

**FOREST CARBON PARTNERSHIP FACILITY (FCPF)
SEVENTH PARTICIPANTS COMMITTEE MEETING**

November 2-3, 2010

Washington, DC

Resolution PC/7/2010/2

Lao PDR Readiness Preparation Proposal

Whereas:

1. Lao People's Democratic Republic (Lao PDR) submitted a Readiness Preparation Proposal (R-PP) to the Facility Management Team (FMT) in August 2010 and a revised R-PP in October 2010, which were reviewed by a Technical Advisory Panel (TAP), a working group consisting of Participants Committee (PC) members established for this purpose, and the World Bank;
2. The PC reviewed the R-PP in accordance with Section 1.1 (b) of the Charter establishing the FCPF (Charter) at its seventh meeting; and
3. The PC acknowledges the extensive efforts made by Lao PDR, and the high quality of the R-PP.

The Participants Committee

1. Decides to allocate funding to Lao PDR to enable it to move ahead with the preparation of readiness.
2. For this purpose, requests:
 - i. Lao PDR to submit a revised R-PP (Revised R-PP) to the FMT, reflecting the key issues in the summary report prepared by the FMT included in the annex of this resolution;
 - ii. The FMT to check on the Revised R-PP for completeness, make it available on the FCPF website and notify the PC of its availability;
 - iii. The World Bank as the Trustee of the Readiness Fund (Trustee), to complete its due diligence, in particular with regard to the World Bank's Operational Policies and Procedures, working closely with Lao PDR, in order to provide a grant of up to US\$ 3.4 million, in accordance to Resolution PC/3/2009/4;

- iv. Lao PDR to consider the issues identified in the TAP's R-PP assessment as well as those raised by the FCPF PC at this meeting during readiness preparation; and
- v. Lao PDR to report to the PC on progress made in accordance to Section 6.3 (b) of the Charter and to carry out its responsibilities in accordance with the Grant Agreement.

Annex
Summary Report prepared by the FMT

The PC praised Lao PDR for the substantial effort in preparing the Readiness Preparation Proposal, which provides a very complete view on the challenges of REDD+ in the country and describes a good level of understanding of the drivers of deforestation and forest degradation. The PC recognizes the in depth information on all 5 chapters of the R-PP and the well organized consultation process that lead to the R-PP and the plan moving forward. In particular, the PC praised the good work on non-carbon monitoring systems and early indication for reference scenarios.

Key issues:

1. The Budget section needed to be improved, indicating clearly the contributions sought from the FCPF and other donors to the activities indicated. The section should be more clearly organized in a way that it can be used to be a tool for coordinating the different contributions from donors and partners;
2. It is a high priority, that the R-PP should clearly elaborate how the preparation process for the FIP Investment Strategy and Investment programs would be integrated in the readiness process laid out in the R-PP;
3. The R-PP should elaborate on the risk of international leakage, cross border timber trade and describe ongoing and potential regional coordination to address these important issues;
4. The R-PP should prepare indicative TORs for a Strategic Environmental and Social Assessment (SESA), which will contribute to the development of an Environmental and Social Management Framework (ESMF) during readiness preparation. The TORs should be attached to the R-PP;
5. The R-PP should describe comments received from the consultation process and explain how they were used in R-PP;
6. The R-PP should include component 6, which will be assessed by the TAP; and
7. The PC notes the importance of further consultation that involve local communities during the readiness process