4.10.
- v. Resettlement Policy Framework (RPF) to address potential land acquisition or asset loss, fully consistent with OP 4.12, if found relevant.
- vi. A management framework for Physical and Cultural Resources (PCR) to address impacts on PCR, fully consistent with OP 4.11.
- vii. An Integrated Pest Management Plan (IPMP) to address pest management issues and promote the appropriate management of pests and pesticides, fully consistent with OP 4.09, if found relevant.

- viii. Gender analysis framework consistent with World Bank Gender and Development Operational Policy OP 4.20.

6.3.1 Consultation on and disclosure of the ESMF

The generation of a draft ESMF needs to be preceded by the preparation of the ESMF ToR for which inputs are solicited through their public disclosure. In putting together the draft ESMF, extensive stakeholder consultation shall be done, particularly in the critical areas as identified through the prioritization and mapping exercise. The draft document should also be subject to broad stakeholder consultations and inputs. Eventually, a representative sample of communities in the critical areas should be enabled to participate in a public hearing on the ESMF which should be held in a readily accessible community or district capital. Community-based organizations and NGOs operating in these areas should participate in the public hearing, which should also be held in the local dialect widely spoken in the specific area.

Consultation and participation for the SESA will include consultations of the ESMF, which should involve community and institutional stakeholders in a manner consistent with Thailand law on public consultation/hearing, and the World Bank safeguard and disclosure policies. Copies of the document should be made available to the public through the websites of DNP World Bank, and appropriate third party websites of local forest dependent communities, civil society organizations; hard copies should also be made available at district and province offices of the identified critical areas. Copies should also be sent to relevant public sector institutions, civil society and the private sector to solicit inputs and comments.

Schedule and Deliverables

Table 1 below summarizes the main activities, deliverables and schedule for the implementation of the SESA process. Key intersection points with other activities of the REDD+ readiness package are also included.

Table 1: Delivery of SESA outputs

Output	Timeline
Detailed Work Plan	Within 2 weeks of contract signature
Inception report	One month after contract sign
Progress report	One every two months
Draft completion report	Two months prior to contract closure
Final completion report	Contract closure

Composition of SESA Team

The SESA process will be undertaken by a consortium made up of members of an international consulting company or International Consultant and of a Thai consulting company or local NGO. The international company members should lead the SESA's analytical work, have proven experience in applying World Bank safeguard policies and be responsible for the quality control of the whole SESA process. The local company members are expected to lead the consultation and public participation process and contribute to SESA's analytical work.

The minimal technical expertise required for the SESA will include the following:

1. **Team leader** should have proven experience in leading sector or national reviews or assessments of public policies or development strategies. At least 15 years' experience, of which 10 years are relevant experience in developing countries, is required. This expert should have at least 3 years of experience in East Asia. Experience in Thailand is desirable. S/he must have academic training in natural resources management, environmental or social sciences. Experience in SEA or SESA is desirable.
2. **Natural resource/forestry specialist** should have at least 10 years of experience in forest management, including timber and non-timber projects. At least two years of experience in forestry projects in Thailand is required. Knowledge on the legal, regulatory and institutional framework of natural resources in Thailand including infrastructure, mining and agriculture is desirable.
3. **Social development specialist** should have at least ten years of experience on forest and rural communities. Familiarity with participatory rural appraisal and social issues associated with forests in South East Asia and the World Bank social safeguard policies is required. At least three years of experience in Thailand is desirable. Experience in working with Ethnic groups and local communities and knowledge on the legal, regulatory and institutional framework of social issues in Thailand including ethnic groups, land tenure and ownership rights and resettlement are also desirable.
4. **Stakeholder engagement specialist** should have at least five years of experience in Thailand. Proven knowledge of stakeholders at the national, regional and local level on forest and land use in Thailand is required. S/he may know at least one local language or dialect widely spoken by rural communities in Thailand.
5. **Environmental Specialist** should be able to cover all environmental issues of the project. S/he may have at least 10 years of experience in environmental assessment in developing countries. Familiarity with environmental issues associated with forests in Asia and the World Bank environmental safeguard policies is required. Experience in environmental valuation and knowledge on the legal, regulatory and institutional framework of environmental management in Thailand including are desirable. Priority will be given first to experience in Thailand and then in developing countries.
6. **Mapping specialist** should be able to cover all mapping requirements of the SESA. Experience of at least 5 years and proven experience on mapping and GIS techniques is required.

All members of the team should be fluent in English. Specific technical inputs on legal, infrastructure development projects, gender and environmental and natural resources valuation should be provided by the Consultant as needed.

7. Institutional reporting

The team of Consultants shall work closely with the SESA working group and shall report through DNP to the National REDD+ Task Force.

Addendum 1: Illustrative Timing for SESA, Thailand FCPF

SESA approach for REDD+ Readiness

- Includes environmental and social issues
- Focus on the process (stakeholder involvement)
- Consistent with World Bank environmental and social safeguard policies

