

The underlying intervention logic for this action is that:

Overarching assumptions:

IF poverty is reduced, *AND* revenue of local communities sufficient, *THEN* deforestation and forest degradation will reduce;

IF national revenue from agriculture and forestry sectors, *AND* sectors' governance is enhanced, *THEN* more resources will be available to both protect the protected areas and develop the production;

IF agro-ecological practices, awareness and capacity building at all levels – local communities, local and national policy makers, private sector- *AND* responsible investment standards, supporting in-country value chains development *AND* access to markets through better connectivity are ensured *THEN* there will be a decreased deforestation and an enhanced forest protection, while sustainable production and processing will develop, thus improving the livelihood of the people, their nutritional status as well as the country resilience to climate change.

Agriculture:

IF agro-ecological and intercropping practices are promoted at the community level *AND* business model are developed *THEN* income will be diversified, access and availability to nutritious food will improve and communities' resilience will be strengthened (AO 1.1),

IF research for more suitable species is boosted *AND* education along the supply-chain conducted *THEN* the overall sustainability of the supply chain will improve for both coffee and tea.(AO 1.2),

IF producers are better organised *AND* receive capacity building for improving their production quality *THEN* they will access better market opportunities. (AO 1.3),

IF coherent strategies and action plans are developed *AND* their implementation is ensured thanks to the capacity building to stakeholders *THEN* Lao coffee and tea sectors will get better recognition (AO 1.4).

Forestry:

IF government, villages and companies agree through landscape approach to ensure forest restoration, biodiversity conservation and ecosystem resilience through dialogue and education, *AND* alternative revenues i.e. to deforestation/forest degradation are ensured to the communities, *THEN* eco-systems will be better protected. (AO 2.1)

IF the research and education in the sector is improved *AND* disseminated on the field along the value-chain and within the relevant authorities *THEN* knowledge and professional capacities in relevant topics such as sustainable plantation forestry, forest restoration, wood technologies and product development will be strengthened and overall governance will improve. (AO2)

IF smallholders and SMEs receive incentive for coping with long gestation periods typical in forestry, *AND* medium and large wood processing enterprises are willing to cooperate with smallholders and SMEs and comply with sustainability standards, *THEN* value chain actors will scale up their production, making forest-based value chains more competitive and sustainable. (AO 2.3)

IF forestry policies and strategies (forest management, land rights) are improved and implemented *AND* capacity of stakeholder continue to develop through policy dialogue, *THEN* the governance of the forestry sector will improve, i.e inclusivity and sustainability (AO 2.4).

IF one or more of the four components above are effective (eg: inclusive forest sector governance oriented towards conservation; competitive and sustainable forest-based value chain; strengthening of sectorial multi-stakeholder partnerships; strengthening of knowledge and professional capacities) *AND* MSME improve capacities for a more efficient use of raw material, explore “new” materials and apply wood quality, legality and sustainability standards *THEN* forest-based value chains for sustainable use and conservation of forest will be developed.

In parallel, this action will be complemented through Green Technical and Vocational Training (TVET) as decided in the AAP 2022, and targeted investment leverage using blending operations with International Financing Institutions (IFIs) and, wherever possible, EFSD+ guarantees. This will be done with an IFI eligible for EFSD+ funding that has relevant experience in the sector and country/region through blending and/or sovereign loans. A comprehensive action