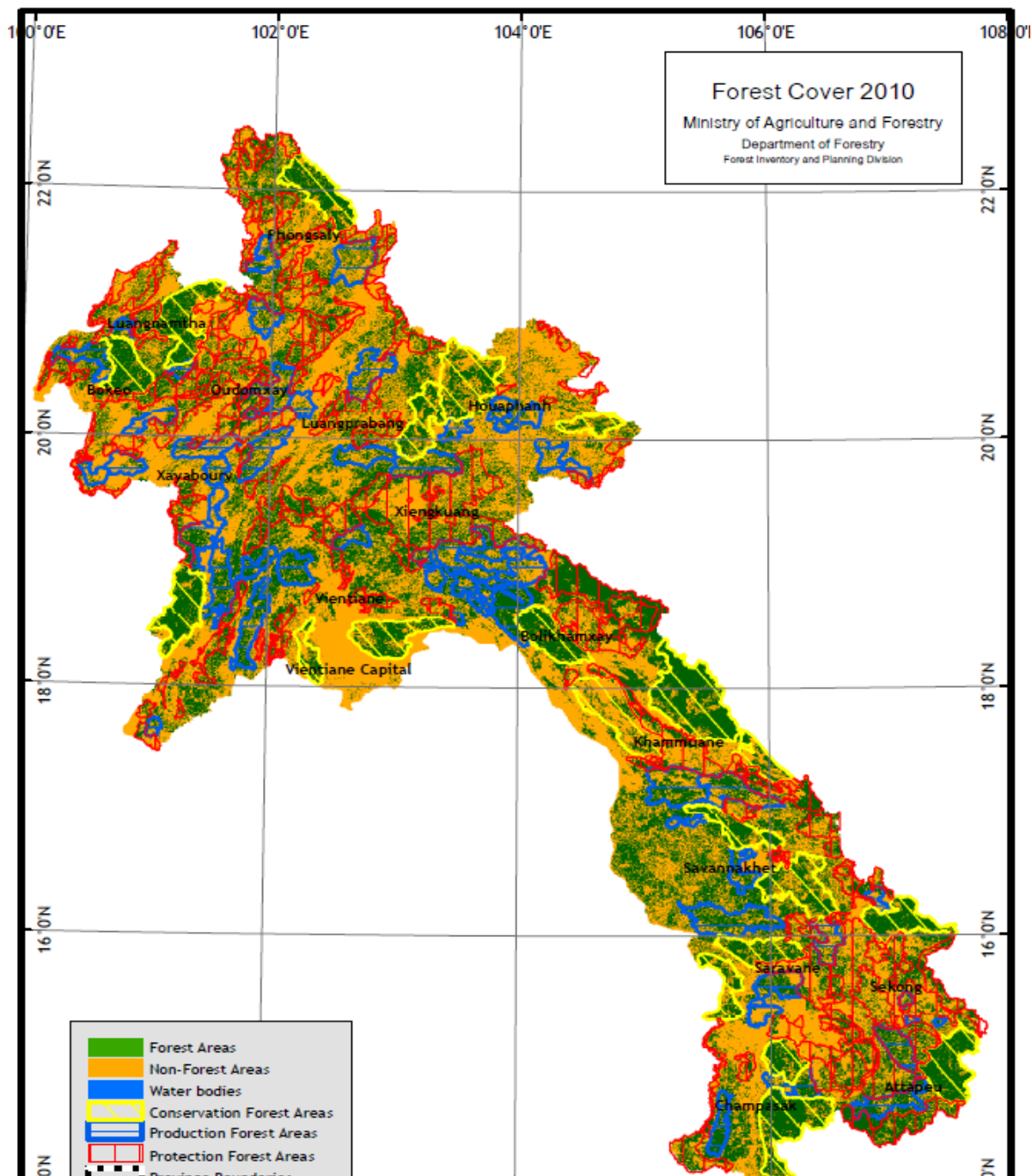




REDD+ Preparation Proposal

Lao People's Democratic Republic

Map 1: Forest Categories Map of Lao PDR 2010

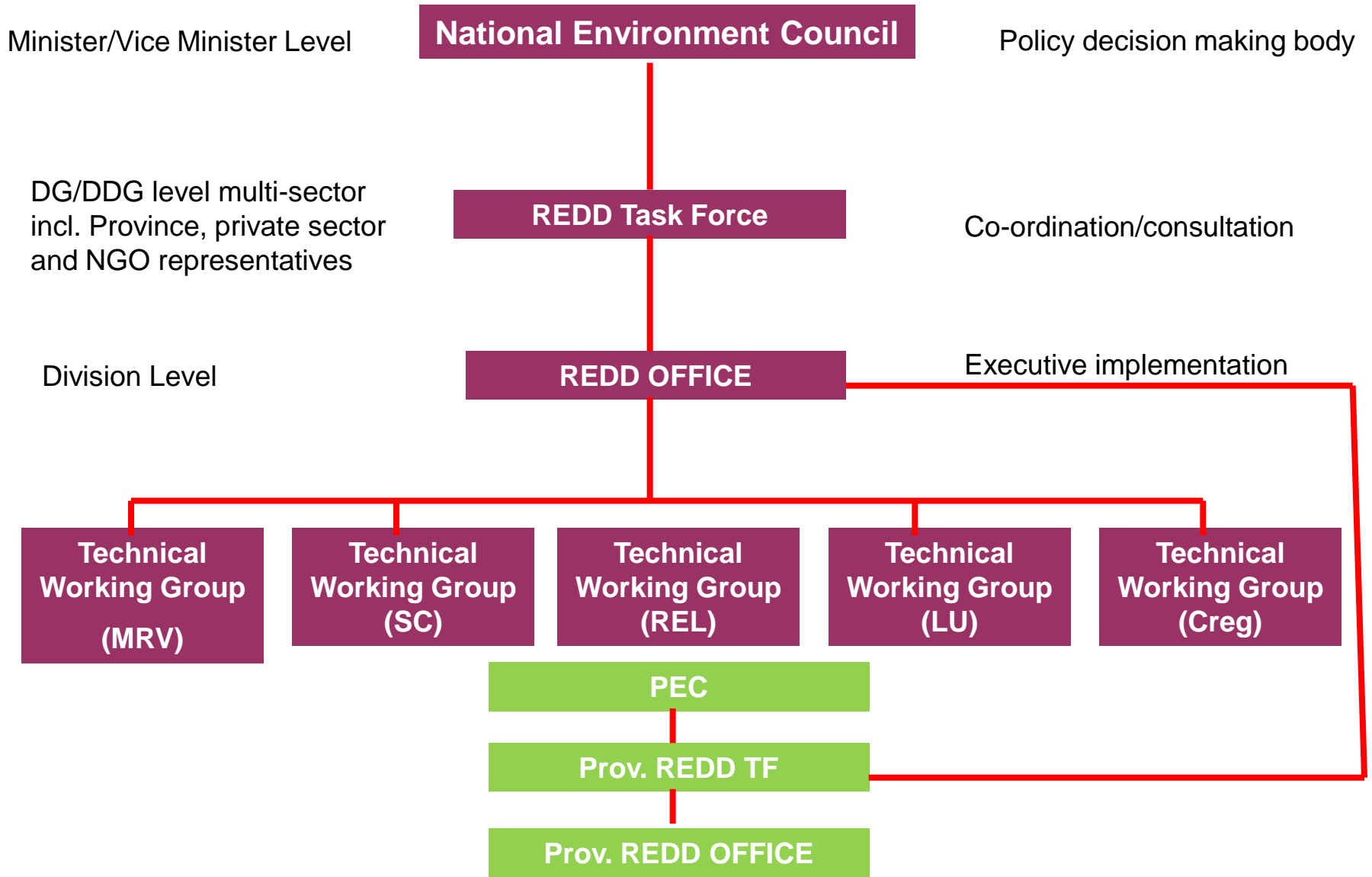


Organize and Consult

National Readiness Management Arrangement

- Prime Minister's decision of 1st November 2008 appointed Ministry of Agriculture and Forestry (MAF) as the national member of FCPF and delegated responsibility for implementation of all activities related to the facility to the Ministry.
- MAF Decree No. 1313 of 3rd November 2008 established the REDD+ TF to be chaired by the Director-General of the Forestry Department.
- 12 members, of which five from the Department of Forestry, two from NLMA and one each from NAFRI, NAFES, WREA, MOIC, and the National University.
- All REDD+ activities are coordinated, facilitated and promoted by the REDD+ TF (including the R-PP preparation).
- Regular (usually once a month) and ad hoc REDD+ TF meetings are the main forum to present, discuss and decide upon REDD+ related issues. Other stakeholders, such as NGOs, other government agencies, consultants or donor initiatives are invited.

National Readiness Management Arrangement



National Readiness Management Arrangement

- The **TF will be supported by a new REDD+ Office (RO) with full-time staff** . This RO is expected to have several tasks; including
 - **managing implementation of the Readiness activities** funded by the FCPF,
 - **coordinating and monitoring** other REDD+ related activities
 - **monitoring international negotiations** and providing material support for Lao PDR delegates attending international meetings
 - **organizing stakeholder coordination and implementing the SPCP**
 - **preparing a draft regulation** for submission to the TF and NEC for consideration
 - **prepare detailed proposals** for how different forms of REDD+ related funding will be managed and distributed;
 - **develop a carbon Registry**
 - **preparing technical reports and progress reports** for the TF and NEC.
- The REDD+ Office will be empowered to establish a number of Technical Working Groups, including; REL, MRV, Stakeholder Consultation, Land-use Planning, Carbon Registry, REDD+ Strategy, and others as required. TWG could either be part of RO or other organizations.
- The REDD+ Office will also support the establishment of a similar structure at Provincial level in those Provinces where REDD+ activities are taking place or are planned for the Readiness phase.

CONSULTATION AND PARTICIPATION

It was decided at TF meeting on 9th April that stakeholder consultation and participation during the R-PP preparation phase should focus on the national level representatives, and involve selected provinces where immediate REDD+ Readiness activities are planned.

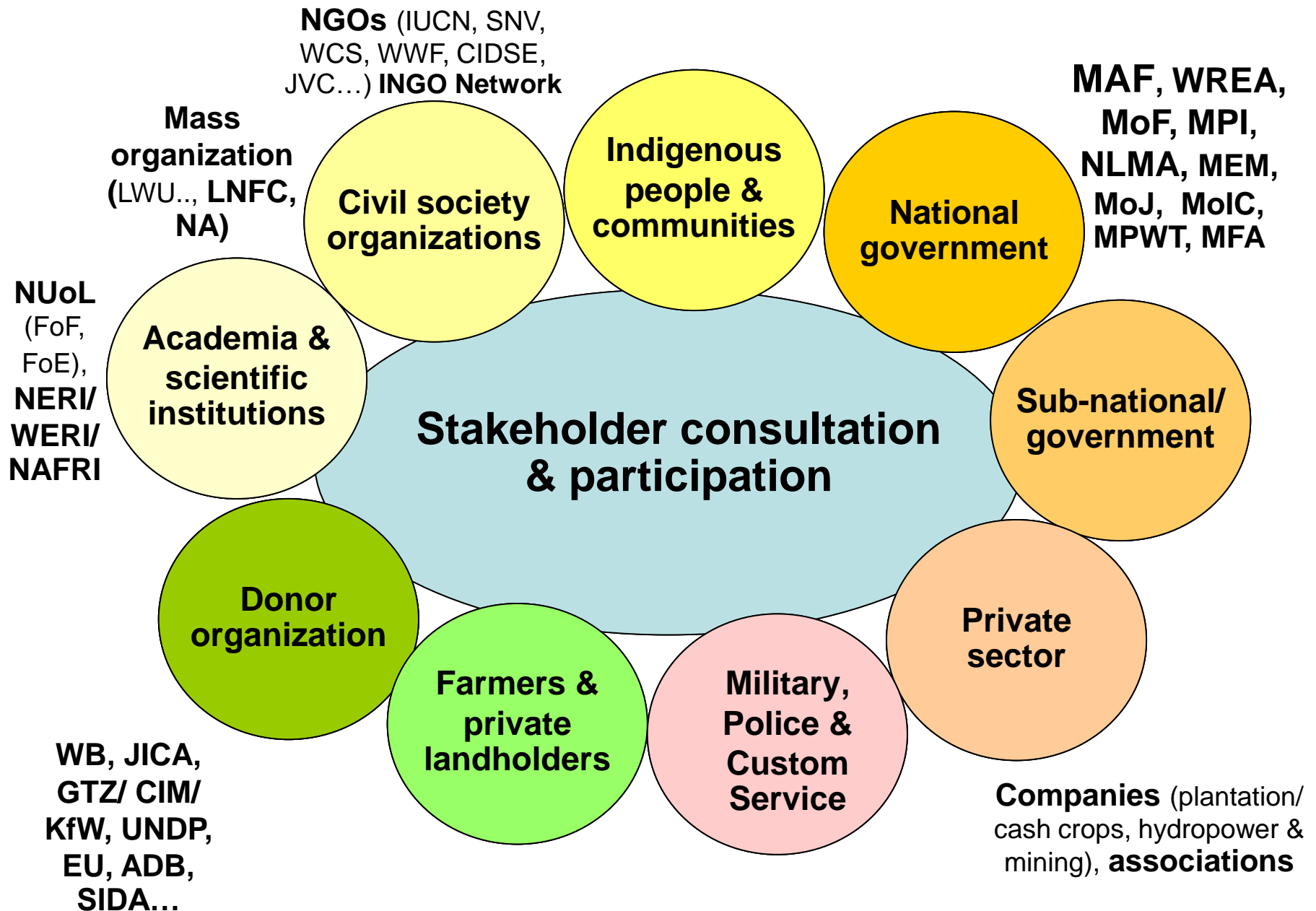
During the period 7th April to 17th May more than 50 stakeholders in four broad stakeholder groups - government, civil society, private sector and donors - have been interviewed to ascertain the general level of awareness of REDD+ related issues and to discuss preliminary findings and seek data that is needed for the analysis and strategic planning.

A first Stakeholder Consultation Workshop was held on 22nd and 23rd May 2010 attended by about 100 persons following a high level meeting chaired by the Minister of Agriculture, attended by about 150 persons. Number of concerned sectors and groups attended.

Consultation and Participation

- Five thematic meetings with key concerned departments/sectors within and beyond forestry were organized to discuss the draft of every main component including emission scenarios, REDD Strategy options, MRV and stakeholder consultation
- Draft R-PP was presented at the task force meeting where several projects and agencies were represented prior to the second national consultation workshop, the
- A second Stakeholder Consultation Workshop was held on 10th and 11th August 2010.
- The consolidated draft of RPP was submitted to FCPF and also to key institutions and members of REDD Task Force.

1b: STAKEHOLDER PARTICIPATION



MAIN RECOMMENDATIONS FROM CONSULTATION

REDD+ should be considered **as a mechanism for promoting multiple benefits**

Pilot or demonstration activities for REDD+ interventions during the R-PP implementation phase **should not be “stand-alone”**.

An important activity should be the **awareness raising** on what REDD+ is and **training** of local communities in monitoring carbon stocks and other indicators so as to make them see for themselves what is going on and understand the outcome of their actions on forest loss.

Capacity building among all stakeholder groups.

Attention to strengthening **cross sector coordination** at national and provincial levels

STAKEHOLDER PARTICIPATION AND CONSULTATION PLAN (SPCP)

To achieve collective ownership of the process to develop REDD+ strategies **SPC is to be extensively carried out during R-PP implementation** to ensure that **all** stakeholder groups have a better understanding of REDD+.

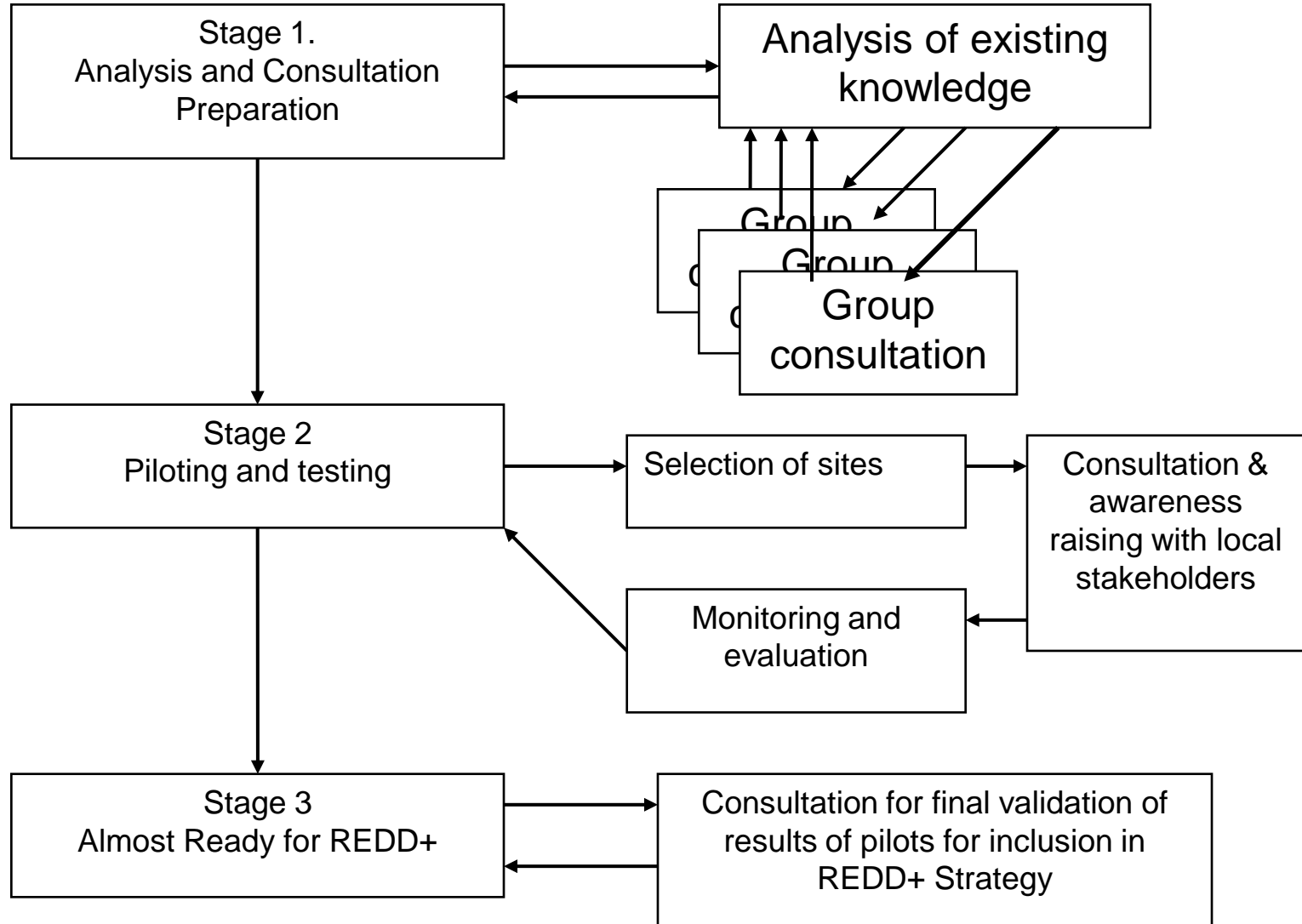
Awareness raising; participatory approach to decision making; involvement in implementation; integration with safeguards measures [social (ethnic, gender), environmental] will be the key features of CP

Establishment of a SCP Working Group/Committee

Appropriate tools and consultation methods will be used for different stakeholder groups. Special attention be given to ethnic groups and to overcoming communication barriers (language).

Integrate CP process in existing structures and programmes (e.g. TSC, Local strengthening programmes, village cluster, etc. ..) to raise awareness, carry out consultation and facilitate community participation.

Stages in consultation and knowledge sharing process



REDD+ Strategy Options

THE SITUATION IN LAO PDR

- Natural forest and forestland is the property of the national community/ managed by the State and user rights can be granted by State. several different stakeholders may have rights and interests, and consequently entitlements to REDD+ benefits.
- Laws and Decrees on natural resources provide an adequate regulatory framework for the management of the nation's forest resources, but problems with implementation and enforcement of the laws.
- These are supportive to REDD+ esp. at local initiatives but might be difficult to have control over what is happening on the ground.
- Massive changes in land-use over the past two decades were driven mainly by demand for land from neighbouring countries for growing a wide range of cash crops.
- There has been a steady fragmentation of the forest blocks and a decline in the average growing stock within the residual forest which have both reduced carbon values and had a negative impact on biodiversity through the loss of connectivity that **promotes** species dispersal.

THE SITUATION IN LAOS

During the 1990s the annual loss of forest cover was around 1.4% annually giving an average annual loss of forest cover of about 134,000 ha.

In 1982 annual emissions were estimated at 95.3 million tCO₂e declining to 60.6 million tCO₂e by 2010. From 2010-20 the average annual emission is estimated at 51.1 million tCO₂e .

If development trends are factored in, the post 2002 level peak in 2008-2009 and then decline as the number of projects (especially hydropower) decrease. The average increase from 2010-2020 above the historical REL is approximately 10 million tCO₂e.

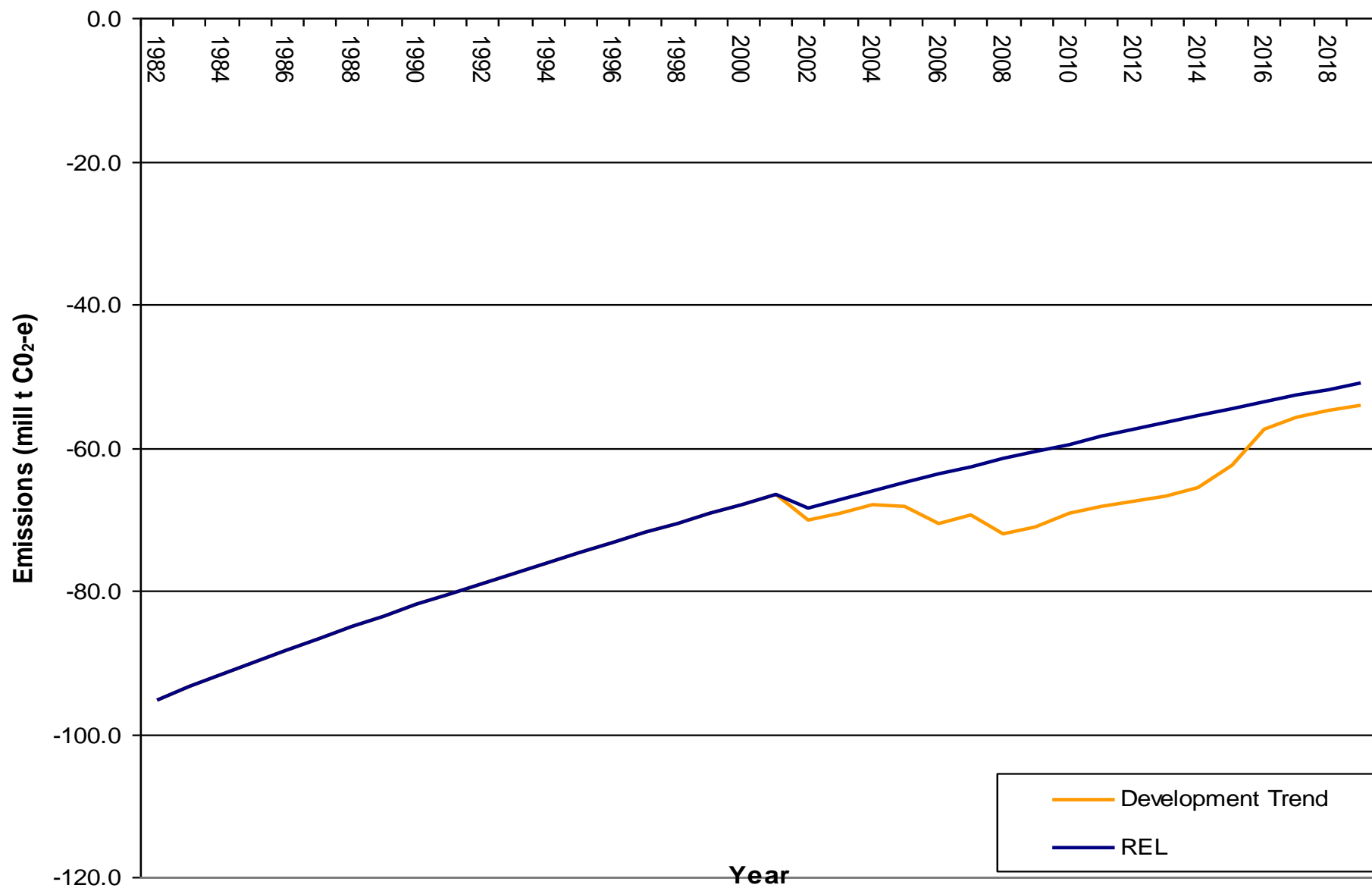
If REL and additional emissions from development are combined then the annual emission for the 2010-20 period is estimated at 65 million tCO₂e

CURRENT EMISSIONS

RESULTS WITH DEFAULT SETTINGS

| Est. emmissions/sequestration of CO ₂ in Lao PDR (mil. tCO _{2eq}) | | RESULTS | | |
|--|------------------------|---------------------------------------|--|---|
| | | Average annual area affected ('000ha) | Average annual emissions (mil.tCO _{2eq}) | Percent of total emissions of CO ₂ |
| Total annual emissions from C stock change in natural forest (2011-15) | | | -46.84 | 100.00% |
| Total annual emissions by shifting cultivation (2011-15) | | 57.3 | -9.95 | 21.25% |
| Total annual emissions due to land clearance (2011-15) | | 67.2 | -9.28 | 19.82% |
| of which: | Commercial concessions | 34.2 | -4.72 | 10.08% |
| of which: | Smallholder cash crops | 14.7 | -2.02 | 4.32% |
| of which: | Hydro-power | 13.1 | -1.81 | 3.87% |
| of which: | Mining | 5.1 | -0.70 | 1.50% |
| of which: | Infrastructure | 0.2 | -0.02 | 0.05% |
| Total annual emissions due to degradation (2011-15) | | 9,776.7 | -23.34 | 49.83% |
| Total annual emissions net of sequestration plantations (2011-15) | | 67.2 | -4.26 | 9.10% |
| Total annual net emissions (adjusted for sequestration) | | | -51.10 | |

Modelled Carbon REL and Expected Development Trend



THE DRIVERS OF DEFORESTATION

Clearance for agriculture,
large (commercial) and
small scale (farmers)



Mining

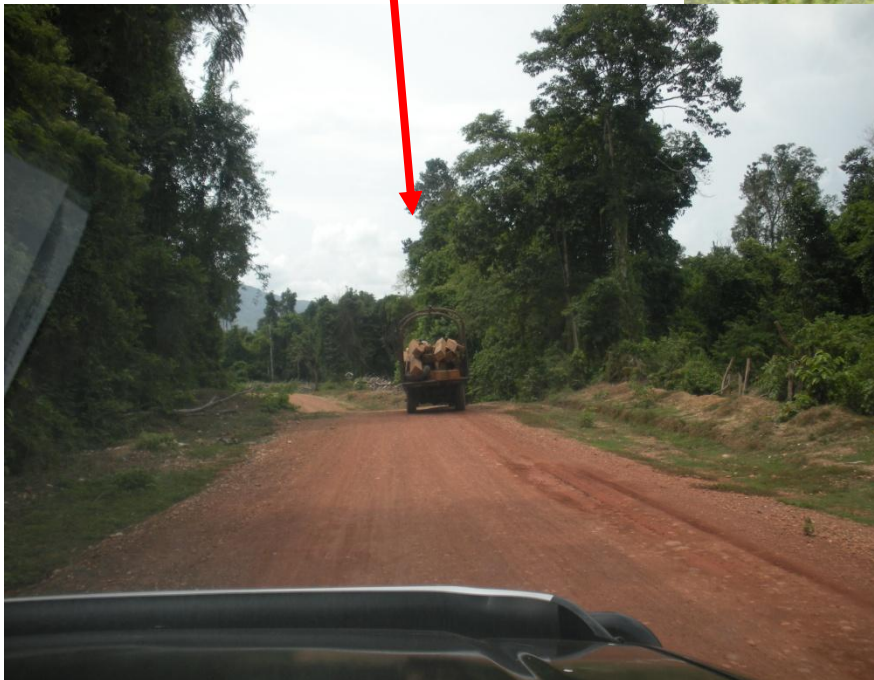
Hydro-power projects



THE DRIVERS OF DEGRADATION

Shifting cultivation

Illegal logging



OPTIONS FOR DEFORESTATION

1. Mining and Hydro-power

These activities are very important for national development and generate large revenues for government. Therefore the option will be to establish regulatory framework for carbon sensitive mining and hydropower development with emphasis on **careful appraisal of Environmental Impact Assessments and Environment Management Plans to ensure that the least amount of forest possible is cleared and restoration plans are appropriate.**

The **Biomass Disposal Plan for Hydro Projects** that is required as part of the Environment Management Plan **will be carefully appraised and compliance monitored to minimise emissions of CO₂ and Methane.**

Experience and information from NT2 will be collated and used to improve the performance of future projects

Discussions will be held with mining and hydro-power companies to engage selected companies in **piloting emission reduction activities in relation to their land-use plans, including resettlement, biomass disposal and environmental monitoring**

OPTIONS FOR DEFORESTATION (continued)

2. Land clearance for Commercial Agriculture and Plantations

The main focus of the strategy will be **to prevent further loss of remaining forest:**

Focus will be on Land-use planning at Provincial and District level to incorporate assessment of carbon stocks into the land valuation

- The zoning of forest areas will need to include information on the density, stocking and quality of forest in order to **prioritize those areas where development should be avoided.**
- One option is to **charge developers for the carbon that they will be removing; this will provide an incentive for developers to use land with the lowest carbon stocks**

2. Reducing Deforestation and promoting forest protection, regeneration and restoration by small holders (PLUP + VF + CCA)

OPTIONS FOR DEFORESTATION (continued)

3. Small-scale clearance/conversion of forest by farmers

This type of development has links to government aims to reduce poverty and increase food security, but the **expansion of smallholder agriculture needs to be managed to minimise the conversion of forest with >20% crown closure and at the same time promote forest protection, regeneration and restoration. PLUP will be the most effective way of influencing farmer's decision on which land to clear for agriculture**

An option is to **introduce an assessment of carbon stocks into the PLUP process** so that the land allocated to farmers for expanding permanent agriculture is on the site with the lowest carbon stocks

As part of the PLUP process, **areas that the community can protect and restore, which will be eligible for REDD+ funding will be identified and communities will be trained to assess carbon stocks** so that they become more aware of the consequences of clearing forest and can also monitor changes

OPTIONS FOR FOREST DEGRADATION

1. SFM by applying FSC principles (14% of PFA at present); improved harvesting – RIL in PFA

2. Unrecorded and Illegal Logging

This is the most serious problem facing the forest sector, because damage to the forest regeneration caused by illegal loggers reduces the growth potential and future supplies of timber for industry and domestic consumption - **Three options** for reducing the impact of illegal logging

a) Improved enforcement of the law and in particular, the legal requirement that all harvesting machinery is registered. This would enable the harvesting capacity to be balanced with the Allowable Annual Harvest.

b) Measure domestic wood consumption and trade to get accurate information on the total amount of wood that is being consumed. This tells us how much is actually being logged unrecorded or illegally

c) monitoring and surveillance of forest areas to spot illegal logging

OPTIONS FOR FOREST DEGRADATION (continued)

3. Shifting cultivation

This refers to the traditional rotational “swidden” cultivation practised by most ethnic communities in the uplands

Reducing emissions from this source is linked to the need to tackle poverty and must therefore **focus on providing acceptable and more profitable/productive alternative livelihoods**

There are **three options** for reducing emissions resulting from shifting cultivation

- a) **Strengthening extension services in the upland areas to accelerate the rate at which communities adopt permanent agriculture and agroforestry**
- b) **Support the private sector in the use of agroforestry as a system for plantation establishment**
- c) **Intensify research into agroforestry systems suited to the uplands and the traditional lifestyle of ethnic communities**

OPTIONS FOR FOREST DEGRADATION (continued)

4. Carbon Sequestration through regeneration and reforestation

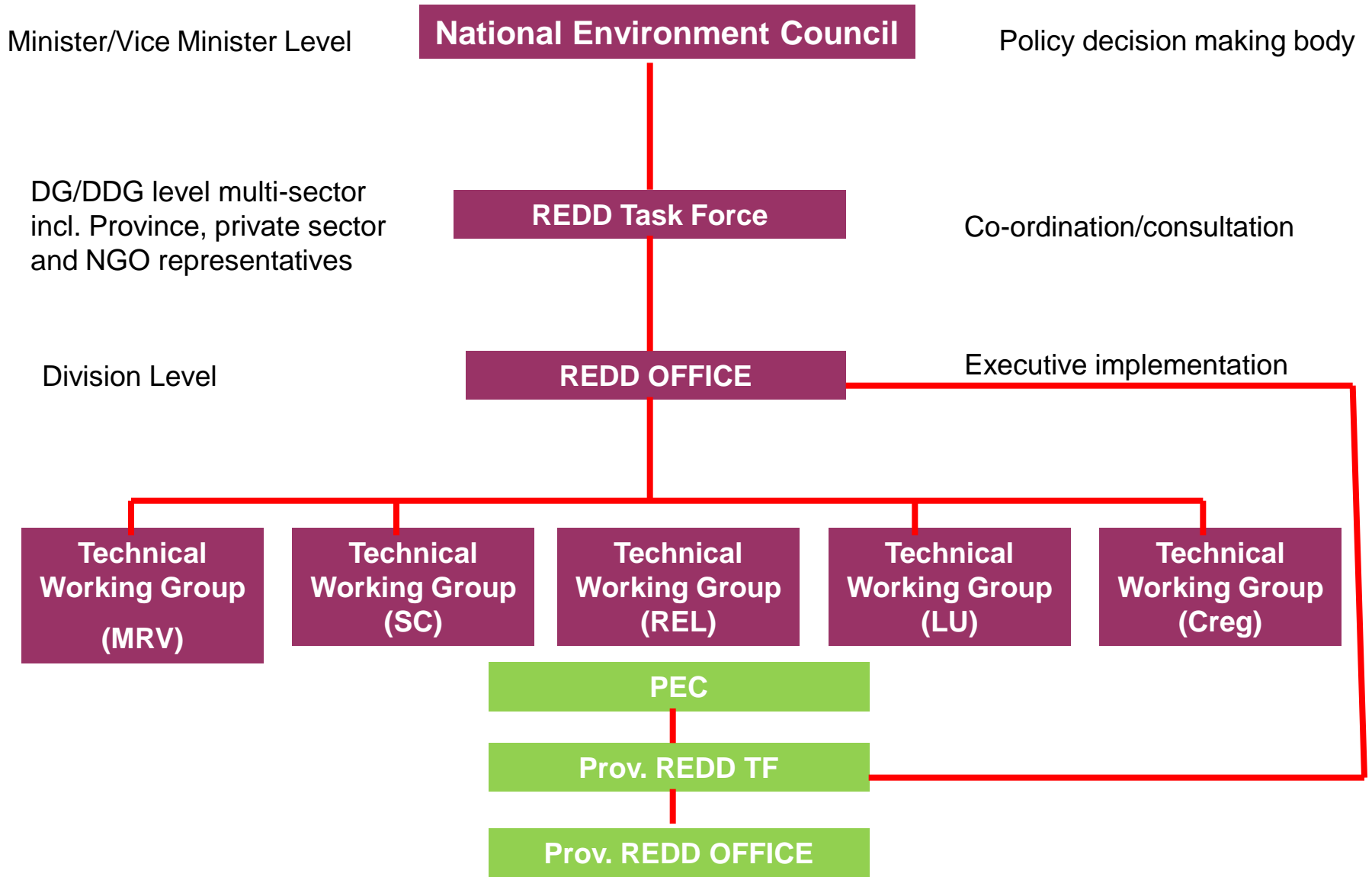
- **Regeneration and enrichment planting in degraded parts of 3 forest categories (substantial investment needed) – some pilot during readiness phase.**
- **Review gap in coverage - incorporate in on-going projects and fill with additional funding.**

STRATEGY IMPLEMENTATION FRAMEWORK

Implementation Framework

- The **three main instruments** that will be used for REDD+ implementation are **institutions, fiscal measures and the regulatory framework**. Together with information management, these will form the basis of the Implementation framework.
- The desired REDD+ implementation framework will be developed and established during the readiness phase based on further analytical inputs, intensive consultations, as well as evaluation and synthesis of experiences gained during testing different approaches in the context of REDD+ pilot/ demonstration initiatives.

Institutional framework



Regulatory Framework

☐ RF is required

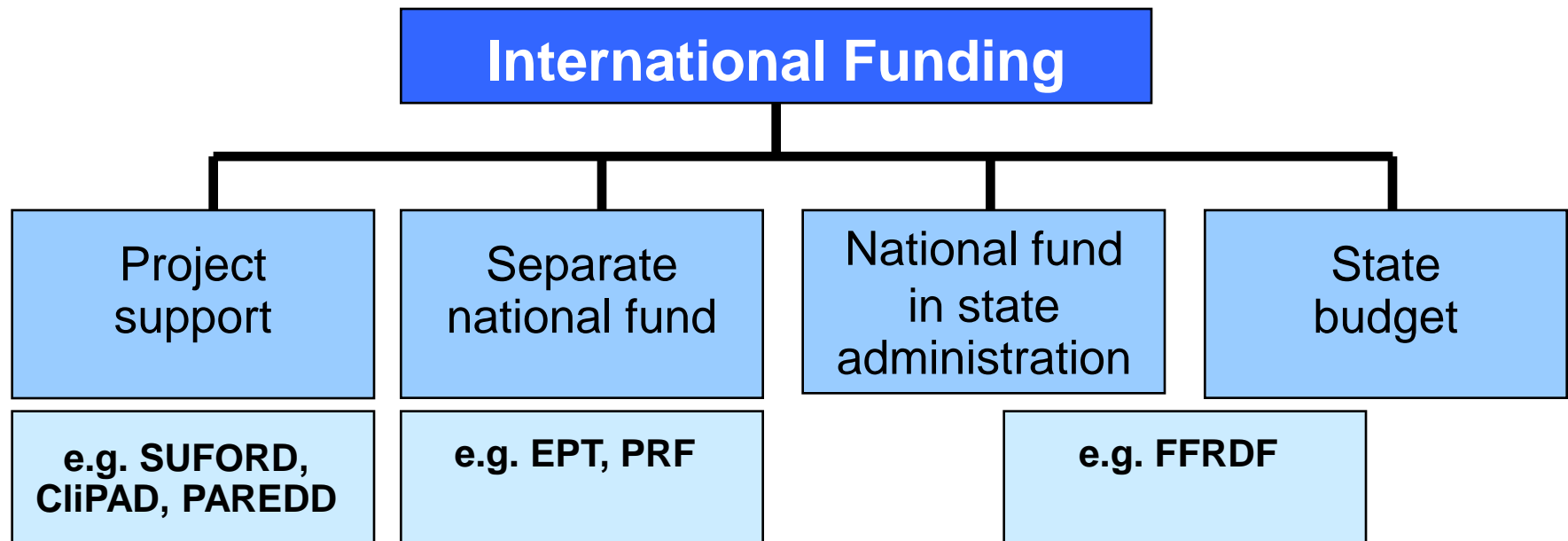
- Appropriate context to advance on REDD+ key topics
- Harmonize different interests among involved stakeholders
- Provide clarity to implement REDD+ efforts

☐ To differentiate between (a) REDD+ regulatory framework and (b) legislation to implement REDD+ strategic options.

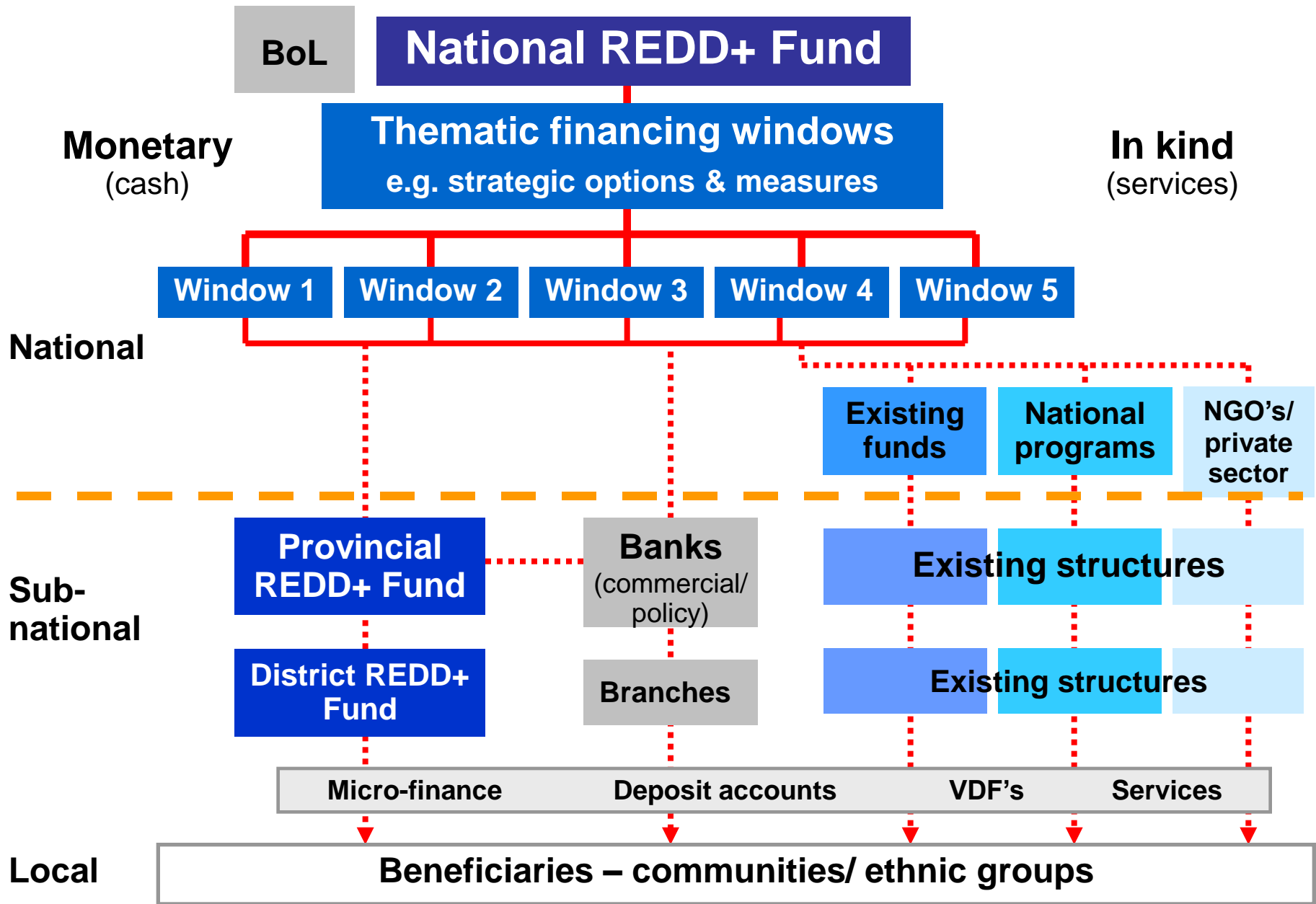
- (a) Interpret and use existing legislation (specific sectoral instructions)
- (b) Develop and enact specific legislation to ensure clarity concerning REDD+ (REDD+ Decree (PM) and subsequent ministerial instructions as required).
- (c) Broader legal reform , including (a) and (b) (REDD+ & sectoral)

FINANCIAL MANAGEMENT ARRANGEMENT

- ❑ Hybrid approach – Govt. budget and international REDD+ funds that will come from:
 - Donor agencies, funds (FCPF, FIP, REDD+ Partnership), eventually from voluntary markets – ultimately from compliance market
- ❑ Appropriate financial arrangement needed during readiness
- ❑ 4 basic options to distribute these funds domestically:

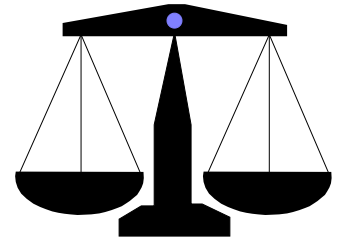


REDD+ Benefit Distribution



Benefit Sharing

- ❑ **International REDD+ funding will have to be shared domestically across wide areas and different stakeholders**
- ❑ Various simple benefit sharing arrangements will be tested considering **vertical and horizontal dimensions, different costs categories** (administration/ transaction, opportunity) **and risk minimization.**
- ❑ Then design and legalize a more complex system based on experiences.



Information and Knowledge Management

- ❑ Relevant, upto date info for well-informed decision making; appropriate dissemination platform and procedure are keys to ensure accessibility to different stakeholders.**
- ❑ Gradual development of REDD+ clearing house mechanism in DOF by refining, harmonizing and strengthening existing information management related arrangements and efforts and link to relevant databases of MAF agencies and external data hubs such as in WREA and LNMA.**

Carbon Registry

- ❑ Nested approach - requires a more complex carbon accounting methodologies (compared to pure national/ sub-national). - requires carbon registry to facilitate initial carbon accounting at project scale, ultimately at national scale (to verify and document carbon ER due to implemented REDD+ measures which would trigger the release of REDD+ payments to involved stakeholders)
- ❑ **Two functional elements – to administer carbon credits: ‘protocol’ and ‘register’ needs immediate considerations.**
- ❑ **Measures:**
 - **Develop criteria to specify REDD+ project proposals, appropriate protocol standards**
 - **Design and establishment of national carbon registry, including decision on institutional integration**
 - **Harmonize with GHG inventory – WREA**
 - **Training of staff**

Capacity Building

❑ Central issue of readiness period – planned for each building block of the Implementation framework (national, sub-national, local). Includes a variety of measures:

- **Sequenced awareness creation measures to create basic understanding and interest in REDD+;**
- **Provision of technical information on REDD+ Implementation framework key topics to stakeholders as a basis for well-informed decision making;**
- **Implementation of technical training related to key REDD+ topics.**

❑ Targeted capacity building to improve:

- **Technical background knowledge** (REDD+ IF key issues)
- **Technical skills** (financial management/ accounting/ IKM)
- **‘Soft skills’** (facilitation, negotiation and moderation skills)
- **Management skills** (planning, monitoring and evaluation).

❑ Capacity building roadmap formulated to facilitate coordination of inputs of different donors

SOCIAL AND ENVIRONMENTAL IMPACT ASSESSMENT

SEIA

No SEIAs can be prepared at this stage as detailed design and location of pilot activities is not known.

During implementation, as pilots are identified SEIAs will be conducted before activities commence and will lead to a Social and Environmental Impact Management Plan for each activity.

Aims:

- To promote due diligence in the determination of the REDD+ strategy and inform the design of the national REDD+ strategy
- To ensure that all interventions to be piloted are consistent with all relevant WB safeguard policies
- To assess the availability of, and compliance with SEIAs for Hydro-power and Mining projects and FDI in agriculture and plantations that will be used to pilot emission reduction activities

WHAT TO ADDRESS BY SEIA

Social

Structuring information sharing activities prior to consultation and SEIA that will allow forest fringe communities to take part.

Ensuring assignment of responsibility for adapting SEIA and consultation procedures to Ethnic Groups' cultures and their languages

Effectively disseminating information to ethnic group stakeholders about the WB requirement for FPIC for any activities affecting their rights to lands, territories and resources

Assessing communities' understanding of REDD+ and the development of carbon rights giving attention to ethnic groups' statutory and customary rights to the lands, territories and resources that generate the greenhouse gas emission reductions and removals

WHAT TO ADDRESS BY SEIA

Identification and use of a process for effective resolution of any disputes over rights to lands, territories and resources related to the program and in relation to different scenarios

Defining instruments for presentation and resolution of grievances and complaints under different scenario

Promoting the adoption of a certification and chain of custody for any activity involving forest production

Assessment of projected costs, potential revenues and other benefits and associated risks for each relevant rights holder and stakeholder groups at all levels using a participatory process.

ISSUES THAT WILL BE ADDRESSED BY SEIA (continued)

Environmental

Assessing the impact of the measures to be piloted on biodiversity, soil and water conservation

Ensuring that interventions to improve agricultural productivity as alternatives to shifting cultivation and other environmentally damaging practices do not have a negative environmental impact from chemicals or other technology

Identifying which agency (national, sub-national, community level) is authorized to participate in domestic and international transactions based on GHG emission reductions following reduction of DD

Define potential activities or instruments for mitigating possible adverse environmental impacts under different scenarios

MRV PLAN FOR EMISSIONS AND REMOVALS

Monitoring of Emissions and Removals

- National GHG Monitoring & Accounting
- Forest Cover Change Assessments
- National Forest Inventory
- Integrated Forest (and Carbon) Information System
- Monitoring of drivers of deforestation and degradation
- Fire Monitoring
- Carbon Stock Change Assessment
- Pilot Studies on Monitoring Methodologies
- Multi-country, Regional Monitoring
- Sub-national Monitoring
- Community Monitoring
- Carbon Registry

Reporting

- Integrate the reporting system for REDD into the proposed integrated Forest Information System
- Standard reporting formats and output routines need to be developed
- Train staff of FIPD/DOF incl. on provincial and district level in reporting and fulfilling the various reporting requirements for UNFCCC, FAO, FCPF as well as national obligations

Verification

- Verification standards for REDD in Lao PDR shall be developed
- Verification shall be done by an independent, third party for credibility
- Capacity building measures for government staff, private sector and NGOs on the verification requirements are foreseen

MRV PLAN FOR OTHER BENEFITS AND IMPACTS

Monitoring of Governance

- Use the draft framework developed by Chatham House in May 2010
- Key governance parameters are
 - (i) Clear, coherent policy, laws and regulations
 - (ii) Effective implementation and enforcement of, and compliance with, those policies, laws and regulations
 - (iii) Transparent and accountable decision-making and institutions.
- Adapt to Lao PDR condition by integrating with our existing indicators for monitoring forestry sector performance in implementing FS2020 to develop country specific indicators for the governance parameters and principles based on broad consultation to be used for measurement, reporting and verification.
- Conduct baseline survey immediately after the start of RPP and Carry out monitoring on annual basis.

Monitoring of Social & Environmental Safeguards

- Use the draft standard developed by CCBS & CARE Int.
- The standards consists of 8 core principles, criterias and indicators
- Develop country-specific indicators
- Conduct baseline survey
- Carry out annual monitoring

Monitoring of co-benefits

- Test how to integrate results of studies on biological monitoring systems and socio-economic monitoring into a MRV system.
- Capacity to undertake such monitoring is very limited at present and so progress will depend on donor support for funding and for building up capacity

Independent Forest Monitoring

- Contract an independent monitor
- Multi-disciplinary monitoring teams (including foresters and lawyers) will be set-up and joint field missions with forest authority officials will be conducted
- Capacity building of enforcement officials (DOFI, police), local communities and civil society will be an important part of the IFM program, along with establishing multi-stakeholder reporting panels and participatory monitoring
- Set-up interactive website in the Internet, where relevant information, maps and reports are published

Budget and Schedule

Estimated Budget requirement

| Component | Activity | | 2010 | 2011 | 2012 | 2013 | Total |
|--------------|---|--|------------|--------------|--------------|--------------|---------------|
| 1a | National Readiness Management Arrangement | | 200 | 606 | 476 | 406 | 1688 |
| 1b | Consultation and participation | | 0 | 190 | 190 | 190 | 570 |
| 2a | Land-use, Forest Policy and Governance Quick Assessment | | 0 | 20 | 20 | 20 | 60 |
| 2b | REDD+ Strategy options | | 0 | 1705 | 1560 | 1250 | 4515 |
| 2c | REDD+ Strategy implementation framework | | 0 | 480 | 683 | 641 | 1804 |
| 2d | Social and Environmental Impact Assessment | | 0 | 420 | 120 | 120 | 660 |
| 3 | Develop a scenario reference | | 0 | 45 | 20 | 20 | 85 |
| 4a | MRV: Emissions and Removals | | 0 | 4905 | 4415 | 3345 | 12665 |
| 4b | MRV: Other benefits and impacts | | 0 | 480 | 400 | 400 | 1280 |
| Total | | | 200 | 8851 | 7884 | 6392 | 23327 |
| Govt. 10% | | | 0 | 121 | 101 | 97 | 319 |
| FCPF | | | 200 | 1,205 | 1,013 | 971 | 3,389 |
| FIP | (some are covered by existing projects) | | 0 | 7,526 | 6,770 | 5,324 | 19,619 |

Project and Program contributes overall REDD+

| Source of Support | Estimated Cost (US\$'000) | | | | |
|--|---------------------------|--------------|--------------|--------------|---------------|
| | 2010 | 2011 | 2012 | 2013 | TOTAL |
| KfW (10 mio Euro for 7 years) | | | | | 5,143 |
| GTZ (CliPAD programme 4 mio Euro)* , additional REDD relevant commitments: Hin Nam No National Park 2,5 mio. Euro (2011-2013), Climate Change Awareness and Environmental Education 2,0 mio Euro Project 2011-2013 | 720 | 1,320 | 1,320 | 1,440 | 4,800 |
| JICA | | | | | |
| - PAREDD, excluding adviser | 320 | 320 | 320 | 320 | 1,280 |
| - Forestry Sector Capacity Development Project (with Sida), excluding adviser | 500 | 500 | 500 | 500 | 2,000 |
| - Program of Forest Information Management (PFIM) | | | | | 5,000 |
| - Program of Forest Preservation | | | | | 10,000 |
| World Bank/Government of Finland (SUFORD) | 5,000 | 4,200 | 2,300 | | 11,500 |
| TOTAL | 6,540 | 6,340 | 4,440 | 2,260 | 39,723 |
| GRAND TOTAL (Incl.RPP) | 6740 | 15191 | 12324 | 8652 | 63050 |

Programme Monitoring and Evaluation Framework

Purpose

- To provide the REDD+ Office with the means to manage the REDD+ Readiness phase in an effective, efficient and transparent manner and ensure coordination between donors, identify any gaps in activities necessary to implement the REDD+ strategy and assess and synthesise the outputs from all activities.

M&E Framework