

The Forest Carbon Partnership Facility (FCPF) Readiness Plan Idea Note (R-PIN) Template

Guidelines:

1. The purpose of this document is to: a) request an overview of your country's interest in the FCPF program, and b) provide an overview of land use patterns, causes of deforestation, stakeholder consultation process, and potential institutional arrangements in addressing REDD (Reducing Emissions from Deforestation and Forest degradation). This R-PIN will be used as a basis for the selection of countries into the FCPF by the Participants Committee. Information about the FCPF is available at: www.carbonfinance.org/fcpf
2. Please keep the length of your response under 20 pages. You may consider using the optional Annex 1 Questionnaire (at the end of this template) to help organize some answers or provide other information.
3. You may also attach at most 15 additional pages of technical material (e.g., maps, data tables, etc.), but this is optional. If additional information is required, the FCPF will request it.
4. The text can be prepared in Word or other software and then pasted into this format.
5. For the purpose of this template, "Deforestation" is defined as the change in land cover status from forest to non-forest (i.e., when harvest or the gradual degrading of forest land reduces tree cover per hectare below your country's definition of "forest." "Forest degradation" is the reduction of tree cover and forest biomass per hectare, via selective harvest, fuel wood cutting or other practices, but where the land still meets your country's definition of "forest" land.
6. When complete, please forward the R-PIN to: 1) the Director of World Bank programs in your country; and 2) Werner Kornexl (wkornexl@worldbank.org) and Kenneth Andrasko (kandrasko@worldbank.org) of the FCPF team.

Country submitting the R-PIN: Lao People's Democratic Republic
Date submitted: June 12, 2008

Template**1. General description:**

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b) List authors of and contributors to the R-PIN:

Authors: Working Group on R-PIN set up in the Department of Forestry

Contributors:

Wildlife Conservation Society in Lao PDR, IUCN in Lao PDR, Sustainable Forestry and Rural Development Project (SUFORD; MAF/WB/ Finland), Forestry Strategy Implementation Promotion Project(MAF/JICA/Sida), Upland Research Capacity Development Program (MAF/Sida)

c) Who was consulted in the process of R-PIN preparation, and their affiliation?Government

Prime Minister Office: Water Resource and Environment Administration, National Land Management Authority

National Assembly: Committee of Law

Ministries: Planning and Investment, Industry and Commerce, Finance

MAF Departments: Permanent Secretary Office, Agriculture, Irrigation, Livestock and Fishery, National Agriculture and Forestry Extension Service, Forestry Inspection

Research Institutes

National Agriculture and Forestry Research Institute (MAF)

Faculty of Forestry, National University of Laos

International organizations

World Bank, ADB, FAO, WFP

Donor

Sida, JICA, GTZ, SDC, Finland,

Projects

Sustainable Forestry and Rural Development Project

Upland Research Capacity Development Program

Forest Management and Community Support Project (MAF/JICA)

NGO

WWF, IUCN, WCS, CIDSE, JVC

Private sector

Oji, Bilra Lao, Burapha

2. Which institutions are responsible in your country for:

a) forest monitoring and forest inventories: DOF

Template**b) forest law enforcement:**

Department of Forestry; dissemination of laws and regulations
Department of Forestry Inspection, MAF; investigation and filing criminal charges concerning forestry
National Police;

c) forestry and forest conservation:

DOF; forest policy, planning and management including conservation
Ministry of Industry and Commerce; forest industry planning and control, log sales and wood trade
National Land Management Authority, Prime Minister Office; land use planning, land titling and land concessions
Water Resource and Environment Administration, Prime Minister Office; policy, planning and macro management of natural environment
Ministry of Planning and Cooperation; investment including forestry sector

d) coordination across forest and agriculture sectors, and rural development:

MAF coordinates forest and agriculture sectors in consultation with the concerned Ministries.
Committee for Rural Development and Poverty Eradication, Prime Minister Office, coordinates rural development works of concerned Ministries including MAF

Template**3. Current country situation (consider the use of Annex 1 to help answer these questions):**

a) Where do forest deforestation and forest degradation occur in your country, and how extensive are they? (i.e., location, type of forest ecosystem and number of hectares deforested per year, differences across land tenure (e.g., national forest land, private land, community forest, etc.)):

Location of deforestation

Comparison of forest distribution maps for 1992 and 2002 indicates deforestation took place all over the country (See the maps in Attachment 1 showing land use in 2002 of Current Forest in 1992). In the northern region of the country, where mountainous landscape dominates, most deforestation of Current Forest is to Potential Forest and this indicates expansion of shifting cultivation both subsistent and commercial with or without initial logging.

Commercial tree plantations such as rubber and agar-wood, which are expanding rapidly, also contribute to deforestation, if they replace good forest against laws.

In relatively flat areas along the Mekong River in the central and southern regions, conversion to agriculture land is also prominent. Other visible deforestation areas are along the borders with neighboring countries and this indicates heavy logging and expansion of commercial crops on slope land.

Infrastructure development: hydropower schemes, power lines, expansion of district and province centers (urban expansion and its impact on degradation around centers)

Location of degradation:

Forest degradation, which encompasses decreases in stocking densities, changes in species composition and size structure and reductions in wildlife and plant populations, is in many areas as alarming as actual deforestation. Thus, forest fragmentation has increased with small forest compartments (less than 10 ha) having increased as a proportion of the total forest area from 0.9% in 1992 to 6.7% at present, while large forest compartments (larger than 1,000 ha) have decreased from 88% to 54%. Similarly, forest density has decreased dramatically with dense forest declining from 29% in 1992 to 8.2% at present and open forest increasing from 16% to 24.5% of the total. With respect to stand structure, the forest area dominated by large trees has decreased from 5% to 3% of the total, that dominated by small-size timber has decreased from 44% to 42% and pole-size forests have increased from 51% to 56% of the total.

Deforested forest ecosystem and area

According to the Forest Cover and Land Use Survey conducted by MAF, the Current Forest (defined as Forest in this paper) decreased to 9.8 million ha in 2002 from 11.2 million ha in 1992 with an average loss of 134,000 ha per annum equivalent to 0.6% of the total land area. (See Attachment 2) If this reduction rate continues, the Current Forest area will decrease to 7.4 million ha (31.3% of the total land) by 2020. As seen in the maps in Attachment 1, forest cover change is not a unilateral process from Current Forest to Potential Forest but a complex process involving re-growth of Potential Forest to Current Forest. One of key targets of FS 2020 is to promote this re-growth process through land zoning, provision of alternative ways of production to shifting cultivators and so on.

Upper Mixed Deciduous Forest, which is the dominant forest type occupying 56 % of Current Forest in 2002, showed largest reduction in the country as well as in the all three regions.

Land and forest tenure

All land and natural forest belong to the State. As for natural forest the government either directly manages them as Production Forest, Protection Forest or Conservation Forest through MAF/DOF and its local line agencies. Production Forests are managed with participation of village forest organizations receiving benefits

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from log sales and so on. Village forests are allocated to villages for their own uses. Degraded forest land can be allocated to rural households for tree planting and so on or leased to investors for tree/crop plantations as land concessions. Planted trees or forest belong to planters. However, there is no separate data of deforestation for state managed forest or village managed forest.

b) Are there any estimates of greenhouse or carbon dioxide emissions from deforestation and forest degradation in your country? If so, please summarize:

Since country specific bio-mass data are not available except some Production Forest areas, accurate estimation of CO₂ emission from deforestation and degradation is not possible. The following is a rough estimate of annual CO₂ emission from deforestation using the default bio-mass values from the 2006 IPCC Guidelines and its comparison with CO₂ emission from fossil fuel use.

Annual CO₂ emission from deforestation

Annual deforestation rate; 134,000 ha

Ecological zone; Tropical moist deciduous (TAWa; 50%) and Tropical dry forest (TAWb; 50%)

Carbon fraction; 0.47 C tone/tone d.m.

Fraction of below-ground biomass to above-ground biomass; 0.20 for TAWa and 0.56 for TAWb

Above-ground biomass; 180 tones d.m./ha for TAWa and 130 tones d.m./ha for TAWb

Total of above- and below-ground biomass; 216 tones d.m./ha for TAWa and 203 tones d.m./ha for TAWb

Annual carbon emission

TAWa; 216 tones d.m./ha × 67,000 ha × 0.47 C tone/tone d.m. = 6.8 million C tones

TAWb; 203 tones d.m./ha × 67,000 ha × 0.47 C tone/tone d.m. = 6.4 million C tones

Total; 13.4 million C tones

Annual CO₂ emission from deforestation;

13.2 million C tones × 44/12 = 48.4 million CO₂ tones (8.6 CO₂ tones/capita;)

(This is only a hypothetical calculation assuming all biomass in deforested areas are immediately discharged to atmosphere through combustion. In reality, some bio-mass remain and much of trees are processed to wood products, which have a long life span before discharged to atmosphere through combustion or decay.)

Annual CO₂ emission from petrofuel use

Annual import of petrofuel; 400 million liters (Vientiane Times Jan 4, 08)

CO₂ emission per liter; 2.4 kg (assuming all fuel is gasoline)

CO₂ emission from fuel use; 2.4 kg/liter × 400 million × 1/1000 = 0.96 million CO₂ tones (0.2 CO₂ tone/capita)

c) Please describe what data are available for estimating deforestation and/or forest degradation. Are data published? Describe the major types of data, including by deforestation and forest degradation causes and regions if possible (e.g., area covered, resolution of maps or remote sensing data, date, etc.).

Forest Area Change

The National forest cover and land use report prepared by DOF/MAF in Jul 2005 is the source of data for estimating deforestation and is published both in Lao and English. (Some major tables are in Attachment 1)

National Forest Inventory

Stand volume was inventoried in 1993-1999 by cluster sampling. Inventory included trees and some non-timber forest products like rattan and bamboo. Stand volume was estimated for different forest categories (canopy density, slope, etc.) and reported by province and the country as a whole. Various vegetation attributes were measured (stem diameter, bole height, total height, quality class) for all species with DBH ≥

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10 cm.

Forest inventory for management planning in connection with participatory, sustainable forest management (PSFM)

Coverage: Extensive coverage (657,000 ha) in 4 provinces and less extensive coverage as yet (but on-going) in 4 other provinces. The plan is to cover the country's 54-55 production forest areas with a total of 3.5 million ha with forest inventory in the next 5 years.

Species inventoried: All tree species.

Volume by species: Bole volume of trees with from 20cm DBH class and higher.

Biomass: Studies are needed to relate bole volume to biomass (above-ground and below-ground).

Stand growth and mortality estimate: 200 permanent sample plots (PSPs) have been established and re-measured in 3 provinces, another 200 PSPs are being established in a fourth province. The plan is to establish 100-150 PSPs in each of the remaining 13 provinces.

d) What are the main causes of deforestation and/or forest degradation?

As summarized in FS 2020 and current information provides, main drivers of deforestation are;

1. Shifting cultivation by local farmers for both subsistent and commercial purposes
2. Large scale forest conversion to tree/agriculture crop plantations by investors (in the case of tree plantations forest carbon will increase quickly after forest clearance as planted trees grow)
3. Illegal logging in many cases followed by conversion to crop production or slash and burn cultivation
4. Loss of forests to infrastructure mostly hydropower dams

Underlying causes are;

External

Strong demand for raw materials and limited natural resources and land in the neighboring countries putting pressure on natural resources and land use in Lao PDR.

Internal

1. Poverty of local farmers, who have to rely on shifting cultivation without alternatives and rapid population increase in remote areas
2. Excessive number and capacity of wood processing factories
3. Unclear or vague laws and regulations concerning logging and land use esp. forest conversion and concessions
4. Considerably low land concession fees compared to neighboring countries
5. Incomplete land use zoning and titling including forest category zoning and village land use plans
6. Insufficient resources both human and financial to implement land use zoning and to manage each land use zone
7. Limited dissemination of laws and regulations and understanding by local officers, people and investors
8. Weak institutional capacity including cross-sectoral coordination in controlling logging, wood trade and land use, and in protecting Protection and Conservation Forests in accordance with laws and regulations
9. Governance issue esp. some of government officials ignoring laws and regulations for their own profits in collusion with business people

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10. Low salaries of civil servants

e) What are the key issues in the area of forest law enforcement and forest sector governance (e.g., concession policies and enforcement, land tenure, forest policies, capacity to enforce laws, etc.?)

The Government of Lao PDR has been taking forest issues esp. deforestation very seriously and has organized national level meetings and issued Prime Minister Orders to control logging and forest land use through enhancement of law enforcement and governance improvement. The past experiences indicate the following issues are important;

- 1) Clear, comprehensive and practical rules and regulations
- 2) Clear and unequivocal division of responsibilities between concerned government agencies
- 3) Dissemination of rules and regulations to local officers and grass root levels
- 4) Participation of local people in inspecting forestry activities with concerned officers and business people and in reporting to concerned authorities
- 5) Strict law enforcement; establishment of government agency specialized in forestry inspection with authority to arrest and files charges against law offenders
- 6) Inspection with use of high-tech equipment such as remote sensing

Amendment of the Forestry Law addressing institutional issues identified above was approved by the National Assembly in Dec 07. The amended Forestry Law will be disseminated across the country down to grass root levels. Implementing decree and regulations need to be prepared and implemented.

4. What data are available on forest dwellers in lands potentially targeted for REDD activities (including indigenous peoples and other forest dwellers)? (e.g., number, land tenure or land classification, role in forest management, etc.):

Lao PDR is a multi-ethnic society consisting of more than 49 ethnic groups, but no data are available on forest dwellers or indigenous peoples in lands potentially targeted for REDD activities.

According to the Lao Expenditure and Consumption Survey in 2002/03, out of 867,000 households in the whole nation 240,000 (28%) are classified *Urban* and other 624,000 (72%) *Rural*. Rural HH are further classified to *With access to road* (470,000 HH) and *Without access to road* (157,000). It can be said the rural HH are dependent on forests for collection of wood and NTFP for own consumption and sales with different degrees and the rural HH without access to road are in general heavily dependent on forests and many of them practice shifting cultivation because the areas these HH are located are mostly remote and mountainous. Although national level data are not available, some studies show NTFP is second most important source of income next to livestock and poorer people dependent more on NTFP than others.

Through the land and forest allocation program since 1996, HH in these remote villages are provided with

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land parcels with temporary land certificate to promote crop production and village forest is classified into some categories (production, protection, conservation, etc.) and village rules on use of these forests are agreed upon between villages and local authorities. Customary use of forest resources by these people is authorized in the Forestry Law. The land and forest allocation program is under improvement to make it more participatory and to be followed by extension works and land titling according to new legislation.

In Production Forest areas, local villages participate in all aspects of production forest management based on contract with local authorities and they receive benefits from log sales. This has been piloted in the Production Forest areas supported by the Sustainable Forestry and Rural Development Project (SUFORD; World bank and Finland) and is going to be expanded to other Production Forest areas, which have management plans.

5. Summarize key elements of the *current* strategy or programs that your government or other groups have put in place to address deforestation and forest degradation, if any:

a) What government, stakeholder or other process was used to arrive at the current strategy or programs?

The Forestry Strategy 2020 was formulated by a multi-Ministerial Senior Staff Committee with MAF playing the secretariat roles and there were 3 open consultations with stakeholders including donors, private sector and NGOs on main issues and drafts. MAF organized an annual stakeholder consultation on implementation of FS 2020 in Nov 07 for two days and the working group on forestry consisting of government ministries, research institutes, projects, NGOs and private sector has been active since Jul 2007.

A mid-term FS 2020 Implementation Plan consisting of priority actions for the next five years was proposed and discussed at the Stakeholder Consultation in order to align stakeholders' activities and mobilize additional support from donors. This FS Implementation Plan is to be revised annually to address and meet new issues and needs and its implementation will be monitored.

On the government side, in 2006 MAF developed 5 year plan for agriculture and forestry development until 2010 and so did DOF its own 5 year plan. Both plans were developed through consultations with local line agencies and key elements of these plans are included in the FS Implementation Plan.

b) What major programs or policies are in place at the national, and the state or other sub-national level?

Objective and targets in FS 2020

The overall objective of the forestry sector development is to contribute to poverty eradication, which is also a national development objective.

The major sector targets, which must be achieved to contribute to poverty eradication are;

- 1) To improve quality of existing forested area so as to recover forest cover rate to about 70% of the total land area by naturally regenerating up to 6 million ha and planting trees up to 500,000 ha in temporary unstocked forest areas as an integral part of rural livelihood support system including stable water and forest products supply and mitigation of natural disasters.
- 2) To generate a sustainable stream of forest products for domestic processing and consumption, and many of them for eventual export generating adequate household incomes, contributing to the country's foreign exchange resources and fiscal revenue, and increasing direct and indirect employment.
- 3) To preserve the existence of many species and unique habitats, which are threatened with extinction
- 4) To conserve environment including protection of soil, conservation of watershed and climate.

Major policy and programs

1. Forest zoning and management with local participation
 - Survey and establishment of Production Forest and Protection Forest with total areas of 3.5 million ha and 4.5 million ha respectively
 - Participatory and sustainable management of Production Forest
 - Group certification of Production Forests

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- Establishment and piloting of innovative financial schemes for appropriate management of Protection and Conservation Forests with participation of and benefits to local people

2. Village based resource management

- Land use planning at village cluster level and land and forest allocation
- Provision of alternative production systems to replace shifting cultivation
- Preparation of legal guidebook on rights and responsibilities of land and forest resources at village level

3. Reform of wood processing industry and wood export

- Reform of wood processing industry in accord with log supplies and for processing of finished products
- Ban on log and lumber export

4. Sound development of plantation sector

- Temporary moratorium on granting land concessions in May 2007.
- Survey and identification of degraded land for plantations
- Participation of local people in plantation management through 2+3 system (Local people provides land and labor, while investors provide seedlings, technical knowledge and market)
- Support to small scale plantation holders through provision of technical support and access to better market including certification

5. Establishment of legal framework

- Amendment of the Forestry Law and enactment of the Wildlife Law in Dec 2007.
- Preparation of implementing decrees and regulations

6. Law enforcement and governance

- Dissemination of the laws to local authorities, private sector and local people
- Establishment of the Department of Forest Inspection at MAF in Jan 2008 with authority of investigation, arrest and filing charges.

7. Research

- Development of integrated farming/agroforestry systems to replace shifting cultivation
- Improvement of land zoning, land use planning and land allocation
- Development of appropriate and localized models for management of common land
- Carbon estimate of tree plantations (Teak and Rubber tree)

6. What is the current thinking on what would be needed to reduce deforestation and forest degradation in your country? (e.g., potential programs, policies, capacity building, etc., at national or subnational level):

- 1) Public awareness raising about national and global benefits from REDD and encouragement of participation in REDD/FCPF strategies and programs through national/local radio and TV campaign.
- 2) Dissemination of laws and regulations not only to local officers and people but to foreign companies and investors
- 3) Completion of forest zoning (boundaries and core zones) for Protection, Conservation and Production Forests
- 4) Develop participatory management plans with local villagers for multiple use of Protection, Conservation and Production Forests and provide support for management.
- 5) Village level land use planning and land titling with priority for poor Districts including biomass estimate
- 6) Voluntary participation of villages in emission reduction plan and activities based on land use plans and land titling including phasing out of slash and burn cultivation, sustainable management of village forest, tree planting and/or enrichment planting in watershed areas or degraded common land, village based forest fire control and so on with simple biomass monitoring system
- 7) Support to alternative livelihood systems based on land use plans and land titling with priority for poor Districts

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- 8) Promotion of eco-tourism in and around Conservation and Protection Forests for income generation.
- 9) Promotion of alternative energy: solar lighting of houses, methane production from animal waste for cooking gas to reduce charcoal; use and production
- 10) Strict control of illegal logging in cooperation with local people
- 11) Strict control of wood export and cooperation with neighboring countries in wood trade
- 12) Strict control of wildlife trade and consumption in cooperation with neighboring countries
- 13) Strict selection and granting of concession for large scale plantations according to laws and regulations
- 14) Promote commitment of wood processing industry to use only legally sourced logs
- 15) Reduction of wood processing factories in accord with log supply and inspection of them for use of raw materials
- 16) More efficient use of wood biomass by improved processing technologies
- 17) Promotion of small scale tree planting and certification to reduce pressure on natural forests
- 18) Protection of forest genetic resources and intellectual property rights
- 19) Utilization of unwanted biomass (with danger of forest fires, e.g. bamboo) in buffer zones of protection and regeneration areas for value-added products and power generation

a) How would those programs address the main causes of deforestation?

The main drivers of deforestation and their underlying causes are interlinked, persistent and difficult to tackle and some of them are intensifying such as regional demand for natural resources and land. This is why the deforestation and forest degradation issues remain serious, if not getting worse, despite of a series of actions by the government and assistance from international society. Weak law enforcement and governance are common issues in all sectors and need not only forestry sector specific approach but also general actions by the government and understanding and cooperation of private sector.

Most of the programs stated in the above section are not new except the voluntary REDD schemes concerned with villages and private sector. There are two factors, which would possibly address these difficult issues much better than before.

One is the sector wide approach, which has been recently taking shape centering on the implementation of FS 2020. In addition to the stakeholder consultations and the forestry working group meetings, there has been concrete cross-ministerial cooperation in various works. Some of them are listed below;

- Regular meetings between MAF and MOIC and MAF and NLMA have been organized to harmonize their efforts in wood production, processing and trade and in land use policy, land use planning and concessions respectively.
- Concerned MAF Departments including DOF and the Department of Land Use and Development of NLMA have agreed to jointly develop methods and processes of participatory land use planning and land/forest allocation at village level in the form of a manual.
- DOF and NLMA have agreed to develop a legal guidebook on rights and obligations concerning land and forest use at village level, which is a systematic compilation of villagers' rights and obligations to land and forest scattered in many laws and regulations.

Second is development of private sector and formation of industrial associations. There are now two main industrial associations in the Lao forestry sector. They are the Lao wood processing industry association and the Cash crop and tree plantations owners association. These associations are expected to evolve from information exchange and lobby groups to more self-governing and law-abiding entities.

Third is an expected financial return to efforts to reduce deforestation and degradation. This means that standing trees have financial values and protection of these trees can be actually paid back. We don't have to cut trees to make money. Even though a REDD system is very complicated and difficult to establish so that actual payment is made to reduced deforestation, cash payment to protection of trees or forest regeneration would be a tangible and effective incentive for local villagers, government agencies and possibly private sector depending on amount, timing of cash payment and who receives. Conservation and Protection Forests will have greater value not only as centers for biodiversity and non-timber forest products but as sinks

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for carbon.

b) Would any cross-sectoral programs or policies also play a role (e.g., rural development policies, transportation or land use planning programs, etc.)?

Inter-sectoral/ministerial coordination between the forest sector, forest industry sector, land use planning sector and financing sector is of critical importance.

Many of the REDD programs mentioned in the above section are of cross-sectoral nature as follows;

Land use planning; Agriculture, forestry and land management sectors

Provision of alternative production systems; Agriculture and NTFP, local processing and access to market within and out of country (Agriculture, forestry, industry and transportation sectors), tourism promotion and watershed protection for hydropower

Control of logging, log transport, processing, export including wildlife and NTFP; Forestry, industry, police, customs and other sectors

c) Has any technical assistance already been received, or is planned on REDD? (e.g., technical consulting, analysis of deforestation or forest degradation in country, etc., and by whom):

General

- Forestry Strategy Implementation Promotion Project (DOF/JICA/Sida)

Emission assessment and monitoring

- European Space Agency for the southern part of Lao PDR (in discussion)
- Forest Research Institute of Japan for the northern part of Lao PDR (in preparation)
- Lao gvt/WB/Finland SUFORD AF 2009 - 2012 (in preparation); Expected outputs Carbon financing systems piloted, especially REDD/avoided deforestation
- Lao gvt/Germany (In preparation; 2009 -); Sustainable use and management of forest and income generation for rural population

Field Demonstration

- Carbon mitigation through Avoided Deforestation in Buffer Zones of Protected Areas in Northern Lao PDR (Bokeo, Luang Namtha, Sayabouri) by GTZ
- Payments for carbon mitigation via village banking systems (expected from 2008 onwards)

Template**7. What are your thoughts on the type of stakeholder consultation process that can help develop strategies or programs under FCPF support?****a) How are stakeholders normally consulted in the forest sector about new programs or policies?**

The Government-Donor Working Group on Forestry (FSWG), one of sectoral working groups, consisting of concerned government organizations, main donors, NGO representatives and private sector representatives has been be a forum for consultation on implementation of FS 2020 and forestry issues since Jun 2006. DOF is the secretariat for FSWG.

b) Have any stakeholder consultation on REDD or reducing deforestation been held in the past several years? If so, what groups were involved, when and where, and what were the major findings?:

FSWG meeting in Jan 08 was specifically on REDD, which included two presentations. Draft R-PIN was also presented and discussed.

c) What stakeholder consultation process might be used for discussions across federal government agencies, institutes, etc.?

National REDD Coordination Committee (NRCC) consisting of the Prime Minister Office (Executive Secretary, Water Resource and Environment Administration (WREA), Committee for Rural Development and Poverty Eradication (CRDPE) and National Land Management Authority (NLMA)), Ministry of Planning and Investment, MAF, Ministry of Public Works, Ministry of Industry and Commerce with a Deputy Prime Minister as the chair will be proposed for establishment with MAF playing secretariat roles. NRCC will make decisions on important issues including preparation and submission of R-PIN, reference scenario and monitoring, REDD strategy and programs and so on and to ensure cross-sectoral coordination.

Under NRCC, a multi-ministerial REDD working group consisting of Director Generals or Deputy DG of concerned Departments will be formed to prepare R-PIN, reference scenario, REDD strategy and programs and so on with DOF playing secretariat roles. REDD WG will have sub-working groups on forest biomass estimate and reference scenario, REDD strategy and programs, monitoring, distribution of benefits and so on.

d) Across state or other sub-national governments or institutions?

Lao PDR have 17 Provinces, 141 Districts and more than 10,000 villages as local administrative organizations. REDD Coordination Committee will be established at both Provincial and District levels to ensure local level coordination for forest biomass estimation and REDD programs.

e) For other stakeholders on forest and agriculture lands and sectors, (e.g., NGOs, private sector, etc.)?

FSWG will be a forum for consultation with other stakeholders. FSWG will also have sub-groups on forest biomass estimate and reference scenario, REDD strategy and programs, monitoring, distribution of benefits and so on.

f) For forest-dwelling indigenous peoples and other forest dwellers?

They are expected to participate in several of the REDD programs in the section 6 such as 3), 4) and 5). Consultation with them will be made mainly through implementation of the concerned REDD programs.

Template**8. Implementing REDD strategies:**

a) What are the potential challenges to introducing effective REDD strategies or programs, and how might they be overcome? (e.g., lack of financing, lack of technical capacity, governance issues like weak law enforcement, etc.):

- 1) Lack of alternative livelihood or production systems to replace shifting cultivation in remote areas and access to market together with lack of social services such as education and health care
- 2) Lack of means (capital and knowledge) to intensify existing agriculture systems for self sufficiency
- 3) Incomplete land use planning including forest zoning and village level land use planning and land titling and insufficient resources for management of each land or forest zone
- 4) Unclear resource and land tenure
- 5) Weak coordination between sectors
- 6) Weak law enforcement and governance
- 7) Insufficient understanding or ignorance of existing laws and regulations by business people and local people
- 8) Limited human and financial resources to implement activities

b) Would performance-based payments through REDD be a major incentive for implementing a more coherent strategy to tackle deforestation? Please, explain why. (i.e., performance-based payments would occur *after* REDD activities reduce deforestation, and monitoring has occurred):

Yes, as explained in the section 6-a) above, REDD gives actual financial values to standing trees rather than to logs and cleared land. This would be a major incentive for implementation of the programs stated above together with other emerging factors. However, there are three factors concerning performance based payments through REDD to be effective. One is their amount or level. If they are too low compared to opportunity costs or program implementation costs, governments or participants will lose interest in REDD. Second is fairness or attribution issue. REDD payment systems need to be designed in such a way that people or organizations, who have actually contributed to reduction in deforestation, are paid commensurate to their contributions. Third is the initial costs of REDD programs, which seem to be very large. A mechanism to pay for part of these costs from future REDD payments may need to be developed.

Template**9. REDD strategy monitoring and implementation:****a) How is forest cover and land use change monitored today, and by whom? (e.g., forest inventory, mapping, remote sensing analysis, etc.):**

Forest cover and land use has been assessed three times i.e. in 1982, 1992 and 2002. All these assessments were made by DOF. DOF also implemented the National Forest Inventory in 2000? and is responsible for management planning of Production Forest. DOF is preparing for next forest cover and land use assessment.

Change detection system is in place for Production Forests. Under the SUFORD extension phase, forest cover monitoring and change detection will be expanded to cover the whole country, including all types of forests and NBCAs. This task is linked to REDD facility information needs assessment (baseline and monitoring). The project is in pre-appraisal phase (May 2008).

b) What are the constraints of the current monitoring system? What constraints for its application to reducing deforestation and forest degradation? (e.g., system cannot detect forest degradation of forest stands, too costly, data only available for 2 years, etc.):

- Interval is too long to use for REDD.
- Only area change is measured and forest degradation cannot be estimated.
- Lack of country specific forest stand level data making reliable forest biomass estimate impossible
- Limited capacity of remote sensing, data management and so on (equipment, images and analytical capacity)
- There is limited coordination between organisations. National remote sensing archives or center is needed.

c) How would you envision REDD activities and program performance would be monitored? (e.g., changes in forest cover or deforestation or forest degradation rates resulting from programs, using what approaches, etc.)

The potential REDD programs in section 6 are interlinked each other and there will be cases that it will be very difficult to clearly distinguish impacts of related programs. For example, both illegal logging control and participatory management in the same Conservation Forest may have positive effects of emission reduction, but it would be impossible to tell which program has contributed how much. In addition there are several programs, monitoring of whose impacts on forest carbon is very difficult, although they will surely contribute to emission reduction. They are 1), 2), 4), 7), 8) and so on. Therefore, only programs, which have distinctive forest biomass components and spatially defined areas, will be monitored for impacts on forest biomass changes such as 3), 5), 11) and 17).

These programs will have their specific monitoring systems. For example, program 3) covers large areas and there will be specific areas for monitoring. This means forests in very remote areas within these forest categories will need not to be monitored and management areas or hot spots will be closely monitored. On the other hand in program 5) participating villages will be trained to monitor changes in their village forests by themselves according to emission reduction plans.

Currently Conservation Forests cover 3.2 million ha and Production Forests are established for about 1.0 million ha and will cover 3.5 million ha. It is estimated Protection Forests will cover 4.5 million ha, therefore in total 11.2 million ha will be gazetted and managed in the near future (See Attachment 3; Map of Three Forest Categories). Although these forest areas include other land uses like agriculture, degraded land, construction and so on, most of current forest areas will be either inside of these forest areas or village forest. Therefore, there will not be considerable discrepancy between results of national level monitoring and sum of program level monitoring, which may include impacts of non-monitored programs. However, distribution of payments among programs including initial payment will need to take into account potential contribution of non-monitored programs.

Template

10. Additional benefits of potential REDD strategy:

a) Are there other benefits that you expect to realize through implementation of the REDD strategy (e.g., social, environmental, economic, biodiversity)? What are they, where, how much?

By creating economic incentives to reduce deforestation and degradation, a REDD strategy will provide benefits for Lao PDR's population, not only in terms of economic benefits, but socially and environmentally. With the majority of the Lao population relying on non-timber forest products (NTFPs) as a major source of food, by protecting forests, REDD will help protect an important source of nutrition for Lao families. Additionally, reducing deforestation helps to protect valuable water resources and protects downstream communities.

Biodiversity conservation is the stated goal for the land designated as National and Provincial Protected Areas (PA) (also referred to as Protection forests). These forests are mostly multi-use areas with the exception of designated core zones inside them. Currently there is little protection of PA's and considerable deforestation and degradation happens inside them (see Attachment 4). Increasing the value of the standing trees to the nation will increase the ability to protect the Protected Areas. Laos is at risk of losing many species. Thirteen species of animals are known to have become extinct in Lao PDR over the last 100 years. At least fifty-six more are expected to fall below viable population levels before 2013 (Phanthavong et al. 2003). The loss of some species not only affects the local community, or even just the Lao PDR – it has global impacts.

A few hydropower projects are working with PA's to protect their reservoirs from siltation and limiting the life of the hydropower project. This is not the general rule however.

Lao PDR is a global "hotspot" for tourism, and natural ecosystems are major component of the global attention. While this generates substantial revenue for the country, very little of it finds its way back to protecting the forest.

b) Is biodiversity conservation being monitored at present? If so, what kind, where, and how?

Biodiversity is being monitored in four National Protected Areas (NPA), Nam Et NPA, Phou Louey NPA, Nam Kading NPA and Nakai Nam Theun NPA. In these NPA 's, indicator species have been designated and monitored with scientifically rigorous methods.

Template

c) Under your early ideas on introducing REDD, would biodiversity conservation also be monitored? How?

Ideally REDD would provide a means to begin to monitor biodiversity in provincial and district conservation forests, production forests, and protection forests, because of the importance of maintaining biodiversity as a benefit for local people.

d) Are rural livelihood benefits currently monitored? If so, what benefits, where, and how?

Rural livelihoods are being monitored in the NPA mentioned in 10b. Numerous NGO sponsored projects are also monitoring the effectiveness of their project implementation across the country.

e) Under your early ideas on introducing REDD, would rural livelihood benefits also be monitored? How?

As rural livelihoods are a primary contributor and also benefactor regarding deforestation, it is imperative that they be monitored.

11. What type of assistance are you likely to request from the FCPF Readiness Mechanism?

- **Identify your early ideas on the technical or financial support you would request from FCPF to build capacity for addressing REDD, if you are ready to do so. (Preliminary; this also could be discussed later.)**
- **Include an initial estimate of the amount of support for each category, if you know.**
- **Please refer to the Information Memorandum and other on-line information about the FCPF for more details on each category:**

a) Setting up a transparent stakeholder consultation on REDD (e.g., outreach, workshops, publications, etc.):

Given the complexity, cross-sectoral nature and potentially huge impacts on land and forest uses of REDD, timely and transparent consultation among stakeholders including local administration, private sector, rural villagers and so on is indispensable for establishment and functioning of an effective REDD system in Lao PDR, where communication is one of key barriers due to mountainous topography and under-developed communication/transportation systems esp. in rural areas. FCPF Readiness Mechanism could provide assistance in this aspect in cooperation with NRCC and other donors supporting REDD in Lao PDR.

b) Developing a reference case of deforestation trends: Assessment of historical emissions from deforestation and/or forest degradation, or projections into the future.

FCPF Readiness Mechanism could support this area in cooperation with other donors or organizations concerned with REDD with focus on capacity building.

c) Developing a national REDD Strategy: Identification of programs to reduce deforestation and design of a system for providing targeted financial incentives for REDD to land users and organizations (e.g., delivery of payments, governance issues, etc.):

FCPF Readiness Mechanism could support this area in cooperation with other donors or organizations concerned with REDD with focus on capacity building.

Template**d) Design of a system to monitor emissions and emission reductions from deforestation and/or forest degradation:**

FCPF Readiness Mechanism could support this area in cooperation with other donors or organizations concerned with REDD with focus on capacity building.

e) Other?:**12. Please state donors and other international partners that are already cooperating with you on the preparation of relevant analytical work on REDD:**General

- Forestry Strategy Implementation Promotion Project (DOF/JICA/Sida)
- SUFORD (MAF/WB/Finland)
- Upland Research Capacity Development Program (MAF/Sida)

Emission assessment and monitoring

- European Space Agency for the southern part of Lao PDR (in discussion)
- Forest Research Institute of Japan for the northern part of Lao PDR (in preparation)
- SUFORD (MAF/WB/Finland)

Field Demonstration

- Carbon mitigation through Avoided Deforestation in Buffer Zones of Protected Areas in Northern Lao PDR (Bokeo, Luang Namtha, Sayabouri) by GTZ
- Payments for carbon mitigation via village banking systems (expected from 2008 onwards)

Some other donors or projects are considering assistance in developing REDD including implementation of demonstrations.

13. Potential Next Steps and Schedule:

Template

Have you identified your priority first steps to move toward Readiness for REDD activities? Do you have an estimated timeframe for them yet, or not?

Given complexity of REDD and limited experiences and capacity within country to tackle the complexity, Lao PDR needs to take a step by step approach with focus on capacity building. Some of the next steps are as follows;

1. Understanding of main elements and issues of REDD

Main elements and issues of REDD needs to be understood clearly by all stakeholders, esp. NRCC members. There needs to be a series of seminars and consultations for this purpose.

2. Recognition of Gap

Required data/capacity for establishment of a reference scenario, formulation/implementation of REDD programs and monitoring system seems far beyond those existing now in country. Clear recognition of this information/capacity gap is a key for next steps or activities of data collection and capacity building.

3. Formulation of Action Plan for filling gap

FCPF Readiness Mechanism could support implementation of these steps in cooperation with other donors or organizations concerned with REDD.

**14. List any Attachments included
(Optional: 15 pages maximum.)**

Attachment 1: Maps of Forest Changes (2 maps)

Attachment 2: Tables of Forest Cover and Land Use Survey (6 tables)

Attachment 3: Map of Three Forest Categories

Attachment 4: Forest Cover Change in Nam Kading NBCA (2000-2005)

Attachment 5: Inventory of satellite images