



**Lao PDR Mid-Term Progress Report
Readiness for Reducing Emissions from
Deforestation and Degradation (REDD+):**

Readiness Preparation

Request for Readiness Grant Extension

Request for Additional Funding

**Report from
REDD+ Office, Department of Forestry
Prepared in collaboration with
REDD+ Division, Department of Forest Resource Management**

Ministry of Agriculture and Forestry

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Acronyms

| | |
|---------|--|
| ADB | Asian Development Bank |
| AGB | Above ground biomass |
| APFNet | Asia-Pacific Network for Sustainable Forest Management and Rehabilitation |
| ARD-SWG | Agriculture and Rural Development Sector Working Group |
| BCC | Biodiversity Conservation Corridor Initiative |
| BGB | Below ground biomass |
| BMUB | Federal Ministry for the Environment, Nature Conservation, Building, and Nuclear Safety, Germany |
| BMZ | Federal Ministry for Economic Cooperation and Development, Germany |
| BSM | Benefit-Sharing Mechanism |
| BUR | Biennial Update Report |
| CEF | Community Engagement Framework |
| CF | Carbon Fund [of the Forest Carbon Partnership Facility] |
| CITES | Convention on International Trade in Endangered Species |
| CliPAD | Climate Protection through Avoided Deforestation Project [supported by GiZ and by KfW] |
| CSO | Civil Society Organization |
| DAFO | District Agriculture and Forestry Office |
| DBH | Diameter at breast height |
| DDMCC | Department of Disaster Management and Climate Change |
| DFRM | Department of Forest Resource Management (MONRE) |
| DG | Director General |
| DGM | Dedicated Grant Mechanism |
| DOF | Department of Forestry (MAF) |
| DOFI | Department of Forest Inspection (MAF) |
| DONRE | District Office of Natural Resources and Environment |
| ENRICH | Advancing Understanding of Forest Carbon Stock Enhancement as part of REDD+ (SNV Project) |
| EPF | Environmental Protection Fund |
| ER | Emissions Reduction |
| ERPA | Emissions Reduction Program Agreement |
| ER-PD | Emissions Reduction Program Document |
| ER-PIN | Emissions Reduction Program Idea Note |
| ESMF | Environmental and Social Management Framework |
| F-REDD | Sustainable Forest Management and REDD+ Support Program (supported by JICA) |
| FCPF | Forest Carbon Partnership Facility [World Bank is the Trustee] |
| FFRDF | Forest and Forest Resource Development Fund |
| FIP | Forest Investment Program [World Bank is the Trustee] |
| FIPD | Forest Inventory and Planning Division (DOF) |
| FLEGT | Forest Law Enforcement, Governance and Trade |
| FMP | Forest Management Plan |
| FoF | Faculty of Forestry, National University of Laos |
| FOMACOP | Forest Management and Conservation Project (supported by World Bank and Finland) |
| FPIC | Free, prior, and informed consent |

| | |
|---------|---|
| FPP | Forest Preservation Programme (supported by Japan) |
| FSCAP | Forestry Strategy Capacity Development Project (supported by JICA) |
| FSSWG | Forest Sub-Sector Working Group |
| GDP | Gross Domestic Product |
| GHG | Greenhouse Gas |
| GHG-I | Greenhouse Gas Inventory |
| GIS | Geographical Information System |
| GIZ | Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH [German Society for International Development Cooperation] |
| ha. | Hectare |
| ICBF | Integrated Conservation of Biodiversity and Forests Project (KfW) |
| ICT | Information and communication technology |
| IDA | International Development Association [of the World Bank] |
| IFC | International Finance Corporation |
| INDC | Intended Nationally-Determined Contribution |
| IPCC | Intergovernmental Panel on Climate Change |
| IREDD | Scientists on the Impacts of REDD |
| JCM | Joint Crediting Mechanism |
| JICA | Japan International Cooperation Agency |
| KfW | Kreditanstalt für Wiederaufbau [German Development Bank] |
| Lao PDR | Lao People's Democratic Republic |
| LDC | Least Developed Country |
| LENS | Lao Environmental and Social Project |
| LFNC | Lao Front for National Construction |
| LISSWG | Land Issues Sub-Sector Working Group |
| LNCCI | Lao National Chamber of Commerce and Industry |
| LULUCF | Land use, land-use change and forestry |
| LWU | Lao Women's Union |
| M&E | Monitoring and Evaluation |
| MAF | Ministry of Agriculture and Forestry, Lao PDR |
| MB-REDD | Multiple Benefits from REDD+ (SNV project) |
| MD | Mixed-Deciduous |
| MEM | Ministry of Energy and Mines, Lao PDR |
| MFA | Ministry for Foreign Affairs, e.g., Finland, Japan, etc. |
| MODIS | Moderate-resolution imaging spectroradiometer |
| MOF | Ministry of Finance, Lao PDR |
| MOIC | Ministry of Industry and Commerce, Lao PDR |
| MOICT | Ministry of Information, Culture, and Tourism, Lao PDR |
| MOJ | Ministry of Justice, Lao PDR |
| MONRE | Ministry of Natural Resources and Environment, Lao PDR |
| MPI | Ministry of Planning and Investment, Lao PDR |
| MRV | Measurement, Reporting and Verification [for REDD+] |
| NCAW | National Committee on the Advancement of Women |
| NCX | New Chip Xeng |
| NEC | National Environmental Committee |

| | |
|-----------|---|
| NFI | National Forest Inventory |
| NFIS | National Forest Information System |
| NFMS | National Forest Monitoring System |
| NGO | Non-governmental organization |
| NPA | National Protected Area |
| NRO | National REDD+ Office |
| NRSWG | Natural Resources Sector Working Group |
| NRTF | National REDD+ Task Force |
| NSEDP | National Socio-Economic Development Plan |
| NUOL | National University of Laos |
| PADETC | Participatory Development Training Center |
| PAFO | Provincial Agriculture and Forestry Office |
| PAREDD | Participatory Land and Forest Management for Reducing Deforestation (JICA) |
| PFA | Production Forest Area |
| PFSES | Protecting Forests for Sustainable Ecosystem Services Project (ADB) |
| PLUP | Participatory Land Use Planning |
| PMO | Prime Ministerial Order (or Decree) |
| PONRE | Provincial Office of Natural Resources and Environment |
| PRAP | Provincial REDD+ Action Plan |
| PRF | Poverty Reduction Fund |
| PROFOR | The Program on Forests |
| PRO | Provincial REDD+ Office |
| PRTF | Provincial REDD+ Task Force |
| PSFM | Participatory Sustainable Forest Management |
| RECOFTC | The Center for People and Forests [formerly the Regional Community Forestry Training Center for Asia and the Pacific] |
| REDD+ | Reducing Emissions from Deforestation and forest Degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks |
| REL | Reference Emission Level [for REDD+] |
| RL | Reference Level [for REDD+] |
| R-PP | REDD+ Preparation Proposal [submitted to the FCPF] |
| RS | Remote Sensing |
| RV | Regenerating Vegetation |
| SESA | Strategic Environmental and Social Assessment |
| SIS | Safeguard Information System [for REDD+] |
| SNV | Netherlands Development Organization |
| SOP | Standard Operating Procedure |
| SUFORD | Sustainable Forestry for Rural Development Project |
| SUFORD-AF | SUFORD – Additional Financing Project |
| SUFORD-SU | SUFORD - Scaling Up Project [alternate acronym for SUPSFM] |
| SUPSFM | Scaling Up Participatory Sustainable Forest Management Project [Official project name; project also known as SUFORD-SU] |
| TA | Technical Assistance (or Assistant) |
| TF | Task Force |
| TNC | Third National Communication |
| TOR | Terms of Reference |

| | |
|--------|--|
| TOT | Training Of Trainers |
| TWG | Technical Working Group |
| UN | United Nations |
| UNCCD | UN Convention on Combatting Desertification |
| UNFCCC | United Nations Framework Convention on Climate Change |
| USAID | U.S. Agency for International Development |
| USD | United States dollar |
| VCS | Verified Carbon Standard |
| VFI | Village Focus International |
| VPA | Voluntary Partnership Agreement |
| WB | World Bank |
| WCS | Wildlife Conservation Society |
| WWF | World Wide Fund for Nature (also known as World Wildlife Fund) |

Executive Summary

The Government of Lao PDR has prepared this Mid-Term Progress Report on the country's REDD+ Readiness activities, as well as its implementation of its FCPF-assisted REDD+ Readiness Project. Lao PDR has been working on REDD+ Readiness preparation since it joined the FCPF in 2007. It received a proposal preparation grant of USD 200,000. After its final REDD+ Readiness Preparation Proposal (R-PP) was submitted to the FCPF in December 2010, many activities have been ongoing with support from development partners. The Government signed a Readiness Grant agreement with the FCPF for USD 3.6 million in 2014.

In 2016, Lao PDR was accepted into the FCPF Carbon Fund pipeline, and will be preparing an Emissions Reduction Program Document (ER-PD) by early 2018. Lao PDR is also one of the original eight Forest Investment Program (FIP) pilot countries. This parallel process presents Lao PDR a unique opportunity for close linkage, efficiency and lessons learned from ERPD preparation to further refine the national REDD+ architecture. But this will require significant cross-sector and institutional coordination and collaboration.

Progress with Institutional Arrangements is encouraging. National and provincial arrangements for REDD+ have been evolving as part of the government efforts to improve and strengthen forestry sector policies and measures. These efforts are well integrated into the FCPF readiness operation and coordinated with the lead institution for the operation, the Department of Forestry (DOF) under the Ministry of Agriculture and Forestry (MAF). The National REDD+ Task Force (NRTF) was established in 2008. It was originally had 12 members and was led by DOF. Since the submission of the R-PP to the FCPF in 2010, the Lao Government has made a series of important decisions and institutional changes that reflect its efforts to strengthen forestry sector governance, climate change response and cross-sectoral coordination. In 2011, the Lao Government established the Ministry of Natural Resources and Environment (MONRE). The NRTF has since been supported by MONRE's Department of Forest Resource Management (DFRM). The Task Force has increased to 30 members, and recently it has been chaired by the Vice-Minister of MONRE. In April 2016, however, the new Government decided to reorganize some ministerial mandates, so now all responsibility for forest management has been returned from MONRE to MAF.

The NRTF has been supported by a secretariat, or National REDD+ Office (NRO). First this unit consisted of a REDD+ Section in DOF's Planning Division. Subsequently, DFRM created a REDD+ Division and DOF created a REDD+ Office. The government has confirmed that these two offices will be merged into one under DOF, which will reduce administrative burdens and streamline decision-making. Six REDD+ Technical Working Groups (TWGs) have been formally established, and their Terms of Reference approved. Provincial REDD+ Task Forces (PRTFs) and Provincial REDD+ Offices (PROs) have been established in three provinces – Houaphan, Champasack, and Luang Prabang. These institutions operate, however, with some constraints. Noting the complexity of implementing REDD+, the level of resourcing, managerial, operational and technical capacity will need strengthening and sustained support, both in the short-term for the implementation of the Readiness grant activities and in the medium-term to long-term for managing REDD+ under results-based payments.

Consultation. With the support of a large range of multilateral, bilateral, and non-governmental organization development partners working on REDD+ and related issues, at the national, provincial, and site level, considerable work has been done on awareness-raising and consultation on different REDD+ issues, covering topics ranging from governance, safeguards, benefit-sharing, REDD+ financing, drivers of deforestation and degradation, reference (emission) levels, and monitoring, reporting, and verification (MRV) of forest carbon and greenhouse gas emissions.

Assessment of Land Use, Forestry, and Other Policy Issues. Studies of drivers of deforestation and degradation have been conducted at the national, as well as provincial, levels. The findings indicate that the main drivers of deforestation in Lao PDR are changes in land use – primarily with forests being converted to agricultural use, but also with forests being converted to hydropower schemes, mining sites, and tree plantations. The main drivers of degradation are pioneering shifting cultivation and legal and illegal selective logging, especially salvage logging. After years of debate, the country's revised Land Law will be presented to the National Assembly soon. Assuming that this revised law is adopted, it will be followed by updating of the Forestry Law and other related natural resource laws and corresponding regulations. REDD+ issues have been incorporated into the Eighth National Socio-economic Development Plan (8th NSEDP, 2016–2020) and Lao PDR's Intended Nationally-Determined Contribution (INDC) submitted to the UN Framework Convention on Climate Change (UNFCCC) at its December 2015 meeting in Paris.

The new Government issued a Prime Ministerial Decree No. 15 on 13 May 2016, immediately banning all exports of logs and unfinished timber, and inspecting all transportation of logs, to check on their legality and to seize illegal logs. PMO 15 also aims to reign in problems with salvage logging around infrastructure projects. The Government has brought considerable political support to rigorous enforcement of this new decree. These positive changes reflect the government's commitment to improving forest governance, which are also reflected in its recent reorganization of the government management of the forest sector. Noting that the major underlying drivers of deforestation and forest degradation in Lao PDR are weak governance, limited resources, and institutional capacity, strengthening of forest governance will only be achieved through considerable enhancement of existing capacities.

Strategy, SESA, ESMF, and SIS. In 2010, several options for the National REDD+ Strategy were identified in the R-PP. In the coming year, considerable work will be done to update and assess these options, and to finalize a draft strategy by mid-2017, and in parallel, prepare the Emissions Reduction Program Document (ER-PD) for the Carbon Fund. The NRTF and Safeguards TWG will ensure that these strategy options are adequately considered through the Strategic Environmental and Social Assessment (SESA). Following the SESA, the Environmental and Social Management Framework (ESMF) and Community Engagement Framework (CEF), encompassing other safeguard policies, will be prepared. A Safeguards Information System (SIS) is also under development.

Other Institutional Arrangements. In terms of financial arrangements, training and analyses have already been done on benefit-sharing mechanisms. Such work, along with others, will lead to adoption of a benefit-sharing mechanism, and establishment of national and provincial REDD+ funds. Lao PDR has several existing fund mechanisms, i.e., the Forestry and Forest Resources Development Fund (FFRDF), the Poverty Reduction Fund, the Environmental Protection Fund, and Village Development Funds. None of these funds were developed with REDD+ objectives in mind. Nonetheless, they have potential to support climate change mitigation, these funds are being evaluated to draw lessons learned or their own potential for REDD+ benefit-sharing mechanisms. The FFRDF, for example, can be used to share a portion of revenues from natural forest timber harvests with local communities. In addition to sharing of monetary benefits, analysis and stakeholder consultation will also consider non-monetary benefits.

To promote transparency and support stakeholder consultation and outreach, a comprehensive bilingual, Lao-English, REDD+ web platform will be established in the near future. Work has already been done to develop the DOF webpages under the MAF website, and an initial REDD+ webpage. Other communications, information, and educational materials on REDD+ will be prepared.

Reference (Emissions) Levels and Monitoring, Reporting, and Verification. Over the years, work has been ongoing to improve the capacities of the Forest Inventory and Planning Division (FIPD) of DOF, which has the responsibility for the national forest inventory work. With support from development partners, particularly Japan, substantial work has been done to prepare an updated (2015) forest cover map and wall-to-wall remote imagery for 2000, 2005, 2010, and 2015. The 2015 forest inventory is underway, with field verification being done during the dry seasons of 2015-16 and 2016-17. This work supports preparation of the REL/ RL for submission to the UNFCCC by the end of 2017, and also for use in the ERP submission to the FCPF Carbon Fund. The National Forest Monitoring System (NFMS) is under development, as part of a larger National Forest Information System. The first Measurement, Reporting, and Verification (MRV) will be done in 2019 or 2020, depending on the signing date of the Emissions Reduction Program Agreement (ERPA). Examples of carbon registries in other countries are being studied, and a model for a carbon registry for Lao PDR is proposed by mid-2017.

FCPF REDD+ Readiness Project. The project has provided support to the Government's REDD+ activities, including the two REDD+ offices operating at the national level and two at provincial level, the NRTF, and six TWGs. To date, the project has expended two-thirds of its grant, through disbursements and commitments. The procurement of vehicles, equipment, and furniture has been completed, as well as renovation of the DOF REDD+ office. Once the government reorganization, which brings forest conservation and protection under DOF, is completed at the national and provincial levels, additional office renovations may be requested. Technical assistance procurement was lengthy, due to international competitive bidding procedures, with a contract for technical assistance beginning work on 1 July 2016. If the Bank agrees to extend the existing Readiness grant, the lead technical assistance firm (Indufor Oy) has informed the government they are able to continue work at least through August 2017. The remaining USD 1.2 million will be used primarily to support stakeholder consultations and capacity-building to be conducted during the coming year. The project will also work to strengthen the National REDD+ Office's overall coordination of REDD+ efforts in Lao PDR.

Request for Grant Extension. Due to the reorganization of the government agencies working in forests and forestry and the lengthy process for the procurement of the technical assistance, the Government of Lao PDR would like to request the FCPF to extend the duration of the existing Readiness Grant up to one year, from the current deadline of 15 March 2017 to 15 March 2018. The additional time would permit more extensive consultation and participation of relevant stakeholders in the development of the national REDD+ program and strategy, and hence greater ownership of the REDD+ process in Lao PDR, leading to a more robust National REDD+ Strategy.

The extension would also enable a close articulation of the REDD+ Strategy development with the preparation of the Emissions Reduction Program Document under a recently-signed Letter of Intent (LOI) for a Carbon Finance operation. The proposed FCPF Carbon Fund Emissions Reduction Program would cover six northern provinces. Provincial REDD+ programs are under development already in two of these provinces, and development partners indicate that they may be able to support two additional provinces. Further support will be required to complete provincial plans for all six provinces, which could in part be covered by additional financing of the Readiness Operation.

So far, the Lao PDR Readiness grant has already disbursed and committed two-thirds (USD 2.4 million) of its USD 3.6 million. The Government anticipates that the majority of the remaining funds will be disbursed by August 2017.

Request for an Additional Grant from the FCPF Readiness Fund. The starting point of REDD+ implementation in Lao PDR is characterized by low technical capacity, highly competing economic

development priorities, often conflicting inter-sectoral policies and regulations, and relatively weak forestry sector governance. The government has undertaken policy reform through ministerial decrees, sectoral strategies, commitments to international conventions, and institutional reforms, but still faces financial and human resource limitations to build necessary capacity for effective policy implementation.

The financial and technical support received from development partners has only supported a selection of strategic areas and many gaps still remain. Specifically, for REDD+, the development partner support has largely been project and program implementation, and some has focused at sub-national level. This work is important as it has informed national forestry and climate change dialogue, but the development of a national REDD+ framework will require significant effort to prepare a robust strategy that compliments other national strategies in the forestry, energy and agriculture sectors.

As such, although overall progress with the readiness process presented in this report is noteworthy, plans for the coming year are even more ambitious. Despite the current levels of FCPF REDD+ Readiness financing, government contributions and support from various REDD+ development partners, significant funding gaps still exist. Accordingly, to fully complete Lao PDR's REDD+ Readiness, the Government requests additional financing from the FCPF Readiness Fund, in the amount of USD 4.575 million, for a three-year period, from September 2017 through August 2020.

| FCPF REDD+ Readiness in Lao PDR: Components and Sub-Components Status as of September 2016 | Not yet demon- strating progress | Further develop- ment required | Progressing well, further development required | Significant Progress |
|---|---|---|---|---------------------------------|
| 1: READINESS ORGANIZATION AND CONSULTATION | | | | |
| 1a: National REDD+ Management Arrangements | | | | |
| 1. Accountability and transparency | | | | |
| 2. Operating mandate and budget | | | | |
| 3. Multi-sector coordination mechanisms | | | | |
| 4. Technical supervision capacity | | | | |
| 5. Funds management capacity | | | | |
| 6. Feedback and grievance redress mechanism | | | | |
| b: Consultation, Participation, and Outreach | | | | |
| 7. Participation and engagement of key stakeholders | | | | |
| 8. Consultation processes | | | | |
| 9. Information sharing & accessibility of information | | | | |
| 10. Implementation & public disclosure of consultation outcomes | | | | |
| 2: REDD+ STRATEGY PREPARATION | | | | |
| 2a: Assessment of Land Use, Land-Use Change Drivers, Forest Law, Policy and Governance | | | | |
| 11. Assessment and Analyses | | | | |
| 12. Prioritization of driver/barriers to forest carbon stock enhancement | | | | |
| 13. Links between drivers/barriers and REDD+ activities | | | | |
| 14. Action plans to address natural resource rights, land tenure, governance | | | | |
| 15. Implications for forest law and policy | | | | |
| 2b: REDD+ Strategy Options | | | | |
| 16. Selection & prioritization of REDD+ strategy options | | | | |
| 17. Feasibility assessment | | | | |
| 18. Implications of strategy options on existing sectoral policies | | | | |
| 2c: Implementation Framework | | | | |
| 19. Adoption and implementation of legislation / regulations | | | | |
| 20. Guidelines for implementation | | | | |
| 21. Benefit-sharing mechanism | | | | |
| 22. National REDD+ registry & system monitoring REDD+ activities | | | | |
| 2d: Social and Environmental Impacts | | | | |
| 23. Analysis of social and environmental safeguards issues | | | | |
| 24. REDD+ strategy design with respect to impacts | | | | |
| 25. Environmental and Social Management Framework | | | | |
| 3: REFERENCE EMISSIONS LEVEL/ REFERENCE LEVELS | | | | |
| 26. Demonstration of methodology | | | | |
| 27. Use of historical data, and adjusted for national | | | | |

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| circumstance | | | | |
| 28. Technical feasibility of the methodological approach, and consistency with UNFCCC/IPCC guidance and guidelines | | | | |
| 4: MONITORING SYSTEMS FOR FORESTS AND SAFEGUARDS | | | | |
| 4a: National Forest Monitoring System | | | | |
| 29. Documentation of monitoring approach | | | | |
| 30. Demonstration of early system implementation | | | | |
| 31. Institutional arrangements and capacities | | | | |
| 4b: Information System for Multiple Benefits, Other Impacts, Governance, and Safeguards | | | | |
| 32. Identification of relevant non-carbon aspects, and social and environmental issues | | | | |
| 33. Monitoring, reporting, and information sharing | | | | |
| 34. Institutional arrangements and capacities | | | | |

1. Introduction

Lao PDR is a mountainous country, known in the past for its rich forests and biodiversity. In recent decades, however, deforestation and forest degradation are at high levels. This issue has been of concern to the national government, as well as to the population at large. Many of Lao PDR's people live in close proximity to, and have historically depended on natural forests for their livelihoods. Moreover, as Lao PDR generates electricity from hydropower, good management of its watersheds is a vital national issue. In 2005, the government adopted its *Forestry Strategy to 2020*, which set a very ambitious target for increasing forest cover. The new government, elected in April 2016, has also placed strong emphasis on bringing the forest sector under more unified management, by consolidating all forest sector management responsibilities under one ministry (MAF). Moreover, it has prohibited all export of logs and unfinished timber, and is stopping all log transport, to check on the legality of the logs and to seize illegal logs. These measures aim to bring all forests in the country under more sustainable management, increase the availability of wood for local industry, improve forest conservation and protection, and also to reduce illegal logging and trafficking in timber, to increase government revenues. The government also recognizes the need to support the Lao people to have access to timber for local use and processing, and to non-timber forest products.

In addition to its domestic priorities for achieving sustainable forest management and good conservation, Lao PDR also recognizes and embraces its international responsibilities to contribute to addressing climate change, through mitigation measures such as improved forest management. In its 2015 submission to the United Nations Framework Convention on Climate Change (UNFCCC) of its Intended Nationally-Determined Contribution (INDC), its work on REDD+ figures prominently.

Lao PDR has been working on REDD+ issues since 2007, when Lao PDR joined the Forest Carbon Partnership Facility (FCPF). A National REDD+ Task Force was created, and worked with support from technical advisers and several development partners. FCPF then provided USD 200,000 to the country, to help with its preparation of a REDD+ Readiness Preparation Proposal (R-PP). Lao PDR submitted its R-PP to the Facility in 2010, which was accepted.

During and following the preparation of the R-PP, the Government and many development partners began working on various elements and building blocks for the national REDD+ program. Work has been ongoing on a number of key analytical studies, provincial-level REDD+ work, stakeholder consultations on various issues, such as safeguards and benefit-sharing, and development of the reference emission level (REL) and measurement, reporting, and verification (MRV) systems.

Subsequently, FCPF provided a Readiness Grant of USD 3.6 million. Due to national institutional reorganization and other delays, this grant agreement did not become effective until August 2014. This project is leveraging off the work started by other development partners to create a coherent national REDD+ framework.

The Department of Forestry under the Ministry of Agriculture and Forestry has been implementing this project. Good progress has been made on a number of key elements. Technical assistance is underway and the project has now expended two-thirds of its funding, or USD 2.4 million, including disbursed and signed commitments.

It is now anticipated that the bulk of preparation of the national REDD+ program and REDD+ National Strategy will be undertaken during the coming year. This period will be one of intensive activities, to be carried out by the National REDD+ Task Force and the National REDD+ Office, supported by the six REDD+ Technical Working Groups, as well as REDD+ development partners. Work will also be ongoing in several

provinces on development of Provincial REDD+ Action Plans (PRAPs), which is being supported by the FCPF Readiness grant and other development partners.

The objectives of this report are:

- to provide a self-**assessment of the progress** of the REDD+ Readiness Preparation in the Lao PDR;
- to support a **request for a one-year extension** for the FCPF-Lao REDD+ Readiness Grant, from 15 March 2017 to 15 March 2018; and
- to support a **request for an additional USD 4.575 million in additional funds** from the FCPF Readiness Fund, to fund the remaining work needed to complete the national REDD+ Readiness phase, after completion of the extension of the current FCPF Readiness grant.

2. REDD+ Readiness Preparation: R-PP Progress

- This section of the report assesses the implementation progress of Lao PDR toward REDD+ Readiness, as proposed in the 2010 REDD Readiness Preparation Proposal (R-PP) document and the subsequent 2013 World Bank Project Assessment Report. Although the Lao PDR project uses a different categorization of project elements (Annex 1), this section of the report follows the standard FCPF organization by REDD+ Readiness Components.

The efforts towards development of a National REDD+ Program have been supported by a wide range of development partners, working at national, provincial, and site levels. Some of the key partners in recent years include:

| | | |
|---|------------|---|
| Forest Investment Program (FIP) support to the Lao Forest Investment Plan (Lao FIP), consisting of partial support to: | 2012-2018? | Supporting grassroots forest managers to engage in participatory sustainable forest management (PSFM) in all types of forests, to contribute to REDD+ |
| Scaling Up Participatory Sustainable Forest Management (SUFORD-SU), also supported by World Bank (IDA) and the Ministry for Foreign Affairs (MFA) of Finland. [This project was preceded by three World Bank-Finnish supported projects between 1995 and 2012: FOMACOP, SUFORD, and SUFORD-AF.] | 2013-2018 | Supporting PSFM in 41 Production Forest Areas (PFAs) in 13 provinces; working on forest landscape management in 4 provinces and 33 pilot village forests; supporting forest law enforcement in 18 provinces |
| Smallholder Plantation Development, supported by the International Finance Corporation and private sector partners. | 2014- | Working with Stora Enso in south-central Laos (Savannekhet and Saravane Provinces). Exploring support to other partners. |
| Protecting Forests for Ecosystem Services, which constitutes additional financing from FIP to the Asian Development Bank for the Biodiversity Conservation Corridor (BCC) Initiative | 2016- | Additional financing for Redd+-related activities and work with additional villages adjacent to protected areas and corridors. |
| Sustainable Forest Management and REDD+ Support Project (F-REDD) (2016-2020) supported by JICA, and its preceding projects, which included: FSIP FSCAP NFIS PAREDD | 2016-2020 | National-level work on forest inventory, REL, MRV, strategy and policy; provincial support to SFM and REDD+ in Luang Prabang |
| Climate Protection through Avoided Deforestation and Degradation (CliPAD) program, funded by the German government and implemented by GiZ and KfW | 2009-2019 | National support to REDD+ and climate finance issues. Initial provincial work in Xayaboury, now field focused on Houaphan. |
| Integrated Conservation of Biodiversity and Forests (ICBF) project, supported by Germany and implemented by KfW | 2014-2019 | Working in Luang Namtha and Bokeo Provinces on protected area management |
| Forest Law Enforcement, Governance, and Trade (FLEGT) initiative supported by the European Union and Germany, | 2013-2019 | Working towards a Voluntary Partnership Agreement (VPA) |
| Regional Lowering Emissions in Asia's Forests | 2012- | Capacity-building activities in |

| | | |
|--|--|--|
| (LEAF) program, funded by USAID, with work in Lao PDR by Forest Carbon and SNV | April 2016 | Houaphan and Attapeu provinces |
| International non-governmental organizational support to REDD+ initiatives, such as the Netherland development organization SNV, the Center for Forests and People (RECOFTC), the WorldWide Fund for Nature (WWF), the Wildlife Conservation Society (WCS) | Ongoing for many years | Work on benefit-sharing, safeguards, community forestry, trade, biodiversity protection and protected area management |
| Other private sector support, such as by New Chip Xeng | | Initial work on development of voluntary sub-national REDD+ project |
| REDD+ Readiness support project, funded by the FCPF Readiness Fund | 2014-2017 (extension to 2018 proposed) | Supporting REDD+ national program and strategy development, completing REDD+ readiness package, supporting provincial work in Houaphan and Champassack provinces |

Additional details on development partners supporting REDD+ in Lao PDR is provided in Annex 3.

As Lao PDR undertakes activities under the FCPF Readiness Grant, it is in a unique position in that its 2015 ER-PIN submission was accepted into the FCPF Carbon Fund pipeline. There is now a simultaneous implementation of the FRPC Grant activities and the development of the Emissions Reduction Program Document (ER-PD). The ER-PD will focus on six northern provinces where early REDD+ actions have been undertaken aiming at promoting REDD+ through governance, forest landscapes and livelihoods in a contiguous landscape covering Luang Namtha, Bokeo, Xayaboury, Oudomxay, Luang Prabang and Houaphan.

The program area covers over 8 million hectares across more than one-third of the country. Deforestation and degradation is directly driven through shifting cultivation, logging, agriculture, infrastructure and mining; and indirectly caused by weak governance, limited institutional capacity, poverty, food insecurity, and land tenure insecurity. These drivers and underlying causes will be addressed through activities at the provincial level encompassing governance and law enforcement, forest landscape management and integrated spatial planning, livelihood development, payment for environmental services, forest restoration, and sustainable forest management certification.

This scenario creates opportunities for some efficiency, integration improving coordination in undertaking some of the necessary analytical work around REDD+ strategy options, analysis of policy, legal regulatory framework, capacity building, stakeholder consultation, MRV development and all other thematic areas. There is further substantial work already carried out during the preparation of the ER-PIN for the Carbon Fund on key components such as the drivers and agents of deforestation but more work needs to be undertaken on the economic implications and mitigation options reflecting Laos INDC submission to the UNFCCC. Such an analysis can also subsequently contribute to updating the national Forest Strategy.

2.1 Component 1: Readiness Organization and Consultation

2.1.1 Sub-component 1a: National REDD+ Management Arrangements

The national REDD+ management arrangements have been evolving over time. The overall institutional structure was proposed in the R-PP. A National REDD+ Task Force (NRTF) was formed in late 2008 initially with 12 members. The number of members increased to 15 members in 2011 and by November 2015 there were 30 members and chaired by Vice-Minister of MONRE. Since the submission of the R-PP to the

FCPF in 2010 there have been a series of important decisions and institutional changes that reflect the Lao government's efforts in strengthening capacity for climate change response across multiple sectors (forestry, energy and agriculture). In 2011, the Lao Government established the Ministry of Natural Resources and Environment (MONRE). In 2012, a REDD+ Division was established in DFRM under MONRE while a REDD+ Office was set up in the Department of Forestry (DOF under MAF).

With the recent government reorganization, the two REDD+ offices are being merged under the Department of Forestry in MAF. MONRE will continue to monitor environmental conditions in different sectors, including the forest sector, but the primary responsibility for all forests now lies with MAF. At the provincial level, Provincial REDD+ Task Forces are to be chaired by the Provincial Vice-Governors, supported by the Provincial REDD+ Office. The Provincial REDD+ Offices will be transferred from the Provincial Offices of Natural Resources and Environment (PONRE) to the Provincial Agriculture and Forestry Offices (PAFOs). The National REDD+ Task Force, which has recently been chaired by MONRE, will be placed under the leadership of MAF.

The inception of the FCPF grant and other bilateral support have been instrumental in the setting up of important REDD+ support institutions. Six REDD+ Technical Working Groups (TWG) have been formed on legal framework, land use, social and environmental safeguards, enforcement and implementation of actions, REL/MRV, and benefit sharing. The TWG were established by MONRE in late 2015 (Annex 5). The organization of these TWGs was based on a sharing of responsibility between MONRE and MAF. In addition to specifically assigning certain government staff members to each TWG, the TWGs are also being supported by Lao and expatriate technical advisers working for various REDD+ development partners (i.e., multilateral and bilateral projects, and international non-governmental organizations). To date, each TWG has prepared Terms of Reference, which were approved in 2016. The TWGs are now implementing activities according to their work plans.

The national REDD+ Task Force (NRTF) was intended to report to the National Environmental Committee (NEC), chaired by the Deputy Prime Minister. The NEC has not been formally meeting since 2012. Information on REDD+ issues has been, however, reported through the MONRE Minister to the monthly meetings of the Government [Cabinet].

The NRTF has recently been chaired by the MONRE Vice-Minister, who reports to the MONRE Minister. The latter, in turn, reports to the Government, i.e., periodic meetings with the Prime Minister and his deputies. and is supported by (currently six) Technical Working Groups and a secretariat, the REDD+ Office (see Figure 1).

Some changes have occurred since the submission of the R-PP, for example in the designation of Technical Working Groups, and, as explained below, the establishment of a second national-level REDD+ Office, within MONRE. With the recent government reorganization and consolidation of all forestry and forests issues within MAF, the two REDD+ offices are being merged under the Department of Forestry in MAF. MONRE will continue to monitor environmental issues for different sectors, including the forest sector, but the primary responsibility for all forests now lies with MAF. At the provincial level, Provincial REDD+ Task Forces are to be chaired by the Provincial Vice-Governors, supported by the Provincial REDD+ Office. The Provincial REDD+ Offices will be transferred from the Provincial Offices of Natural Resources and Environment (PONRE) to the Provincial Agriculture and Forestry Offices (PAFOs). The National REDD+ Task Force, which has recently been chaired by MONRE, will be placed under the leadership of MAF.

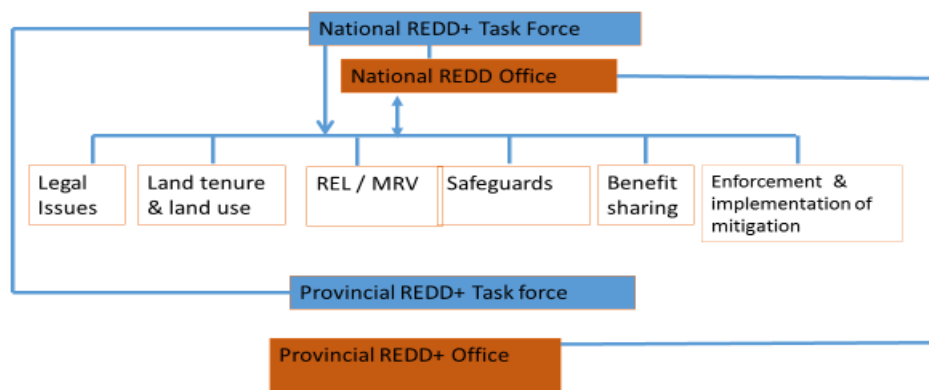


Figure 1: Institutional structure of REDD+ at national and provincial levels.

National REDD+ Task Force and National REDD+ Office(s)

Over the past eight years, several institutional changes have occurred in ministerial responsibilities, when government responsibilities for the forest sector were split between two ministries, MAF and MONRE. In 2016, however, the government decided to consolidate management of the forest sector under one ministry. As a consequence of these evolving changes, the arrangements for the National REDD+ Task Force and the national REDD+ office(s) have also evolved (Table 1).

In May 2016, the Government decided to move responsibility for all forests back to MAF. The process of merging the two REDD+ offices is underway. Similarly, it is expected that the forest inventory divisions of the two ministries will be merged. The leadership of the NRTF is returning to MAF, and consideration is being given to reducing the number of members in the NRTF, so that it will become a more efficient decision-making body. [The current membership of the NRTF is provided in Annex 4.]

Table 1. Key Milestones in National Institutional Arrangements for REDD+ Task Force

| | |
|------------------|---|
| 1 November 2007 | Prime Minister appointed the Ministry of Agriculture and Forestry as national member of the Forest Carbon Partnership Facility |
| 3 November 2008 | MAF established National REDD+ Task Force with 12 members, to be chaired by the Director-General of the Department of Forestry (DOF) within MAF, and supported by one REDD+ Focal Point |
| 21 December 2010 | REDD+ Readiness-Preparation Proposal (R-PP) submitted to FCPF |
| 7 January 2011 | MAF expanded NRTF to 15 members, with REDD+ Technical Group under the DOF Division of Planning serving the secretariat function to the NRTF |
| November 2011 | Ministry of Natural Resources and Environment (MONRE) established |
| December 2012 | REDD+ Office established under DOF, MAF, to deal with REDD+ projects under MAF |
| 18 May 2012 | DFRM created along with its National REDD+ Division, while DOF maintained the DOF REDD+ Office; these two offices aimed to coordinate their activities |
| 30 October 2014 | NRTF restructured under MONRE, with 24 members; DG of the MONRE as the Chair, and the DG of DOF as the Deputy Chair |
| 26 November 2015 | NRTF revised with 30 members and the MONRE-Deputy Minister as chair |
| 19 February 2016 | MONRE decision to establish six REDD+ Technical Working Groups |
| 29 April 2016 | Revised Terms of Reference (TOR) for NRTF approved by MONRE Minister |
| 26 April 2016 | Government Cabinet Decision on ministerial reorganization, including assigning the mandate for management of all forests to MAF |
| 18 July 2016 | Politburo endorsement of proposed ministerial reorganization |
| 22 July 2016 | Prime Ministerial Order No. 57 on government reorganization |
| 19 August 2016 | MONRE handed over responsibilities for management of protection and conservation forests, the National REDD+ Task Force, and the national REDD+ Office, to MAF. The two REDD+ offices will be merged into one. <i>MONRE will retain an oversight role regarding policy, strategy, law, and regulations pertaining to forests and environmental conservation issues.</i> |
| 23 August 2016 | Revised TOR for the six REDD+ Technical Working Groups endorsed |

Currently the DOF REDD+ office has fourteen staff members-- ten full-time government staff, which include a Director and two Deputy Directors, and four volunteers. The MONRE REDD+ Division has had six staff - four full-time government staff and two volunteers. Final staffing levels for the future merged national REDD+ office is not yet known. This merger will boost the capacity of the REDD+ Office serving as the NRTF secretariat. Most importantly, it will reduce confusion over coordination, collaboration, and support.

REDD+ Technical Working Groups

The current six REDD+ Technical Working Groups were established by MONRE in late 2015 (Annex 5). The organization of these TWGs was based on a sharing of responsibility between MONRE and MAF. In addition to specifically assigning certain government staff members to each TWG, the TWGs are also being supported by Lao and expatriate technical advisers working for various REDD+ development partners (i.e., multilateral and bilateral projects, and international non-governmental organizations). The six TWGs have each been developing their own Terms of Reference. These TORs were endorsed on 23 August 2016, following two training workshops conducted for these six TWGs, on 27-28 July and 16-17 August 2016. The REL /MRV group is the most advanced, already having an agreed work plan.

The TWGs are responsible for providing technical input and support on specific REDD+ components. As such, the TWGs will be the main bodies working on the development of the National REDD+ Strategy providing advice to the NRTF. These TWGs will also provide support to the National REDD+ office on the preparation of REDD+ Annual Work Plans which will be reported to the NRTF.

Table 2: The REDD+ TWGs, with their Chair and Co-chair Organizations

| TWG area of work | Chair/Co-chair |
|---|---|
| Legal framework | Chair: DOF, MAF Co-chair: DFRM, MONRE |
| Land-tenure and land-use | Chair: Department of Land Development and Planning, MONRE Co-chair: Land Management Agricultural Planning, NAFRI |
| MRV/REL | Chair: Forest Inventory and Planning Division, DOF, MAF Co-chair: DFRM, MONRE |
| Social and environmental safeguards | Chair: Lao Front for National Construction (LFNC) Co-chair: Lao Women's Union (LWU) |
| Benefit sharing | Chair: DFRM, MONRE Co-chair: Department of State Property Management, MOF |
| Enforcement and implementation of mitigation | Chair: DOF, MAF Co-chair: DFRM, MONRE |

Note: After the merging the two REDD+ Offices and the dissolution of DFRM, the Chair and/or Co-chair of some TWGs may be changed. The "enforcement and implementation of mitigation" TWG focuses on preparation of a REDD+ strategy that will be enforceable and implementable.

Provincial REDD+

For the FCPF Carbon Fund, a proposed Emissions Reduction Program will be developed, focusing REDD+ interventions in six northern provinces. These six provinces include Houaphan and Luang Prabang, as well as four other provinces (Luang Namtha, Bokeo, Oudomxay, and Xayaboury) where SUFORD-SU is supporting forest landscape work. Houaphan has been receiving support from several REDD+-related projects, including CliPAD, LEAF, and FCPF. LEAF provided training on biomass assessments issues for FIPD. Luang Prabang has been supported by several JICA projects, and now the new JICA- assisted Forestry and REDD+ (F-REDD) Program; and Champasack is being supported by the FCPF REDD+ Readiness Project.

In terms of provincial REDD+ development, to date work has been ongoing primarily in three provinces: Houaphan, Luang Prabang, and Champasack.

The ongoing activities in Houaphan supported by CliPAD and FCPF are the most advanced: following discussions between the NRTF and the province in 2014, a Provincial REDD+ Task Force was established in January 2016 and then a REDD+ Office has been established. Work is currently ongoing to develop a Provincial REDD+ Action Plan (PRAP) by the end of 2016. It has been agreed that it will be developed as an Annex to the Provincial Socio-economic Development Plan 2016-2020. Guidelines for development of PRAPs will be prepared, based on the pilot experience in Houaphan Province.

Similarly, task forces and offices have been created in Champasack Province (early 2016) with support from FCPF and Luang Prabang (May 2016) with support from F-REDD. Luang Prabang anticipates completing a PRAP by mid-2017. Champasack has expressed interest in creating a REDD+ action plan for a national protected area located in the province. Due to the extensive training and field work done, the Provincial Office of Natural Resources and Environment (PONRE) and Provincial Agriculture and Forestry Office (PAFO) staff in Houaphan and Luang Prabang provinces are the most capable in collaboration, and understanding REDD+ issues. Additional REDD+-related work has been undertaken in Savannakhet, with support from SUFORD-AF, and in Attapeu province with support from LEAF and the Asian Development Bank (ADB).

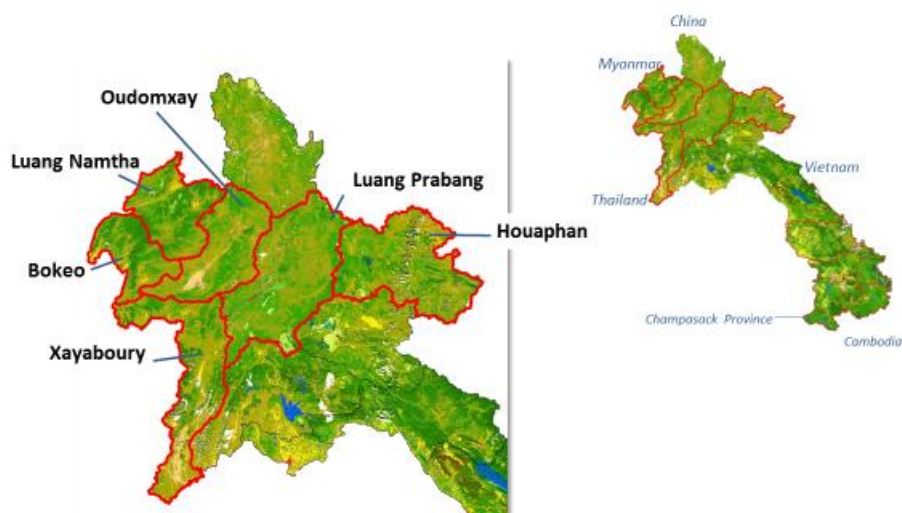


Figure 2. Six proposed northern provinces for Emissions Reduction Program under the Carbon Fund. (National map also show additional REDD+ pilot province, Champasack, in southern Lao PDR.)

Houaphan, Luang Prabang, and four other adjacent northern provinces have been proposed for a jurisdictional REDD+ program under the FCPF Carbon Fund. These provinces are ones that have been working on REDD+ issues, with support from different development partners working with the government (MAF or MONRE) – CliPAD, F-REDD, SUFORD-SU, ICBF, SNV, LEAF, Forest Carbon, and FCPF. While CliPAD and F-REDD have been supporting REDD+ provincial actions, SUFORD-SU and ICBF are collaborating on forest landscape issues. These development partners supported the Government to prepare the ER-PIN and will continue their support in preparation of the Emissions Reduction Program Document (ER-PD).

The justification for the choice of these six provinces is the following:

- This area will be the pilot region, and then REDD+ will be rolled out nationally;
- This area covers approximately 35 % of the national territory;
- This area includes provinces with early actions towards results;
- This area accounted for 45% of the deforestation and degradation in 2000-2010
- This area has a high rate of shifting cultivation, which impacts forests; and
- The area is among the poorest in the nation, with a high proportion of the population belonging to ethnic minority groups.

With the ongoing government reorganization for forests, adjustments will also be made at provincial levels. In Houaphan and Champasack, the REDD+ activities will move from the Provincial Offices of Natural Resource and Environment (PONREs) to the Provincial Agriculture and Forestry Offices (PAFOs). In Luang Prabang, where the REDD+ responsibilities are shared between PONRE and PAFO, the transition may be easier. Considerable training and support will be needed to build the provincial-level capacities to develop and implement REDD+.

2.1.2 Sub-component 1b: Consultation, Participation, and Outreach

The government administration structure facilitates stakeholder participation and consultation. For the forestry sector, significant consultation and stakeholder participation has been organized during the development of various programs. Specifically, during the development of the R-PP in 2009-2010, the preparation of the Forest Investment Plan in 2011, and the development of the Emissions Reduction Program Idea Note (ER-PIN) for the Carbon Fund in 2015.

Several existing sector and sub-sector working groups enable stakeholder participation in policy discussions. Some key groups include the Natural Resource Sector Working Group (NRSWG), the Agriculture and Rural Development Sector Working Group (ARD-SWG), the Forestry Sub-Sector Working Group (FSSWG), the Land Sub-sector Working Group (LSSWG), etc., which all provide important ongoing forum for Government and development partners, including civil society, to discuss important issues. The FSSWG generally meets on a quarterly basis, and provides inputs into the annual Government-Donor Round Table meeting. It also follows up on the implementation of the *Forest Strategy to 2020*, which was adopted by the Government in 2005. The FSSWG was originally under the leadership of MAF and reported to the ARD-SWG, then moved to MONRE and reported to the NRSWG, but now will return to MAF and the ARD-SWG.

During the R-PP development, in 2009-2010, numerous stakeholder consultations were organized. These meetings included two high-level national consultations chaired by the MAF Vice Minister. Similarly, during the preparation of the Lao Forest Investment Plan (Lao FIP), in 2011, several stakeholder consultations were conducted, including some with Lao non-profit associations. The global forest Investment Program (FIP)'s Dedicated Grant Mechanism (DGM) had tentatively set aside USD 4.5 million for Lao PDR, to support the participation of local communities and civil society in FIP activities. A DGM program, however, has not yet been developed for Lao PDR. Under DOF leadership, the Lao FIP preparation team went to many provinces to organize the consultation workshops with the stakeholders to discuss the FIP concepts, and general issues on sustainable forest management, national forest strategy and REDD+.

In October 2014, a two-day stakeholder workshop was held on forest governance. This workshop was jointly organized by the Department of Forestry, with support from the World Bank, the FCPF REDD+ Readiness project, CliPAD, and SUFORD-SU. This workshop was the first to use a methodology developed by the Program on Forests (PROFOR), to involve a range of stakeholders in assessing various elements of forest sector governance. In December 2015, SNV and the REDD+ project collaborated on workshops related to benefit-sharing, and earlier in May 2015, along with RECOFTC and other development partners, in a workshop on REDD+ safeguards.

In 2015, stakeholder consultations were held during preparation of the Lao PDR concept note (ER-PIN) for the FCPF Carbon Fund. Workshops were conducted at national and provincial level specifically to discuss and consult on the proposed ER Program. In March 2015, the Early Idea Presentation was discussed within the FSSWG and also with the National REDD+ Task Force (NRTF), before it was presented to the Carbon Fund in April. In July and August 2015, two regional workshops were held to discuss the ER-PIN development with the proposed six provinces. One was held in Bokeo, for three provinces (Bokeo, Luang Namtha, and Oudomxay). The second meeting, held in Luang Prabang, for the remaining three provinces (Luang Prabang, Houaphan and Xayaboury). Further consultations were done with the FSSWG in September 2015, prior to the presentation of the ER-PIN at the Carbon Fund meeting in October 2015. After acceptance into the Carbon Fund pipeline, further consultations took place with all six provinces in December 2015. A more recent meeting with these six provinces was organized on 9 September 2016.

In addition to meetings of the NRTF, the Provincial REDD+ TFs, and the six REDD+ TWGs, as summarized in the previous section, the government has carried out workshops to raise awareness of REDD+, with one meeting at the national level, and several meetings in the provinces.

Since 2008, many different development partners, including bilateral and multilateral donor organizations, and international NGOs, have been working with the Government on a range of different REDD+ issues and REDD+ related projects, programs, and activities that have involved many types of stakeholder engagement. Most of these activities have been carried out in collaboration with the Government, such as a workshop on REDD+ safeguards issues conducted in May 2014, and a workshop on forest governance conducted in October 2014. Two national fora, one on benefit-sharing and one on safeguards and multiple benefits were held in late 2015. (For other examples of development partner stakeholder activities, see Annex 3, Table 2.)

With the upcoming merger of the two REDD+ offices, work is planned to update the REDD+ Communication and Outreach Strategy and a comprehensive overall REDD+ Stakeholder Engagement Plan. The stakeholder engagement plan will map out all the stakeholder involvement in the activities of the six TWGs, consultations to be conducted as part of the Strategic Environmental and Social Assessment, and stakeholder engagement on other key REDD+ elements. A national bilingual (Lao and English) web platform for REDD+ is under development, which will facilitate communication on REDD+ issues with stakeholders, and coordination among REDD+ development partners. Appropriate communications materials, such as posters or leaflets, will be developed to aid with stakeholder engagement, especially for local communities and civil society organizations. While to date most consultations have taken place at the national or regional level, increasingly consultations will be done at the provincial, district, and local levels, especially in the six provinces targeted for the Carbon Fund Emissions Reduction Program.

Key stakeholders in Lao PDR fall into five major groups: communities, civil society organizations including educational and research institutions, government, private sector, and development partners. While the original mapping of stakeholders under the R-PP had listed 85 different stakeholder groups, the updated mapping lists 120 stakeholder groups.

It should be noted, however, that some of the stakeholder groups listed are rather large and diverse. For example, one stakeholder group is “ethnic groups and local communities.” Lao PDR has recognized 49 different ethnic groups belonging to four major ethno-linguistic families. The population of the ethnic groups belonging to the Lao-Thai linguistic family is the most numerous. The other ethnic groups, previously referred to as “ethnic minority groups,” belong to the other three language families. These groups meet the World Bank criteria of “indigenous peoples,” although that term is not used in Lao PDR: the Government and the Bank have agreed that safeguards policies apply to their engagement. As many of the latter are more likely to live in forested regions of the country, and more likely to be poor, the challenge is to reach and engage with these stakeholders, build their capacity so that they understand, support, participate in, and benefit from REDD+ activities. The work will draw upon the experience of many development partners to work with local communities throughout the country on different forms of participation in sustainable forest and natural resource management. While the current funding from the FCPF grant will support some of this outreach and engagement work, much more is needed. Thus the additional funding requested will in part be utilised to build capacity of local communities to understand their role and responsibilities in REDD+.

2.2 Component 2: Preparation of the REDD+ Strategy

The development of the national REDD+ Strategy is at the core of the FCPF Readiness Grant support, as well as that of other development partners. Lao PDR is in a somewhat unique situation, with significant Readiness progress through bilateral and multilateral projects working at national and provincial levels on REDD+. It suffices therefore to highlight that the general building blocks for preparing a National REDD+

Strategy are present. These building blocks include institutional setting that has continued to evolve and reflects an increasing focus on strengthening institutional, coordination, policy integration, and clarification of roles and responsibilities. Stakeholder participation and engagement in general climate dialogue and more specifically on REDD+ is also evident through the activities supported by multiple multilateral and bilateral programs at national and sub-national level (CLiPAD, SUFORD SU, FREDD-JICA, SNV, World Bank, FAO).

Considering the shaping up of a parallel process of implementing the FCPF grant activities and the preparation of the ERPD for the Carbon Fund, the REDD+ Strategy is now likely to evolve from complementary analytical work between these two processes, while being informed by the bilateral activities being undertaken by the other development partners – especially CLiPAD, F-REDD, and SUFORD-SU. Work is ongoing now to develop detailed work plans for both the preparation of the national REDD+ strategy and program elements, as well for the sub-national ER-PD preparation.

As the national REDD+ strategy is being developed, REDD+ work will be ongoing in seven provinces – the six ER-PD provinces and Champassack. As previously discussed, CLiPAD is supporting work in Houaphan, and F-REDD in Luang Prabang. CLiPAD now aims to provide support to two of these additional provinces (Luang Namtha and Xayaboury) to develop provincial REDD+ programs. Support for provincial REDD+ activities in the remaining two provinces (Bokeo and Oudomxay) needs to be identified. The SUFORD-SU and ICBF projects are collaborating on forest landscape management in Luang Namtha and Bokeo.

2.2.1 Sub-component 2a: Assessment of Land Use, Land-Use Change Drivers, Forest Law, Policy and Governance

At the national scale, a deforestation study conducted during the R-PP preparation (Mekong Maps 2010) and others (Lestrelin et al. 2013, Fujisaki 2013) identified several important drivers of both deforestation and forest degradation, and a complex dynamics of interplay among these direct and underlying drivers that ultimately result in forest loss and degradation. It is difficult and often misleading to separate out these complex dynamics, and requires addressing the different direct and indirect drivers simultaneously for impact.

Weak governance and limited institutional capacity are identified as underlying drivers behind all of the direct drivers. Though there is limited structured analysis conducted, various studies and anecdotal evidence point to prevalence of weak governance in the forestry sector and limited resources and capacity to address this, resulting in overall loss of forests. It is notable that Lao PDR is the first regional country to have undertaken a self-assessment on forest governance applying the PROFOR governance framework (FCPF 2014).

Within rural Lao landscapes, forest lands are under pressure from agricultural expansion. In addition to traditional rotational agriculture (shifting cultivation) practices, the Government economic development strategies have also been promoting agricultural concessions and commercial production of crops such as coffee, sugar cane, bananas, and maize, as well as expanding livestock production. Commercial agriculture is being promoted through both concessions and also smallholder outgrower schemes. In many areas, as agricultural land is converted to such commercial uses, then villagers may encroach on forest areas for their own subsistence agriculture. This dynamic, of balancing forest conservation with agricultural development, is a challenge for Lao society.

The main direct and indirect drivers of deforestation and forest degradation are presented below (Table 3).

Table 3: Main direct and indirect drivers of deforestation and forest degradation

| Activity | Indirect/underlying | Direct |
|--------------------|--|---|
| Forest degradation | <ul style="list-style-type: none"> Weak governance, limited resources and institutional capacity Poverty (Lao PDR is an LDC) Population growth Shift in rural livelihoods from subsistence-based to market-based Limited trade/market access for non-shifting agroforestry and fruiting crop commodities Displacement of subsistence agricultural plots into natural forests Food security requirements of rural population at risk Issues of land tenure and forest access insecurity | Pioneering shifting cultivation for expansion of agricultural area |
| | <ul style="list-style-type: none"> Weak governance, limited resources and institutional capacity High international demand for timber Quotas allowed for salvage logging alongside infrastructure projects etc. | Legal and illegal selective logging |
| Deforestation | <ul style="list-style-type: none"> Weak governance, limited resources and institutional capacity International demand for agricultural crops as food and other inputs incomplete land use zoning and titling | Concessions and contract farms converting forests (or once shifting cultivation sites) into agricultural areas |
| | <ul style="list-style-type: none"> Weak governance, limited resources and institutional capacity International demand for agricultural crops as inputs (feed, paper, rubber etc.) and national development strategies in support | Concessions and contract farms converting forests (or once shifting cultivation sites) into industrial tree plantations |
| | <ul style="list-style-type: none"> Weak governance, limited resources and institutional capacity International demand for minerals and national development strategies in support | Mining projects converting forests |
| | <ul style="list-style-type: none"> Weak governance, limited resources and institutional capacity International demand for electricity and national development strategies in support | Hydropower infrastructure converting forests |

Poverty and associated issues of **food security, forest and land tenure security** are also important underlying drivers that need to be taken into account in designing interventions. What significantly adds to the complexity of the issue are the **cross-border nature** of some of the key drivers; notably, the demand for timber, agricultural products, minerals and energy.

It is also important to note that deforestation and forest degradation are often not separate incidents, but rather a dynamic of forests subject to degradation eventually giving way to deforestation. **Weak governance and limited institutional capacity is a critical gap and underlying driver** for each and every

main driver. The gap is prevalent for all levels of Government, central and local, in processes of planning, monitoring, law enforcement, and particularly in inter-sectoral coordination.

Since 13 May 2016, with the Issuance of Prime Ministerial Decree No. 15, the new administration has been taking tough measures to increase forest law enforcement, through its prohibition of exports of logs and unfinished timber, increased road checks of vehicles, seizures of illegal timber and equipment used in illegal logging, and closure of more than 1000 illegal furniture businesses and twenty illegal sawmills. Relevant ministries, such as MAF, MONRE, and Ministry of Industry and Commerce (MOIC) are each developing their own plans for implementation of this decree.

The Government had been planning for a revised Land Law to go to the National Assembly in October 2016. The draft documents were reviewed and discussed at a national workshop on 23 August 2016. Then on 25 August, at the monthly meeting of the Government (Cabinet of Ministers), it was decided that the proposed land policy needs additional work – to be more comprehensive, yet simpler to implement. It has now been agreed that the land policy will be issued as a forthcoming Politburo resolution, and then the land law will be revised to correspond with the policy prior to submission to the National Assembly.

2.2.2 Sub-component 2b: REDD+ Strategy Options

A detailed National REDD+ Strategy for Lao PDR is under development and scheduled to be completed next year. To achieve this objective, detailed work plans have been developed for the overall process, as well as for each of the six Technical Working Groups and the National REDD+ Office, i.e., the DOF REDD+ Office.

Addressing the drivers of deforestation and forest degradation (mentioned in the previous sections) presents a number of challenges in Lao PDR, 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 identified drivers, according to the 2010 R-PP (update based on current policies and ER-PIN):

- Establish enabling policy and regulatory framework
- Clarify natural resource tenure, rights and access through participatory land use planning
- Improve participation of stakeholders in policy dialogue and decision making
- Improve forest law enforcement, governance and trade (FLEGT, PMO No. 15)
- Rehabilitate degraded village forests and other forest categories (forest restoration)
- Safeguard livelihoods of forest-dependent communities
- Identify feasible alternatives to shifting cultivation (work ongoing through land and forest allocation for more than 20 years already); participatory land use planning (PAREDD, CliPAD, SUFORD, etc.)
- Strengthen decentralized management of natural resources

Other strategy options have been proposed since the R-PP submission. These options include:

- Forest landscape management approaches
- Payment for Environmental Services, based on the current requirement of dam and mining projects contributing 1% of their revenues to the Environmental Protection Fund; the Nam Theun II hydropower project special arrangement to contribute USD 1 million/year to relocated communities for watershed protection; Nam Ngiep II rehabilitating watershed area (Japanese investor)
- Redelineation (mapping of current land use) regarding 3 forest categories (conservation, protection

and production)

- Development of village forestry (rights to village forest to be defined in land and forest law revisions)
- New policy, strategy, legal, and regulatory developments that may be forthcoming from the new Government.

Other key policy and strategy documents, as well as relevant analytical papers, may include additional strategy options to be considered. Among the key strategies to be reviewed are the Forest Strategy to 2020, the National Climate Change Strategy, the recent National Biodiversity Strategy, and the Eighth National Socio-economic Development Plan (NSED, 2016-2020), and the ER-PIN. After years of discussion, a draft revision to the Land Law is being finalized to go to the National Assembly.

A recent (2015) provincial-level drivers' study has been conducted in Houaphan Province by the Wildlife Conservation Society, with support from GIZ. Another provincial-level drivers' study is planned for Luang Prabang Province, as part of its Provincial REDD+ Action Plan process.

2.2.3 Sub-component 2c: Implementation Framework

According to the R-PP, three main instruments to be used for REDD+ implementation in Lao PDR are institutions, fiscal measures and the regulatory framework. Together with qualified personnel, stakeholder participation and information management, these are some of the main elements of the REDD+ Implementation framework.

Institutions

Institutional arrangements for REDD+ have made some progress (refer to Section 2.1.1). The recent governmental reorganization of some ministerial mandates, however, will have some important impacts on the forest sector and existing REDD+ institutions in the coming months, as the functions previously under the Department of Forest Resources in MONRE are absorbed by the Department of Forestry in MAF.

Fiscal Measures

The DOF REDD+ Office has institutional arrangements in place for financial management of the FCPF REDD+ Readiness Grant.

Other work, such as establishment of a national REDD+ Fund and provincial funds, will be developed in the coming year. It will be important to review existing national fund models, such as the Poverty Reduction Fund (PRF), the Environmental Protection Fund (EPF), and the Forest and Forest Resources Development Fund (FFRDF). The latter is used for sharing financial benefits from timber harvests on national production forest areas (PFAs). Prime Ministerial Decree No. 1 of 2012 increased the proportion of timber harvest revenues to go to local communities, but this decree has not yet been implemented due to a ban on timber harvesting in PFAs that has been in force since that time. The development of such REDD+ funds will be closely linked with the work on benefit-sharing mechanisms (see below).

Possibilities for fiscal incentives to encourage development that is supportive of REDD+ objectives will be analyzed in the coming months. The R-PP, however, did mention the possibility of land leases being based on carbon stock, i.e., providing incentives to leases to minimize deforestation and degradation, and/or enhance forest carbon sequestration.

Regulatory Framework

Other tasks linking to these instruments of the REDD+ implementation framework, however, still need to be developed or established in the coming months including the benefit-sharing system, information and knowledge management, and the establishment and operation of a carbon registry.

Some work on benefit-sharing system and information and knowledge management has been already started. In terms of benefit sharing, several stakeholder meetings have been conducted with support from development partners, such as SNV, through its Multiple Benefits from REDD+ (MB-REDD). Information on different possible benefit-sharing options will be derived from consultations and prioritization with different stakeholder groups. Work on the benefit-sharing mechanisms (BSM) will be led by the Benefit-Sharing TWG. Once a BSM model for REDD+ is agreed and proposed, then any necessary drafting of supportive regulations will be done. If it is decided to establish a National and/or Provincial REDD+ Funds, then the relevant legislative and regulatory measures will be prepared.

In terms of knowledge management, a Communications and Outreach Plan will soon be developed to guide communication efforts with different stakeholder groups. Work already has been ongoing, however, to develop a webpage for the Department of Forestry (<http://dof.maf.gov.la/en/>), underneath the website for the Ministry of Agriculture and Forestry (<http://www.maf.gov.la/>). Underneath the DOF webpage, initial work has been done on REDD+ web page (<http://dof.maf.gov.la/fcpflao/en/about-redd/>). The plan now is to develop a comprehensive bilingual (Lao-English) web platform for the national REDD+ program, and to have the website launched before the end of 2016. Such a web platform would aid in improving coordination, communication, and transparency among key development partners and stakeholders. In addition, a separate web platform is proposed to be created to make key forest sector and REDD+ data publicly available.

Work to develop a carbon registry will be implemented in the coming months. The work will include reviewing models developed in other countries. This work will be led by the REDD+ Readiness Project.

2.2.4 Sub-component 2d: Social and Environmental Impacts

The Strategic Environmental and Social Assessment (SESA) is a key component of Lao PDR's REDD+ Readiness package, to assure stakeholders that the National REDD+ Strategy has adequately considered possible social and environmental impacts of different strategy options, and to identify additional strategy options. The aim is to assess the likely or potential positive and negative impacts of Lao PDR's REDD+ strategy options and implementation framework, and to generate recommendations for how those options can be made more environmentally and socially sustainable. The work will also incorporate a robust approach to "free, prior, and informed consent" in working with local communities and especially ethnic minorities.

CLiPAD has already supported an important desk review study, identifying the national policies and measures, and gaps, for REDD+ safeguards. The safeguards work also will build upon relevant safeguards and FPIC experience with SUFORD-SU and CLiPAD; similar work done by PAREDD and F-REDD; Village Focus International's (VFI) promotion of legal literacy; etc.

2.3 Component 3: Reference Emissions Level/ Reference Level

Lao PDR submitted the final version of R-PP to the FCPF in February 2011, which includes the plan of development of Reference Emission Level/Reference Level (REL/RL). Since then, there has been steady progress in capacity and institutional development, preparation of historical data including latest forest map and field inventory, understanding of the requirements on REL/RL of both UNFCCC and the Carbon Fund, and consultations with stakeholders inside and outside of the country.

In addition, a few site-specific REDD+ projects, which are developing their own REL/RLs or baselines according to the standards they use. In 2015, during preparation of ER-PIN for FCPF Carbon Fund, Lao PDR reported the progress of the works on REL/RL to the FCPF.

Most of the REL/RL work, including the facilities and equipment necessary for preparation of historical data and development of the forest information database system, i.e., the National Forest Information System (NFIS), has been supported by Japan or other programs operating at the national level. They include construction of the Forest Resource Information Center and NFIS development based at the Forest Inventory and Planning Division (FIPD) of Department of Forestry (DOF), including equipment and software with capacity development. The NFIS will include the National Forest Monitoring System (NFMS) needed for REDD+ MRV, but will be broader in scope, as it will include other information needed for management and administration of the forest sector.

Other development partners have been contributing to the national-level REL/RL work. German support through the CliPAD program (both Technical and Financial Cooperation) and the SUFORD program (both SUFORD-AF and SUFORD-SU) have been providing technical support to FIPD through mapping and inventory work in their Provinces and 41 Production Forest Areas respectively. They also provided important lessons and advice to the national level work. As part of its regional efforts, the USAID-supported Lowering Emissions in Asia's Forests (LEAF) Program supported capacity building for the development of reference levels for REDD+ in Lao PDR through training workshops.

Under DOF leadership, and with support from F-REDD, SUFORD-SU and FCPF, draft results of wall-to-wall LULUCF maps for 2000, 2005 and 2010 already have been prepared, and the same is underway for 2015. Through the course of this work, issues such as forest definition and stratification have been discussed thoroughly among the related Government agencies and the Technical Working Group (TWG) for REL/MRV. Based on this work and data from the 1st National Forest Inventory (NFI), a preliminary forest reference level, forest definition and stratification have been prepared and determined to obtain data for REL development. The plan is to generate a national reference level using updated activity data (i.e. finalized maps for 2000, 2005, 2010 and 2015) and emission factors informed by the 2nd NFI, to be conducted in 2016 and 2017. In addition to updated biomass stocks, the second NFI will also provide Lao PDR with country-specific allometric equations.

2.4 Component 4: Monitoring Systems for Forests and Safeguards

2.4.1 Sub-component 4a: National Forest Monitoring System

In the R-PP for Lao PDR, an initial plan was proposed for development of the National Forest Monitoring System (NFMS) including the measurement, reporting, and verification (MRV) system. Since then, several projects have been supporting the development of NFMS and MRV systems, at national-level, provincial or sub-national-level, and project-level with demonstration activities.

The NFMS being developed for REDD+ purposes is thus part of a larger National Forest Information System (NFIS) under development, which also encompasses other important information needed for forest sector administration and management. The NFIS development primarily has been supported by FIPD and a JICA NFIS project, now encompassed into the F-REDD program.

The emission reductions and removals attributable to the future national REDD+ strategy will be reported by using the national forest monitoring system (NFMS), under development by FIPD and supported primarily by F-REDD. The scope of the NFMS will be defined and the first system will be in place for the first MRV period proposed for around 2019 or 2020. Then, the NFMS will enter its modification and improvement cycle for further refinement.

Meanwhile, other development partners worked on related activities, such as a provincial REL and MRV system for Houaphan province. They produced forest base maps for Houaphan province for 2012 with 75%

accuracy using Rapid eye data, additional processing software and ground truthing. They set refined rules and routines for image processing and invented a tablet-based approach for field assessments. Biomass assessments have been completed using a standard operating procedure (SOP) that was developed. A database has been developed for all spatial data and remote sensing data along with guidelines.

Technical experts from different projects, such as F-REDD and SUFORD-SU, have worked together to harmonize their mapping and MRV systems. The past provincial-level mapping work is also providing techniques and lessons for enhancing national-level mapping accuracy. NFIS, CliPAD and LEAF worked with the same agency, FIPD, at national and provincial levels and build their capacity through on-the-job training and more formal training programs. They are working together to help refine the national forest classification system, build the national biomass database, the national carbon MRV system, the national REL and unadjusted provincial RELs.

Other development partners have also been working on building national capacity in FIPD and elsewhere for work on REL and MRV issues:

- SUFORD-SU continues developing RELs and REDD monitoring systems for all its project target areas (41 Production Forest Areas (PFAs) and 30 villages piloting village forestry). Monitoring systems are being developed for both emission reductions and all possible safeguards.
- The Protecting Forests for Ecosystem Services project (FIP additional financing for the Biodiversity Conservation Corridor (BCC) initiative, supported by the Asian Development Bank) has had discussions with NFIS and other projects for a harmonized REL and MRV system development for their project areas, which will include water monitoring for downstream hydropower payments.
- Scientists on the Impacts of REDD (IREDD) European research consortium project developed an MRV method for REDD+ in dynamic shifting cultivation landscapes of Laos.
- CliPAD conducted a REDD+ Priority Mapping exercise to identify high potential REDD+ areas across Lao PDR using the global MODIS Hansen dataset.
- The Faculty of Forestry at the National University of Laos (NUOL) has been involved and will be involved in research projects looking at forest cover monitoring and change analyses across Lao PDR with donors, such as APFNet. They have also been assessing carbon content in different land use areas with the IREDD project, and will look at monitoring socio-economic aspects in Northern Laos with the Kunming Institute of Botany.

2.4.2 Sub-component 4b: Information System for Multiple Benefits, Other Impacts, Governance, and Safeguards

In Lao PDR, the development of information systems for multiple benefits, other impacts, governance, and safeguards is focusing on two issues. First, as part of its work on Knowledge Management, a national REDD+ web platform will be designed, which will make a wide range of REDD+-relevant information available to stakeholders and the general public.

Second, as mentioned in the R-PP, Lao PDR plans to develop a REDD+ Safeguards Information System (SIS). Lao PDR needs to develop its own national Country Safeguards System, and clarify how that will address the National REDD+ Program and ensure that it meets both the UNFCCC REDD+ Safeguards and the current World Bank Safeguards, or Operational Policies. This work will build upon a national safeguards gap analysis study already supported by CliPAD.

The forest sector in Lao PDR already has experience in working with the World Bank safeguards, under the FOMACOP and the three SUFORD projects, which have been running since 1995. The World Bank has also supported other forestry-related initiatives in Lao PDR, such as the World Bank support to the national Environmental Protection Fund through the Lao Environment and Social Project (LENS) and LENS2

initiatives. Based upon recent World Bank safeguards approaches in Lao PDR, it is agreed that the safeguards plans for the REDD+ program will be bundled into two documents, the Environmental and Social Management Framework (ESMF) and the Community Engagement Framework (CEF).

3. FCPF REDD+ Readiness Project: Progress Achieved

The FCPF REDD+ Readiness Project grant agreement was signed by the World Bank on 4 March 2014, and then by the Government of Lao PDR on 11 August 2014. The project is being implemented following the activities laid out in the R-PP, as well as the World Bank's Readiness Preparation Proposal Assessment Note (dated 22 October 2013).

The **project's development objective** is to contribute to Lao PDR's efforts to design and implement a sound national REDD+ strategy.

Project implementation was slow to start up. Now all major procurement has been completed, including the renovation of the national DOF REDD+ Office, procurement of vehicles and office furniture, and the procurement of a large technical assistance contract, and began work on 1 July 2016. The project has been preparing a work plan to complete its inputs and the REDD+ Readiness package by late 2017 or early 2018, so that it will be completed and accepted by the time that the ER-PD is submitted. [This work plan assumes that the project duration will be extended by one year, to 15 March 2018.]

Two-thirds, or USD 2.4 million, of the USD 3.6 million FCPF grant has already been disbursed or committed. As previously noted, the key elements supported in the Lao's R-PP and its FCPF REDD+ Readiness Project were organized according to 4 key tasks, in a somewhat different manner than the standard FCPF components. This section of this document uses the R-PP component framework.

Lao PDR - REDD+ Readiness Project Structure.

Task 1. Readiness Process Management and Stakeholder Consultation

Task 1.1 Establish National and Provincial REDD+ Offices

Task 1.2 Assess and Align REDD+ with National Policy, Legal, and Regulatory Framework

Task 1.3 Stakeholder Consultations

Task 2. REDD+ Strategy Development

Task 2.1 Develop and Finalize REDD+ Strategy

Task 2.2 Participatory Land Use Planning and REDD+ Strategy

Task 2.3 Strategic Environmental and Social Assessment

Task 3. Implementation Arrangements

Task 3.1 Establish Institutional and Financial Arrangements

Task 3.2 Develop Benefit Sharing Arrangements

Task 3.3 Knowledge Management and Capacity Building

Task 4. Reference Emission Level and Monitoring Systems

Task 4.1 Develop Reference Emission Levels

Task 4.2 Develop Monitoring, Reporting, and Verification System

Task 4.3 Establish Carbon Registry

The project is supporting all R-PP components and sub-components. Substantial support, however, has been provided by other development partners, as already discussed in the previous section. The project provides substantial support to the National REDD+ Office, to improve its functioning as a secretariat and its overall coordination of the national REDD+ program development and strategy preparation.

Most notably, F-REDD and previous JICA projects have been providing major support for the Reference Emission Level / Reference Level (component 3) and the National Forest Monitoring System (sub-component 4a) activities. Nonetheless, the FCPF REDD+ Readiness Project is also contributing in these areas.

| Please indicate which of your country R-PP components and subcomponents have received support from FCPF through the Readiness Preparation Grant (>3.4 million USD) | | |
|--|---|------------------------------------|
| Components | Subcomponents | Support from FCPF to date (Yes/No) |
| 1. Readiness Organization and Consultation | 1a. National REDD+ Management Arrangements | Yes |
| | 1b. Consultation, Participation, and Outreach | Yes |
| 2. REDD+ Strategy Preparation | 2a. Assessment of Land Use, Land Use Change Drivers, Forest Law, Policy and Governance | Yes |
| | 2b. REDD+ Strategy Options | Yes |
| | 2c. Implementation Framework | Yes |
| | 2d. Social and Environmental Impacts | Yes |
| 3. Reference Emissions Level/Reference Levels | | Yes |
| 4. Monitoring Systems for Forests and Safeguards | 4a. National Forest Monitoring System | Yes |
| | 4b. Information System for Multiple Benefits, Other Impacts, Governance, and Safeguards | Yes |

3.1 Component 1. Readiness Organization and Consultation

3.1.1 Sub-Component 1a: National REDD+ Management Arrangements

REDD+ Readiness project support has been provided to the two REDD+ offices operating at the national level. The office under DFRM in MONRE has been serving as the national secretariat to the National REDD+ Task Force and the six Technical Working Groups. The office under DOF in MAF has been implementing the REDD+ Readiness project. In practice, however, the two offices have collaborated on many activities.

The DOF REDD+ Office has been managing the FCPF REDD+ Readiness Project. It has **competent project funds management capacity**, under the guidance of the Department of Forestry Finance Division. The DOF Financial Division has handled the FCPF grant funds, as disbursed through the Ministry of Finance.

The DOF REDD+ office has been renovated. Additional planned office renovations are awaiting finalization of the government reorganization. Other procurement has already been completed, such as procurement of vehicles, office furniture, computers, and other equipment.

The project has provided support to establish the Provincial REDD+ Task Force (PRTF) and the Provincial REDD+ Office (PRO) in Champasack Province. Similar support has been provided to Houaphan Province. Houaphan Province is the most advanced in its activities, as it also has had support from other projects.

Due to Government decision made in May 2016, however, responsibility for the forest sector is being reconsolidated under the Ministry of Agriculture and Forestry. Thus, the two REDD+ offices at the national level will soon be merged under the DOF REDD+ Office. Whatever support is needed from this REDD+ Readiness project will be provided to create one strong, unified National REDD+ Office. At the provincial

level, responsibilities for REDD+ will be moved from PONREs to PAFOs. Once this reorganization is completed, then any further office renovations to be done by the project will proceed.

The project management team is **accountable** to the Department of Forestry under the Ministry of Agriculture and Forestry as well as to the Forest Carbon Partnership Facility and the World Bank. The project manager is a Deputy Director of the DOF REDD+ Office, who works under the **technical supervision** of the DOF REDD+ Office Director and a DOF Deputy Director-General. Additional technical support is provided by the World Bank and the Forest Carbon Partnership Facility, including two semi-annual Implementation Support Missions.

In terms of **transparency**, the project documents are available on the World Bank website. In the near future, the national REDD+ website and web platform for National Forest Monitoring System will provide further transparency on the overall national REDD+ program and this project, as well as data sets used in the REL and MRV work.

The National REDD+ Task Force and the six Technical Working Groups, as well as the Provincial REDD+ Task Forces established to date, all emphasize **multi-sector and cross-sector membership, coordination, and collaboration**. The Stakeholder Engagement Plan emphasizes the involvement of a wide range of stakeholders. In developing the national REDD+ Strategy, a wide range of sectoral policies, laws, and regulations will be reviewed, to identify areas of complementarity, and any gaps or areas of conflict.

Lao PDR has a well-established **national feedback and Grievance Redress System (GRM)**, which includes village mediation units, as well as regional, provincial, and national courts. Citizens are also free to appeal directly to the National Assembly for redress of grievances, and a telephone "hot line" for complaints operates when the National Assembly is in session. Work is ongoing with the SUFORD-SU project, Village Focus International, the Ministry of Justice, the Department of Forest Inspection (DOFI), and others to inform villagers of their legal rights and systems of recourse, especially pertaining to land, natural resource, and forestry issues. This system of grievance redress will be further examined during the preparation of the REDD+ strategy and undertaking of the Strategic Environmental and Social Assessment, to look for ways in which it can be further improved.

3.1.2 Sub-component 1b: Consultation, Participation and Outreach

The Safeguards TWG, with support from the project, is assuming responsibility for updating the Stakeholder Engagement Plan. A gap analysis on key stakeholders is being done, as well as mapping of the stakeholders. With input from all six TWGs, a more comprehensive Stakeholder Engagement Plan is being prepared, which will also be linked with the Communications and Outreach Strategy, to be developed in September 2016. The draft plans will be vetted at one or more stakeholder meetings in October, which will also review and validate the revised work plan for the Strategic Environmental and Social Assessment (SESA), the Environmental and Social Management Framework (ESMF), and the Community Engagement Framework (CEF).

The stakeholder consultations will involve the **participation and engagement of a wide range of key stakeholders** in diverse activities. The consultation processes will include consultations at the national, regional, and also at the local levels, especially in areas assessed to be environmental or social "hot spots." The **consultation processes** will involve information sharing and analysis, especially on those topics being addressed by the six technical working groups – law and policy, land issues, safeguards, benefit-sharing, REL and MRV, and the REDD+ strategy (i.e., the TWG on enforcement and implementation of mitigation activities). Each TWG has developed its own work plan within the overall work plan.

The project has supported a number of stakeholder consultations, including those in its two provincial provinces, and also at national level, i.e., meetings of the NRTF and the six TWGs. In addition, the project

has supported meetings at the national level and in several other provinces for awareness-raising about REDD+ and the project activities. An estimated 598 people participated in these workshops, of whom 15 percent were women:

- National REDD+ Readiness project launch workshop, Vientiane, 12 December 2014, 61 participants (48 men, 13 women);
- Regional workshops on REDD+ and REDD+ Readiness Project:
 - Houaphan and Xiengkhuang Provinces, 12 Feb 2015, 64 participants (53 men, 11 women);
 - Champasak and Saravan Province, 17 Feb. 2015, 66 participants (57 men, 9 women);
 - Vientiane, Vientiane Capital, and Bolikhamxay Provinces, 14 Jul 2015, 63 participants (57 men, 6 women);
 - Xayaboury and Luang Prabang Provinces, 30 Jul. 2015, 59 participants (53 men, 6 women);
 - Khammouane and Savannekhet Provinces, 1 Aug 2015, 75 participants (63 men, 12 women);
 - Phongsaly and Oudomxay Provinces, 22 Oct 2015, 74 participants (60 men, 14 women); and
 - Luang Namtha and Bokeo Provinces, 19 Nov 2015, 74 participants (64 men, 10 women).

In collaboration with SNV and CliPAD, the project took the lead in organizing two training workshops in July and August 2016, for members of the six Technical Working Groups (TWGs). The first meeting, for the Legal, Safeguards, and Benefits-sharing TWGs had 25 participants, of whom 12 were women. The second meeting, which was for the Land Issues, REL/MRV, and Enforcement and Implementation of Mitigation Activities TWGs had 34 participants, of whom 7 were women.

On 9 September 2016, the project organized a meeting in Luang Prabang with the six northern provinces to be included in the ERPD, to provide input into updating the stakeholder engagement plan and the communications and outreach strategy. This meeting had 70 participants, of whom 18 were women and 52 were men. Most participants were from different provincial government offices. It focused on issues of safeguards, drivers of deforestation and degradation, possible solutions, stakeholders, and ways to communicate with various stakeholders.

Most of the project funding that remains will be used to support stakeholder consultations and stakeholder capacity building for a range of different activities needed to complete the REDD+ Readiness program and the National REDD+ Strategy. While consultations will be nationwide, a particular focus will be placed on the six provinces for the Carbon Fund. Thus, readiness funds will support stakeholder consultations needed to develop the ER-PD.

The issues of information sharing and accessibility of information, as well as implementation and public disclosure of consultation outcomes, will be addressed as part of the project's communication and outreach strategy, including its development of a website for general REDD+ information, and a web platform for data sharing. Information will also be made available in project documentation, and on the relevant World Bank or FCPF websites.

3.2 Component 2: REDD+ Strategy Preparation

The National REDD+ Strategy is being developed through many interrelated activities that are currently underway. A wide range of analytical studies and stakeholder consultations is building upon the activities that have been undertaken since the submission of the R-PP in 2010. In parallel with work on the national level, work is already ongoing in two provinces to develop provincial REDD+ action plans.

The development of a REDD+ Strategy is at the core of the FCPF Readiness Grant support. Lao PDR is in a somewhat unique situation in that there is significant RPP progress through bilateral and multilateral projects working at national and provincial levels on REDD+. It suffices therefore to highlight that the

general building blocks for preparing a National REDD+ Strategy are present to a reasonable degree across some of the major components of the R-PP. These building blocks include institutional setting that have continued to evolve and reflect an increasing focus on strengthening institutional, coordination, policy integration, and clarification of roles and responsibilities. Stakeholder participation and engagement in general climate dialogue and more specifically on REDD+ is also evident through the activities supported by several multilateral and bilateral programs at national and sub-national level (CLiPAD, SUFORD SU, F-REDD, SNV, World Bank, FAO).

Considering the shaping up of a parallel process of implementing the FCPF grant activities and the preparation of the ER-PD for the Carbon Fund, the REDD+ Strategy is now likely to evolve from complimentary analytical work between these two process while being informed by the bilateral activities being undertaken by the other development partners – especially CLiPAD, JICA and SUFORD-SU. While the NRTF and 6 TWGs are in place to support the preparation of a national REDD+ Strategy, the MTR team notes the need for sustained capacity building for expedient decision making on the formulation of a robust national REDD+ framework. The complexity of REDD+ implementation is openly acknowledged: it is likely to become more complex when formulating necessary action plans that are aligned with the overall forestry sector development plans, FIP and climate financing.

3.2.1 Sub-component 2a: Assessment of Land Use, Land Use Change Drivers, Forest Law, Policy, and Governance

Land Use, Land Use Change Drivers, and Participatory Land Use Planning. Land use change is the major underlying factor leading to deforestation in Lao PDR. Major loss of forest is due to conversion of forest land to agriculture, hydropower dams, mining, roads, and any other infrastructure. In many cases, land use change for particular parcels of land takes place without adequate land use planning.

For several years, work has been ongoing on drafting a Land Policy and revising the Land Law. The new government has indicated that they wish to finalize this process soon, so these drafts are scheduled to go to the National Assembly soon. The project has supported review and feedback to the existing drafts. The new policy and legislation are intended to address issues of communal land tenure (including village forests), land titling, concessions, compensation, and other urgent issues affecting national development.

Government implemented two-phases of the Land Titling Projects during 1997-2011, with IDA funds from the World Bank and AusAid grants for technical assistance. The two projects limited the scope of land titling in urban and peri-urban areas in nine provinces in the Southern, Central and Northern regions. At the end of 2011, a total of about 800,000 parcels of land titles were issued, including 750,000 parcels of individuals and juristic entities and 50,000 parcels of state organizations. Thereafter, land titling has slowed down due to government's limited budget. Under the Seven National Socio-Economic Development Plan (7th NESDP) during 2011-2015, the Department of Land Administration (DOLA) under MONRE was able to issue only 190,000 titles during the period of 7th NESDP and total cumulative of 990,000 million by 2015. The issue of communal land titling has become very important, as certain ethnic groups prefer to manage their land as a community, rather than as individual households. The issue is also pertinent with respect to safeguarding that land remains with the community, rather than being allocated to investors. Communities vary in their practices, but may assign individual agricultural plots to households on a rotational basis, but then manage their village forests, grazing lands, and other communal use areas together. As work is ongoing now to develop village forestry, many argue that it is vital to go beyond merely registering village forests to actually acquiring communal land titles. This approach has been piloted in a few areas, such as with communities resettled from the Nam Theun II hydropower dam.

A number of different working groups have been discussing these issues, including the Land Issues Sub-Sector Working Group, which is underneath the Natural Resources Working Group. The latter reports to the annual Government-donor Round Table meeting.

The Politburo is considering land issues, and may issue a resolution on land issues in the near future. The revision of the Land Law will be finalized soon, and submitted to the National Assembly.

The REDD+ TWG on Land Issues is planning to examine land tenure, rights, access, land use, and land use planning, as they relate to REDD+. They will collaborate with the Benefits-sharing TWG, to examine whether or not distribution of REDD+ benefits in Lao PDR will be linked with land, tree, and/or carbon tenure rights. With project support, a comprehensive desk review of these issues will be undertaken, and reviewed by the REDD+ Land Issues TWG.

The project supports analysis of land use and land use change as drivers of deforestation will review existing studies, and then **prioritize the direct and indirect drivers of deforestation, and/or barriers to forest carbon stock enhancement**. In addition to the national-level work, other studies have been, or will be, conducted at the national level. If need be, additional analytical work will be undertaken on the drivers. Then it will assess the **links between drivers and REDD+ activities**.

Forest Law, Policy, and Governance Issues. The R-PP had outlined an institutional framework for the national REDD+ program, with the National REDD+ Task Force to report to the high-level inter-ministerial forum, the National Environmental Committee (NEC).

According to the Bank Assessment Note, the key project activities included support to the NEC, to provide policy guidance on alignment of REDD+ with other key development objectives. It was also planned that related studies would be undertaken as part of the SESA, with respect to possible REDD+ impacts on vulnerable communities and women. The NEC has been inactive on REDD+ issues since 2012, when donor support from Sida to the NEC ended.

REDD+ issues have, however, already been incorporated into key policy and strategies documents, such as:

- Lao's Intended Nationally-Determined Contribution (INDC) to climate change;
- the Eighth National Socio-economic Development Plan (8th NSEDP, 2016-2020),
- MONRE's National Biodiversity Action Plan, 2016; and
- MONRE's Vision Toward 2030: Natural Resources and Environment Strategy, 10 years, 2016-2025.
- the draft revised Forest Law, which is expected to re-submitted for NA approval after the revised Land Law is approved, and when the REDD+ process and implementation arrangement has been finalized.

The project's forthcoming work on high-level policy dialogue will depend on how the National REDD+ Task Force will report to the national leadership. The new Government has to decide whether to revive the NEC, use the Cabinet meetings to discuss REDD+ and climate-change related issues, or create some other forum to handle these issues.

The Policy and Legal TWG oversees the review of relevant issues, policies, strategies, laws, and regulations. This TWG will collaborate with other TWGs on these issues, especially those dealing with land issues and the strategy development. The project will provide relevant support to the NRTF and TWG, including preparation of technical background papers and analysis. The project will support any further revisions of the **forest law and policy**, as well as drafting of a REDD+ Decree.

Given the new Government's concern about improving management of the forest sector, it is anticipated that high-level attention will be given to relevant REDD+ policy and strategy issues. An updating of the national Forest Strategy is foreseen, to provide a ten-year strategy (2016-2025) and a 15-year vision (vision

to 2030). The REDD+ Strategy will be designed to fit within a larger national Forest Strategy. Once these strategies are developed and adopted, then further work can be done on more specific **action plans to address natural resource rights, land tenure, and governance**.

3.2.2 Sub-component 2b: REDD+ Strategy Options

REDD+ Strategy development work will soon undertake a comprehensive review of key strategies, including the R-PP, the Forest Strategy to 2020, the National Climate Change Strategy, the recent National Socio-economic Development Plan 2016-2020, and the recent National Biodiversity Strategy. Relevant multilateral environmental agreements, such as the UN Framework Convention on Climate Change (UNFCCC), Convention on Biological Diversity (CBD), the UN Convention to Combat Desertification (UNCCD), and the Convention on International Trade in Endangered Species (CITES). In addition, the Lao Constitution and Lao legislation related to environmental and social safeguards will be reviewed. This review will serve to formulate a “zero-draft strategy:” the key strategy options will then be assessed during the SESA process, and any suitable additional strategies identified.

The six TWGs will be working to compile and analyze relevant information by March 2017. The Enforcement and Implementation of Mitigation Activities TWG has the responsibility to take the lead on consolidating information for the strategy. It is anticipated that a complete draft strategy will be prepared by May 2017, and national consultations on this draft conducted in June 2017.

The following activities shall be conducted in the coming months to **select, prioritize, and finalize the detailed strategy options** to be included in the final National REDD+ strategy.

- Agreement with the TWGs and NRTF on the REDD+ Framework Plan, i.e., overall and specific work plans to prepare the strategy and its elements, and how these efforts will be coordinated with those to prepare the sub-national program proposal (ER-PD) for the Carbon Fund;
- Coordinate with the UNFCCC focal point in MONRE, regarding the contributions of the national REDD+ program to Lao PDR's Nationally-Determined Contribution (NDC) to climate change;
- Develop proposals for the necessary instruments (institutional, regulatory, information and financial) to implement REDD+ activities in Lao PDR;
- Study and review the relevant existing strategies, laws and other legal and policy documents, and their implementation, that are important contributors to drivers of deforestation and forest degradation, and propose revisions to **forestry and other sectoral policies**, to remove perverse incentives that encourage deforestation and degradation [i.e., loans from agriculture development bank];
- Review concession and development plans in pilot provinces, and if possible, at national level
- Study and analysis any updated information relating to drivers' assessments;
- Conduct consultations with other sectors outside forestry, in order to creating mechanisms for addressing drivers of deforestation and forest degradation; i.e., better control salvage logging, discuss agricultural development (areas targeted)
- Carry out the Strategic Environmental and Social Assessment (SESA) and other stakeholder consultations to generate recommendations for the refinement of the proposed strategy options, with a view toward their environmental and social **feasibility and sustainability**, and to identify any additional options; and
- Incorporate results from the six REDD+ TWGs to finalize the strategy options.

3.2.3 Sub-component 2c: Implementation Framework

The project work plan envisages the drafting or revision of legislation and regulations. The actual **adoption and implementation of legislation and regulations** will take longer to achieve, and thus are likely to happen after the completion of the existing FCPF grant. Efforts will be made to design the REDD+ strategy, and accompanying legislation and regulations, such that they will be easy to implement and monitor, to

ensure that their intent is being carried out. No work has yet been done on guidelines for implementation, as the strategy, revised legislation, decrees and regulations need to first be in place.

A REDD+ TWG on **Benefit-Sharing** issues has been established. The FCPF REDD+ Readiness project has already collaborated with other development partners, such as SNV and CliPAD, on some stakeholder workshops relating to the topic of benefit-sharing. Preliminary discussions have been held on the ideas of benefits being shared from the national to provincial levels, and then further distributed from there.

The Benefits-Sharing TWG will further analyze issues of monetary and non-monetary benefits, different models for benefit-sharing, as well as mechanisms for resolutions of any disputes that may arise. Analysis will be done, to examine the existing relevant funds operating in Lao PDR – the Poverty Reduction Fund (PRF), the Environmental Protection Fund (EPF), and the Forestry and Forest Resources Development Fund. Experience from other REDD+ countries will also be considered. A Benefits-Sharing Mechanism will be proposed by March 2017, and then such draft models will be revised based upon consultations. A governance framework and guidelines for a future REDD+ fund will be developed. A decree for such a fund will be drafted by August 2017.

National REDD+ registry and system monitoring REDD+ activities. Some capacity-building relating to carbon registry issues has already been done. It will be addressed further, once the key strategy and MRV approaches are agreed. In 2017, the project's TA team will study international lessons learned from national carbon registries to identify a suitable model for Lao PDR. The model will be one that can handle both carbon and non-carbon requirements of REDD+, community carbon monitoring mechanisms, and equity requirements. It will also identify the requirements of registration and carbon accounting database systems to handle national-level, sub-national-level and project-level carbon accounting, and will link with the National Forest Monitoring System. The necessary decree and regulations will be drafted. The REL/MRV TWG will oversee this work.

3.2.4 Sub-component 2d: Social and environmental impacts

The work plan for the SESA and the related safeguards plans, i.e., the Environmental and Social Management Framework (ESMF) and Community Engagement Framework (CEF), has been under review and revision. Once the revised work plan is discussed with a range of stakeholders, including the National REDD+ Task Force, then it will be finalized. The approach will focus on the further development of the existing Country Safeguards Systems, i.e., policies, laws, and measures. It examines how both the World Bank and UNFCCC REDD+ (or Cancun) safeguards can further strengthen and reinforce national safeguards objectives.

The SESA work will be divided into a series of key steps. The Safeguards Technical Working Group, with support from various technical advisers, will undertake the compilation and **analysis of relevant social and environmental safeguards issues**, data, and relevant legislation, to identify the key social and environmental issues – and key strategy options to be assessed - before the end of 2016. First, the key social and environmental issues will be identified and, if possible, also mapped. A report on these issues will be available by the end of 2016. Based on the findings, then decisions will be made on field consultations, especially in terms of visiting areas that are considered to be environmental or social “hot spots,” or particularly vulnerable locations. Through consultations, key stakeholder priorities will be identified by the end of February 2017.

Major stakeholder consultations and engagement will occur during the period from December 2016 through February 2017, to assess stakeholder perceptions of the strategy options and their possible impacts. A report on stakeholder preferences will be prepared by late February 2017.

The SESA will be conducted to identify potential policy options that will aim to respond to the drivers of deforestation and degradation, and identify their **potential social and environmental impacts to**

contribute to the REDD+ policy discussion and strategy design. The future impact of policies will require careful analysis, especially to refine the policies and formulate alternative options and remedial actions. The strategy design and the SESA work will be iterative, as the SESA may identify new strategy options, which would then require further analysis.

The final SESA document will be completed within the coming year. As the SESA identifies the safeguards risks, then the safeguards plans will be prepared to minimize and/or mitigate these risks. The safeguards plans, the ESMF and CEF, will outline the procedures to be followed for assessing and managing potential environmental and social risks, enhancing potential benefits and mitigating potential negative impacts of specific policies, actions and projects during the implementation of the finally selected REDD+ strategy. These safeguards plans will be completed within the coming year. They will provide guidance for both the national REDD+ strategy implementation, as well as the implementation of the ER-PD.

Related to the SESA work will be the activities needed to develop the national Safeguards Information System (SIS), which will be part of the overall REDD+ Monitoring Systems, with data on the web platform. (This issue is discussed more under Sub-Component 4b, below.)

3.3 Component 3: Reference Emissions Level / Reference Level

Work is ongoing to **develop and demonstrate the methodology** for the development of the REL. The project and its development partners, especially F-REDD, have been supporting the REL / MRV TWG. Also, along with other development partners, the project has supported the 2015 National Forest Inventory (NFI), including its field work begun in the 2016 dry season, which will conclude in the 2017 dry season. The NFI is providing important information for preparation of the national Reference Emission Level to be submitted to the UNFCCC in late 2017 or early 2018.

The project will support further development of the framework and action plan for REL establishment. Due to the short duration of existing project support, the project may also support initial or feasibility work on the following activities: 1) reviewing REL capacity and technical needs; 2) reviewing drivers of deforestation and degradation, and preparing existing data for field verification; 3) improving accuracy of classifying mixed deciduous forest and regenerating forest and their carbon stock estimate with time-series analysis; 4) reviewing existing studies to identify possibly methods to measure logging impacts on CO₂ emissions; and 5) supporting the TWG to prepare the REL for submission.

Substantial analytical work will be carried out over the coming year to understand the options based on **historical land use and land cover data** in relation to **national circumstances**, specifically the analytical work on agents and drivers of deforestation and forest degradation. This analysis will also be informed by broad national consultation and emerging government policies outlined below.

Work has already started as part of the Carbon Fund operation. Until the 2015 map becomes available, the draft maps generated by the FIPD with support from JICA (NFIS) for the years 2000, 2005 and 2010 were used for the source of the activity data for the preliminary REL/FRL of the Accounting Area presented in the ER-PIN. Standardized accuracy assessment is to be developed under the current REDD+ Readiness grant.

The wall-to-wall national land/forest maps with the Level 2 (Table 2) for the years 2000, 2005 and 2010 have been developed and finalized as version 1 by the FIPD with support from JICA (NFIS), SUFORD-SU. Nonetheless, the maps need further improvement, with historical time series consistency check and comparison with the 2015 map. The 2015 map is currently undergoing development.

The maps are being generated using 2010 as the bench mark map, and the maps for the other years developed through applying a change detection method in order to maintain consistency of classification

and interpretation. Given the large size of the proposed ER Program Area, which is more than one third of the total land area of the country, and in order to be consistent with the approach of the National REDD+ Program, the national land/forest maps will be used for identification of activity data for the Accounting Area.

The technical approach for the development of REL is following **UNFCCC/IPCC guidelines** taking into account national circumstances. The national REL will be constructed and submitted to the UNFCCC in late 2017 or early 2018. The same data set will be used for the REL/RL of the Accounting Area of the Lao ER-PD. The F-REDD program, together with CliPAD, SUFORD-SU and the FCPF Readiness Support Project, has been supporting the organization of and discussions of the REL/MRV TWG. The TWG will review and authorize the REL-related technical work and the envisaged preparation and submission of REL/FRL to both UNFCCC and the Carbon Fund. (More technical details on the REL and MRV development can be found in Annexes 6 and 7.)

REL/RL Issues to be Addressed

By reviewing the progress and plans, including planned support from F-REDD, SUFORD-SU, CliPAD and the FCPF REDD+ Readiness Project, and comparing the work with the requirements of UNFCCC and the Carbon Fund Methodological Framework, five key issues have been identified as needing more support. Further discussion and coordination by the TWG, FIPD, related agencies and other development partners are necessary to confirm these issues, their relative priorities, and the technical and financial support needed to address these issues.

The third and fourth issues are related to how to measure and monitor the degradation area nationally, which has a large impact on the CO₂ emission. [For more details, see the section on “Deforestation and Degradation” in Annex 6.] Addressing the second issue will be key for the third, fourth, and fifth issues.

1. **Assessing gaps and identifying technical needs for improvement of carbon stock estimates**, as well as for maintaining strict consistency with the requirements of UNFCCC and the Carbon Fund, is necessary.
2. **Drivers of deforestation and degradation need to be updated and identified vis-à-vis spatially-located forest area changes.** Such work will require time series land change analysis using remote imagery, combined with field survey verification. To identify the important drivers efficiently and accurately, it is important to understand when those changes occurred to consider appropriate policies and measures to address them.
3. **Classifying MD (Mixed-Deciduous) and RV (Regenerating-Vegetation) in analysis of remote imagery is challenging.** In the current land/forest classification both MD and RV belong to Forest Land under the IPCC Land use category. The change in forest class from MD to RV is mostly through slash and burn agricultural activities, and is considered to be forest degradation. The change from RV to MD is interpreted as vegetative succession (biomass growth) with carbon enhancement (“forest land remaining forest land” but different strata with different carbon-stock per ha). Based on the JICA NFIS project completion report, the accuracy rate of classification of these two classes is low, at about 60%. Since these two classes account for 60% of the area of Lao PDR, this low accuracy rate has a significant impact on the overall accuracy potentially leading to high uncertainties of carbon stock estimates and its changes. The current method needs to be supplemented by time-series land change analysis for higher accuracy.
4. **Logging impacts on CO₂ emissions is not included in current estimates.** A recent SUFORD-SU study indicates that the impact on CO₂ emission caused by illegal logging may be large, but this finding

needs to be confirmed at national level. Logging impacts are not clear on satellite imagery and thus are challenging to quantify. In addition, how to measure emissions from logging in the past also needs to be examined.

5. **The REL/MRV TWG needs to soon begin the REL/RL drafting**, to be ready for submission. F-REDD is supporting preparation of all the necessary technical data. F-REDD, REDD+ Readiness project, and other development partners are providing technical assistance need to support the drafting team.

3.4 Component 4: Monitoring System for Forests and Safeguards

3.4.1 Sub-component 4a: National Forest Monitoring System

Lao PDR has so far carried out two **National Forest Inventories** (NFIs). The emission factors used for the interim REL in ER-PIN were the difference between the carbon stocks among the land and forest type categories. Carbon stock is calculated both for above- and below-ground biomass, estimated based on the diameter at breast height (DBH) data from the first (1st) NFI converted to biomass using the allometric equation of Chave *et al.* (2005) or default expansion factors. Carbon stock for non-forest land applies IPCC default values. Non-carbon dioxide (CO₂) gases are not considered for the preliminary REL/RL.

To update and improve the emission factors and overall emission and sequestration estimates, the field work of the Second National Forest Inventory (2nd NFI) have been implemented for the dry seasons of 2015-16 and 2016-17 with support from the F-REDD project, based on the NFI design with Standard Operation Procedure (SOP) supported by NFIS project. With improvements, mostly in organization and process learned from the 2015-16 NFI field work, the subsequent NFI field work in the next dry season (2016-17) will provide the remaining forest resource data for each of the major forest types and Regenerating Vegetation.

Lao PDRs aims to apply Tier 2 emission factors, using country-specific allometric equations to convert the results of the 2nd NFI data into biomass for the following main land and forest types; Evergreen Forest, Mixed Deciduous, Dry Dipterocarp and Regenerating Vegetation. Country-specific allometric questions are currently under development, with support from Japan's Grant Aid Forest Preservation Programme (FPP).

The monitoring approach is yet to be fully conceptualized but discussions are underway. As it is developed, the **documentation of the monitoring approach** will be gradually developed during the coming year. One of four components of the JICA-assisted F-REDD project supports the development of MRV system as a function of National Forest Monitoring System (NFMS). The expected output is emissions and removals resulting from the implementation of the REDD+ activities quantified at national scale by using the NFMS.

The overall concept and development schedule was introduced in the F-REDD inception workshop. To date, the scope of NFMS has been defined and the draft roadmap of developing NFMS has been created. In first REL/MRV TWG meeting, the cooperative framework, organization, people and operational process were discussed with FIPD/DOF and other development partners.

Demonstration of early system implementation has taken place, as NFI data has already been used for interim quantitative information included in the ER-PIN submitted to the Carbon Fund in 2015, including interim quantification of land use and land cover change. Many quality issues are yet to be resolved, however: improvements are part of the work planned in coming years.

Institutional arrangements and capacities have been under development for a number of year. National-level forest monitoring will be implemented by FIPD, which has been creating the forest maps with JICA

support. FIPD staff have now have some degree of knowledge and experience in image interpretation and quality control activities. FIPD also houses an inventory section, which is responsible for the 2nd NFI in cooperation with the Inventory Division of DFRM under MONRE. [With the merger of DFRM into DOF, these two inventory sections will be merged.] Both are involved in the design process. In addition, having both the satellite-based monitoring and ground-based (i.e. NFI) monitoring administered under the same agency, i.e. FIPD, enables Lao PDR to maintain technical and institutional consistency in national forest monitoring.

With support from the Government and donor-supported provincial interventions in the ER Program, the capacity of local forestry agencies for monitoring of the forest situation will be strengthened for analysis by exploring the use of freely-available images. Such options will be explored and piloted by 2020 with the intention to become a part of national forest monitoring system. Feeding local-level monitoring results to the central level will need further capacity development of local staff and institutional building. The intention of the Government is to pilot and decide the monitoring methodology by 2020 in selected provinces, especially those in the ER Program Accounting Area, and to introduce gradually this approach nationwide, after 2020.

For the reporting, related agencies, such as the Department of Disaster Management and Climate Change, MONRE, which participates in the REL/MRV TWG, will be invited to join the preparation of the technical annex to the Biennial Update Report (BUR), to enhance coordination with the GHG inventory reporting and other REDD+ reporting protocols under the UNFCCC. Data compilation, analysis and reporting work may need support from technical advisers in projects such as JICA, CliPAD and FCPF REDD+ Readiness.

The TWG for REL/MRV will be the core working body to endorse the method and timing of the first MRV as well as the results to be included in the technical annex to the GHG inventory of the Lao PDR Biennial Update Report to UNFCCC. A second TWG meeting, on the methods and institutional set-up of the MRV, as well as the scope and functions of the NFMS, was held on 2 September 2016. The first MRV period is proposed for 2019 or 2020.

This TWG will also define the scope of NFMS and, if decided, functions to monitor non-carbon benefits, implementation status of national REDD+ strategy and so on will be designed and added. (For more information, see Section 2.4.2)

To complement the work of other development partners, the project will support further development of the framework and action plan for MRV development and effective and sustainable REDD+ MRV coordination. Given the short duration of project support, the project may also support initial or feasibility work on the following activities: 1) assessing MRV capacity and technical needs; 2) use of sampling tools to assess uncertainty; 3) analyzing risk factors for deforestation and degradation, and preparing a participatory threat map; 4) working on reporting formats; and 5) expanding the Forest Information Platform to a publicly-accessible REDD+ Web portal.

Key MRV issues need to be further discussed and addressed by FIPD, other government agencies, and REDD+ development partners. Although the third issue relates to other components of the REDD+ Readiness program, it is mentioned here as it relates to the NFMS database and MRV system development.

1. **Assessing gaps and technical needs is essential to improve the planned measurements**, i.e., increase their accuracy, as well as to ensure strict consistency with the UNFCCC and Carbon Fund requirements at an early stage.
2. The **methodology of estimating uncertainties of activity data should be standardized**. The Carbon Fund's Methodological Framework requires an estimation of overall uncertainties of emission

reductions. To calculate this estimate requires reliable information to assess the accuracy of activity data (preferably from different data and methods). Even though UNFCCC Decisions on FRE/FRL and MRV do not require estimates of uncertainties, it is necessary to meet the CF requirement on uncertainties since the same national level data set is going to be used for both UNFCCC and CF. The current data and method to assess the accuracy of activity data does not sufficiently consider the dynamics of land area changes over the times. Therefore, the methodology need to be improved and standardized (especially for MD and RV).

3. REDD+ activities in the national REDD strategy should be reviewed on the basis of spatial **prediction of deforestation and degradation patterns**. To consider appropriate REDD+ strategy options (policies and measures), analyzing historical and current land use is not enough: it is necessary to predict future scenarios. Thus, to consider the potential and priority of REDD+ activities, identifying the risk areas (threat map) with local stakeholder participation is necessary. The issue will be addressed in the upcoming SESA work.

3.4.2 Sub-component 4b: Information System for Multiple Benefits, Other Impacts, Governance, and Safeguards

Currently, REDD+ related information including both carbon and non-carbon benefits in Lao PDR cannot be viewed easily by stakeholders. Development of **monitoring reporting, and information sharing** modalities is planned for the coming year. The Forest Information Platform supported by the Forest Preservation Programme of Japan and currently operated by DOF/FIPD, is currently restricted for use within a Local Area Network (LAN) for DOF and FIPD. It cannot be viewed by other stakeholders or the general public. One of the UNFCCC requirements for national forest monitoring systems (and MRV) is "transparency." The dissemination of REDD+ related information through a Web-Portal is considered as a best practice. This issue will be addressed in the upcoming national REDD+ website design.

In conjunction with the SESA and development of safeguard (ESMF and CEF) plans, a **Safeguards Information System (SIS)** will be developed, which will contribute to monitoring of multiple benefits, impacts, and governance issues.

The REDD+ Readiness project has already supported some work on development of a website for the Department of Forestry, with a related web page for the project. This website is ready to launch in August 2016. Capacity building of key government staff has been supported, especially through their participation in key international and regional REDD+ meetings and training workshops.

With the forthcoming merger of the two REDD+ offices at the national level, the project web page will be revised and further developed, to become a comprehensive, bilingual (Lao-English) web platform for the national REDD+ program. A comprehensive set of information, education, and communication materials will be developed, to communicate with a broad range of key stakeholders, not only in Lao and English, but also other major ethnic languages, to build their capacity to effectively engage in REDD+.

These **knowledge management and capacity building** activities are central to the successful development and implementation of the REDD+ program. Considerable capacity building of national colleagues is anticipated through their participation in these activities, especially for the relevant government staff in the national and provincial REDD+ offices, task forces, and technical working groups. The communication and outreach strategy, however, will also place emphasis on reaching a broad range of stakeholders, especially women and men at the local community level.

Institutional arrangements and capacities are being addressed. With the upcoming merger of the two national REDD+ offices into one single National REDD+ Office, the project support will strengthen its

capacity to act as an effective national secretariat, for coordinating the REDD+ program, supporting its implementation, and disseminating information.

3.5 Opportunities and Priorities

The current simultaneous implementation of the FCPF Readiness Grant activities and preparation of the ERPD presents an opportunity for the Lao government to develop an integrated and robust national REDD+ Strategy. This situation should create efficiencies and improve coordination in undertaking some of the necessary analytical work around REDD+ strategy options, analysis of policy, legal regulatory framework, capacity building, stakeholder consultation, MRV development and all other thematic components. As a result of this opportunity, a priority for the government is to ensure the current forest sector institutional reforms are expedient and reinforce the need to strengthen institutional coordination. Proposed institutional reforms, such as the new land and forest law, and new efforts to reign in salvage logging through Prime Minister Order No. 15, will strengthen the underpinning regulatory framework for critical REDD+ activities, such as land use planning, forestry sector governance, addressing drivers and underlying causes of deforestation.

Moreover, the capacity within the reformed institutions will need significant strengthening, which requires prioritization of needs and additional financing. The levels of technical, managerial and financial capacity for implementing REDD+ within government institutions at national and sub-national has been highlighted repeatedly. However, this capacity concern is not only for REDD+ but other associated programs and development agendas, such as the 8th 5-year National Socio-Economic Development Plan, 2016-2020, The Forestry Strategy, The Agricultural Strategy to 2025, INDC/NDC, and Vision 2030 and many other sub-sector strategies. For REDD+ under both the FCPF Readiness Grant and the Carbon Fund operation, developing a capacity building strategy that addresses the short- to medium-term (to 2020) country needs to deliver a robust Readiness Package is a high priority. The FCPF Additional Funding requested would provide critical resources for reinforcing both the design of the REDD+ institutional framework and effective capacity building.

The R-PP identifies strategic interventions to tackle both deforestation and forest degradation. To address the deforestation impacts caused by the mining and hydropower sector, the R-PP proposes carbon sensitive land-use planning for these large projects to avoid the unnecessary loss of forest carbon stocks, as well as better implementation of existing regulations to remove standing biomass prior to inundation, thus avoiding CH₄ emissions. An opportunity now exists for the Lao PDR to address the often conflicting priorities between agriculture and forestry through development of strategic cross-sector REDD+ Action Plans. However, it will be necessary that such action plans are appropriately resourced, financially and technically, over the long term to ensure sustainability. The proposed additional funding will also be used to support development of sustainable strategies and financing options for REDD+ implementation. Ensuring financing beyond the end of development partner support is a fundamental element needed to achieve sustainability of REDD+ activities. This is especially important since the 8th NSEDP restates Lao PDR's commitment to graduate from LDC status by 2020, while also consolidating its position within regional and international integration processes, primarily the launching of the ASEAN Economic Community, and further industrializing and modernizing its economy as a means of improving livelihoods and achieving middle income status by 2030.

The Forestry Strategy 2020 is due for updating, to cover the period 2016-2025, and provide a vision to 2030. The current set of programs including REDD+ Readiness, FIP, and Carbon Fund operations present significant opportunities to strengthen the sector coordination and improve policy and regulatory implementation while addressing the pressing economic development priorities. Along with the development partner support, it is necessary that a closely coordinated approach is taken to ensure there is no duplication of effort and that efforts are complimentary.

At the technical level, the establishment of a sustainable national MRV systems will be challenging noting there are a number of technical capacity gaps, as highlighted throughout this report. The current assistance from JICA lays the foundation for the MRV system, including the methodological framework, but the internal capacity within government institutions to run such a system to meet international requirements under results-based payments is limited. As a necessity, it is paramount that during this Readiness Phase, current and future gaps are properly assessed, and a strategic response prepared. Mainstreaming of REDD+ will require a degree of decentralization of roles and responsibility for implementation of activities.

The NFMS, under development by the GOL with support from JICA and other partners, will lead to the strengthening of capacity for monitoring and reporting REDD+ activities and provide critical data and information relevant for the forestry sector and should be viewed as a priority. However, the NFMS needs to be integrated with a multi-purpose MRV system. At present, the design of a national MRV system is still evolving. It is worth noting that the level of investment in the NFMS and the development of REL require a robust platform and capacity for data management and clear custodianship. There is a challenge for Lao PDR to sustain the costs and capacity needs of a national multi-purpose MRV unless there is constant and predictable budget for the relevant institutions.

To address these challenges and opportunities, Lao PDR requests an extension of its current grant, as well as additional financing to cover the period from September 2017 through August 2020. Such additional time and financial support will be essential to institutionalize many of the activities already started, and ensure the successful implementation of the sub-national Carbon Fund Emission Reduction Program.

Request for an Extension of Existing FCPF Readiness Grant

The Government of Lao PDR **requests a one-year extension** of the existing REDD+ Readiness Grant, moving the closing date from 15 March 2017 to 15 March 2018. Additional time will permit the development of a more robust National REDD+ Strategy, with greater national ownership and extensive stakeholder consultations needed to ensure their buy-in to the program. A close articulation between readiness and strategy development and the development of the ER-PD for a proposed Carbon Finance operation is key to the Lao REDD+ program, which will be prepared by early 2018. (The overall work program is shown on the following page.)

Moreover, as a consequence of the long time required for the procurement of technical assistance, broad stakeholder engagement, the work on strategy development, SESA and safeguard plans, and other key elements of the REDD+ program, much work remains to be done. Support from the government, however, is strong: their recent focus on improving governance of the forest sector, including regulatory reform, improved forest law enforcement and restructuring of the institutional arrangements for the forestry sector in Lao PDR, creates more favorable conditions for real change. The FCPF is well positioned to take assist Lao PDR to take advantage of this situation.

Request for Additional Grant from FCPF Readiness Fund

Given the remaining work to be done, the Government **requests USD 4.575 million in additional financing from the FCPF Readiness Fund**. Such funding would permit further strengthening and capacity-building of Lao stakeholders to manage and successfully implement the national REDD+ program and Strategy. This issue is discussed in more detail in Section 7 of this report.

Lao PDR Mid-Term Progress Report to the Forest Carbon Partnership Facility's REDD+ Readiness Fund

| 3.5 Tentative Overall REDD+ Time Schedule: Initial REDD+ Readiness Grant and ER-PD Preparation | 2016 | | | | | | 2017 | | | | | | | | | | | | 2018 | | |
|--|------|---|---|----|----|----|------|---|---|---|---|---|---|---|---|----|----|----|------|---|---|
| | 7 | 8 | 9 | 10 | 11 | 12 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 1 | 2 | 3 |
| Technical assistance to Readiness Project | | | | | | | | | | | | | | | | | | | | | |
| REDD+ work planning, inception period | | | | | | | | | | | | | | | | | | | | | |
| FCPF Readiness Grant, Mid-term Review Mission | | | | | | | | | | | | | | | | | | | | | |
| Technical Working Groups – training & activities | | | | | | | | | | | | | | | | | | | | | |
| SESA and safeguards work plans – workshop | | | | | | | | | | | | | | | | | | | | | |
| Initial strategy ideas compiled and discussed | | | | | | | | | | | | | | | | | | | | | |
| Review & mapping – social & environmental issues | | | | | | | | | | | | | | | | | | | | | |
| Development of web platform for national REDD+ | | | | | | | | | | | | | | | | | | | | | |
| Major stakeholder/community consultations for SESA | | | | | | | | | | | | | | | | | | | | | |
| Report on stakeholder key priorities | | | | | | | | | | | | | | | | | | | | | |
| Grievance redress mechanism drafted and proposed | | | | | | | | | | | | | | | | | | | | | |
| Development of Safeguards Information System | | | | | | | | | | | | | | | | | | | | | |
| Review of draft Land Policy and Land Law | | | | | | | | | | | | | | | | | | | | | |
| Desk review of key REDD+-related land issues | | | | | | | | | | | | | | | | | | | | | |
| Review of benefit-sharing models | | | | | | | | | | | | | | | | | | | | | |
| Review of other policy and legal issues | | | | | | | | | | | | | | | | | | | | | |
| Action plans for REL and MRV; draft Carbon Registry | | | | | | | | | | | | | | | | | | | | | |
| TWGs provide key inputs for strategy | | | | | | | | | | | | | | | | | | | | | |
| Lao New Year (Pii Mai) holidays | | | | | | | | | | | | | | | | | | | | | |
| Drafting of national REDD+ strategy | | | | | | | | | | | | | | | | | | | | | |
| SESA work and drafting of SESA report | | | | | | | | | | | | | | | | | | | | | |
| Drafting of ESMF | | | | | | | | | | | | | | | | | | | | | |
| Drafting of Benefit-sharing Mechanism | | | | | | | | | | | | | | | | | | | | | |
| Mechanisms for REL and MRV; revised Carbon Registry | | | | | | | | | | | | | | | | | | | | | |
| Stakeholder workshops on strategy, BSM, ESMF | | | | | | | | | | | | | | | | | | | | | |
| Drafting of REDD+ Decree and REDD+ Fund(s) | | | | | | | | | | | | | | | | | | | | | |
| Preparing REDD+ Readiness Package | | | | | | | | | | | | | | | | | | | | | |
| Completing Readiness Project | | | | | | | | | | | | | | | | | | | | | |
| Provincial REDD+ Action Plan: Houaphan | | | | | | | | | | | | | | | | | | | | | |
| Provincial REDD+ Action Plan: Luang Prabang | | | | | | | | | | | | | | | | | | | | | |
| Other provincial REDD+ activities | | | | | | | | | | | | | | | | | | | | | |
| Preparing Carbon Fund ER-Program Document | | | | | | | | | | | | | | | | | | | | | |

3.6 FCPF REDD+ Readiness Budget

The REDD+ Office, Department of Forestry has provided a summary of the project expenditures through 30 June 2016, as well as some additional expenditures for goods paid in July and August. Commitments include the contracted technical assistance, as well as additional support to the National Forest Inventory. Of the USD 3.6 million grant, two-thirds had been spent or allocated by 30 June 2016. Thus, USD 1,207,140 remains to cover planned activities in the work plan during the final period of grant execution.

The total of the actual spending and committed funds amounts to almost two-thirds, or USD 2.4 million, of the grant (Table 5).

An updated financing plan has been prepared, which considers the planned use of activities in the current work plan, as well as the total activities needed to complete the Readiness work. This plan is shown in Table 6. This plan requests additional financing from the FCPF REDD+ Readiness Fund of USD million. The proposed use of the additional financing is further explained in Section 7 of this document.

Additional indirect support is provided by other development partners, show in Table 7.

Table 5. Summary of Project Expenditure up to end of June 2016 - By Task and Cost Category.

| PROJECT TASK | Training & Workshop | Consulting Services | Goods | Incremental Operating Cost | Civil Works | Total Spent (A) | Committed Expenditure (B)* | Actual Spending & Commitment (A+B) |
|--|---------------------|---------------------|---------------|----------------------------|--------------|-----------------|----------------------------|------------------------------------|
| Task 1: Readiness Process Management and Stakeholder Consultation | 119.69 | - | 315.93 | 27.43 | 28.45 | 491.50 | 3.04 | 494.54 |
| 1.1 Establish National and Provincial REDD+ offices | 10.37 | - | 315.93 | 27.43 | 28.45 | 382.19 | 3.04 | 385.23 |
| 1.2 Assess and Align REDD+ with National Legal and Regulatory Policy Framework | - | - | - | - | - | - | - | - |
| 1.3 Stakeholder Consultations | 109.32 | - | - | - | - | 109.32 | - | 109.32 |
| Task 2: REDD+ Strategy Development | - | - | - | 7.88 | - | 7.88 | - | 7.88 |
| 2.1 Develop and Finalize REDD+ Strategy | - | - | - | 7.88 | - | 7.88 | - | 7.88 |
| 2.2 Participatory Land Use Planning and REDD+ Strategy | - | - | - | - | - | - | - | - |
| 2.3 Social and Environmental Impact | - | - | - | - | - | - | - | - |
| Task 3: Implementation Arrangements | 12.38 | 85.44 | 74.89 | 9.74 | - | 182.44 | 1,518.13 | 1,700.57 |
| 3.1 Establish Institutional and Financial Arrangements | 2.59 | 85.44 | 74.89 | 5.84 | - | 168.76 | 1,518.13 | 1,686.89 |
| 3.2 Develop Benefit Sharing Arrangements | - | - | - | - | - | - | - | - |
| 3.3 Knowledge Management and Capacity Building | 9.79 | - | - | 3.90 | - | 13.68 | - | 13.68 |
| Task 4: Reference Emission Level and Monitoring Systems | 39.87 | - | 110.00 | - | - | 149.87 | 40.00 | 189.87 |
| 4.1 Develop Reference Emission Levels | 39.87 | - | 110.00 | - | - | 149.87 | 40.00 | 189.87 |
| 4.2 Develop Monitoring, Reporting and Verification System | - | - | - | - | - | - | - | - |
| 4.3 Establish Carbon Registry | - | - | - | - | - | - | - | - |
| TOTAL USD'000 | 171.88 | 85.44 | 500.82 | 45.05 | 28.45 | 831.64 | 1,561.17 | 2,392.87 |

4. Updated Financing Plan for the Overall Readiness Preparation

Table 6. Readiness Activities and Updated Financing Plan for REDD+ Readiness.

| R-PP Components | | Total needed (A) | Funds pledged (B) | Funds Used (C) | | Funds available (= B-C) | Financing gap (= A - B) | Request to FCPF |
|-----------------|--|------------------|-------------------|-----------------|-----------------|-------------------------|-------------------------|-----------------|
| | | | | Funds Committed | Funds Disbursed | | | |
| Component 1 | 1a: National REDD+ Management Arrangements | 1,599 | 553 | 3 | 382 | 168 | 1,046 | 1,046 |
| | 1b: Consultation, Participation & Outreach | 987 | 597 | | 109 | 487 | 390 | 390 |
| Component 2 | 2a: Assessment of Land Use, Land Use Change | 287 | 31 | | - | 31 | 256 | 256 |
| | 2b: REDD+ Strategy Options | 1,014 | 89 | | 8 | 81 | 925 | 925 |
| | 2c: Implementation Framework* | 2,130 | 1,764 | 1,518 * | 169 | 77 | 366 | 366 |
| | 2d: Social & Environmental Impacts | 297 | 45 | | - | 45 | 252 | 252 |
| Component 3 | Reference Emission Level/Reference Levels | 362 | 235 | 40 | 150 | 45 | 127 | 127 |
| Component 4 | 4a: National Forest Monitoring System | 736 | - | | - | - | 736 | 736 |
| | 4b: Information System for Multiple Benefits, Other Impacts, Governance & Safeguards | 765 | 288 | | 14 | 274 | 477 | 477 |
| Total | | 8,175 | 3,600 | 1,561 | 832 | 1,207 | 4,575 | 4,575 |

* The Implementation Framework for the current grant includes the contract with the Consulting Company for technical assistance, as well as other contracted assistance for project management. For the additional financing (future grant) request, the technical assistance is distributed among the different components and sub-components.

Table 7. Development partner support to REDD+ readiness in Lao PDR from 2011 to present and future (unit; USD 1,000)

| Development Partner | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | Sub-total 2011-16 | 2017-20* | Total US\$ |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------------|--------------|---------------|
| FCPF | | | | | 201 | 869 | | 2,530 | 3,600 |
| JICA/Japan | 1,565 | 1,689 | 1,689 | 1,083 | 2,088 | 1,079 | | 3,989 | 13,182 |
| ClIPAD / GIZ & KfW | 800 | 800 | 800 | 800 | 800 | 1,300 | | 3,020 | 8,320 |
| SNV | | | 27 | 27 | 39 | 40 | | | 133 |
| SUFORD-AF and SUFORD-SU | 72 | 437 | 33 | 314 | 103 | 67 | | | 1,184 |
| UN-REDD/FAO | | | | 30 | 178 | 150 | | | 358 |
| Total US\$ | 2,437 | 2,926 | 2,549 | 2,254 | 3,208 | 2,636 | | 9,539 | 26,777 |

Notes:

FCPF: figures are actual expenditures based on the fiscal year, i.e., FY 14/15 = 1 Oct. 2014 - 30 Sept. 2015; FY 15/16 = Oct 15 – Sep 16; etc.

ClIPAD: future budget will increased, exact amounts depend on upcoming negotiations

SUFORD-AF/SU: Data was provided in Euros, but converted to USD for the exchange rate prevailing on 1 July of that year.

5. Compliance with the Common Approach

The development of the REDD+ Readiness program in Lao PDR will be fully compliant with the Common Approach. The World Bank is the donor supporting implementation of the FCPF grant. Therefore, all the work to be done on safeguards will be fully compliant with the World Bank safeguards, and thus with the Common Approach.

The safeguards approach will stress the Country Safeguards System (CSS), with an emphasis first and foremost on the Lao policies, laws, regulations and measures that aim to protect people and the environment. The approach will emphasize how these country safeguards are supported and reinforced by the REDD+ (Cancun) safeguards and World Bank safeguards.

It has been agreed with the World Bank safeguards specialist that the preparation of the safeguards frameworks will follow the practice used in other some other Bank natural resource projects in Lao PDR. The three safeguards instruments that pertain to social safeguards, i.e., the Ethnic Groups (Indigenous Peoples) Planning Framework, the Resettlement Policy Framework, and the Process Framework (that pertains to access to resources), will be combined into one document, the Community Engagement Framework. An Environmental (and Social) Management Framework will also be prepared.

Stakeholder engagement is a crucial element of the REDD+ Readiness Preparation. The approach of the FCPF REDD+ Readiness project, and other projects contributing to the national REDD+ program, fully endorses the principles of genuine stakeholder engagement, including “free, prior, and informed consent” of ethnic groups (indigenous peoples) and local communities.

The project will work with the National REDD+ Office to ensure **information disclosure** about the REDD+ program and strategy. Information will be publicly disclosed, both on the national website and on World Bank and FCPF websites. Information will be shared with national stakeholders through a range of communication means, including meetings, written materials, and audio-visual materials, such as posters or possible radio or television programs.

As previously discussed, the project will review existing national **grievance and accountability** mechanisms, and if possible, identify any ways in which they can be improved, or modified for the purposes of REDD+.

6. Request for Additional Funding from the FCPF Readiness Fund

The Government of Lao PDR would like to request an additional grant of USD 4.575 million from the FCPF Readiness Fund, to cover activities envisaged between September 2017 and August 2020. Funds remaining in the current grant, USD 1.207 million, will be primarily used to extend and strengthen activities in the current work plan, which runs through March 2018, as well as operational costs for the project management office, to manage the project until the closing of the existing grant. (As previously mentioned, the GOL requests an extension of the existing grant until 15 March 2018.)

Given the tight time frame under the current grant for the stakeholder consultations, analytical work, and preparation of the draft National REDD+ Strategy and associated elements, additional activities (and corresponding funding) will be needed to finalize the national REDD+ program. Support will be needed to ensure the national adoption of the National REDD+ Strategy and REDD+-related decrees to be drafted.

The priority during this additional period will be capacity-building of key stakeholders, including government staff at national, provincial, and local levels, private sector, civil society, as well as community members who will be engaging in activities to reduce deforestation and forest degradation, and to enhance forest carbon sequestration.

The allocation of the additional funding (U.S. dollars) requested, according to the Readiness Program Components, is shown below:

| | |
|--|---------------|
| Component 1: Readiness Organization and consultation | 1.436 million |
| Sub-Component 1a: | 1.046 million |
| Sub-Component 1b: | 0.390 million |
| Component 2: REDD+ Strategy Preparation | 1.799 million |
| Sub-Component 2a: | 0.256 million |
| Sub-Component 2b: | 0.925 million |
| Sub-Component 2c: | 0.366 million |
| Sub-Component 2d: | 0.252 million |
| Component 3: REL/RL | 0.127 million |
| Component 4: Monitoring Systems | 1.213 million |
| Sub-Component 4a: | 0.736 million |
| Sub-Component 4b: | 0.477 million |
| Total Additional Financing Requested: | 4.575 million |

Component 1: Readiness Organization and Consultation

To build upon the work that will have been done, additional funding in the amount of 1.435 million will support training, and capacity building for REDD+ management at national and provincial levels, as well as stronger engagement of various key stakeholder groups. By August 2017, provincial activities will be ongoing in 6 provinces in northern Lao PDR, which are proposed to be in the Carbon Fund ER Program. Additional funding would permit the provincial support in 6 additional provinces in central and southern Lao PDR. Continued support will be needed for the National REDD+ Office, National REDD+ Task Force, and six Technical Working Groups. They would be supported with additional training and other capacity-building.

Sub-component 1a: National REDD+ Management Arrangements

The national REDD+ management arrangements will require operation of activities at both the national and provincial level. The amount of USD 1.046 million is requested to cover the operational costs of establishing and operating 6 additional provincial REDD+ programs, as well as the operational costs for the 6 provinces in the Carbon Fund Emissions Reduction Program, and costs for the national REDD+ office. and National REDD+ Task Force

Sub-component 1b: Consultation, Participation, and Outreach

The proposed budget of USD 0.390 million will be used to fund meetings of the National REDD+ Task Force, the six TWGs, regional and national workshops, and related capacity-building. Additional capacity-building is found under other Components and Sub-components.

Component 2: REDD+ Strategy Preparation

In the coming year, the essential building blocks of the National REDD+ Strategy will be assembled and a draft strategy prepared, and then revised after consultation with key stakeholders. With the roll-out of REDD+ to additional provinces, the further refinement of the national REDD+ program will be supported. Additional work will be done to assess pilots in village land and forest management, prepare regulations for the Benefit-Sharing and REDD+ Funds, and development of the forest carbon registry. These proposed activities would require USD 1.799 million in funding.

Sub-component 2a. Assessment of Land Use, Land-Use Change Drivers, Forest Law, Policy, and Governance

Additional funding of USD 0.256 million is proposed to fund several activities related to land use policy and promoting grassroots-level land use management. First, a study would be done to compile lessons learned from on-going piloting of village and other REDD+ relevant land and forest management. Second, work would be done to contribute toward updating of new regulations or guidelines for such management. Third, funding is proposed to support preparation of management plans for selected national protected areas.

Sub-component 2b. REDD+ Strategy Options

By August 2017, a revised draft National REDD+ Strategy should be available. Additional support of USD 0.925 million would be needed to support six Provincial REDD+ Action Plans (PRAPs) and to finalize the National REDD+ Strategy. To support the latter, three regional and one national consultation workshops are envisaged. This element would also monitor implementation of the six PRAPs, and ensure that lessons learned from the provincial experiences is incorporated into the national-level work. As work to update the national Forest Strategy 2020 is envisaged, the work on the National REDD+ Strategy will contribute to this effort.

Sub-component 2c: Implementation Framework

Implementation of the National REDD+ Strategy and the PRAPs will require additional support to knowledge management and capacity building activities, as well as further work on the benefit-sharing mechanisms, REDD+ funds, and forest carbon registry. A total of USD 0.366 million is budgeted for these activities.

The capacity of staff of the national and 12 provincial REDD+ Offices will be further strengthened through in-country training courses, as well as regional and international meetings, and study tours.

Funds are provided for the improvement and operation of the internet REDD+ website and WEB data portal. Additional work on communications and outreach will be sponsored, through production of materials on the national REDD+ program, such as a DVD, brochures and leaflets, and other knowledge products.

For the benefit-sharing and REDD+ funds to become operational, support will be provided for preparation of specific regulations, one regarding benefit-sharing and one regarding the REDD+ Fund(s), and association stakeholder consultation workshops. Work will be done to further develop the forest carbon registry and operationalize its implementation.

Sub-component 2d: Social and Environmental Impacts

The first grant is financing technical assistance, to work with the Safeguards TWG and other TWGs, to prepare the SESA, ESMF, and CEF. Further assistance will be needed to implement and monitor these safeguards frameworks. Budgetary support of USD 0.252 million will cover additional technical assistance costs and work to further develop monitoring systems to contribute to the Safeguards Information System (SIS). These technical advisers will also contribute to other program elements.

Component 3: Reference Emissions Level / Reference level

The national REL/RL will be further refined by incorporation of information from the provinces. Activities will focus on building stakeholder capacity, especially at the provincial level, to understand and manage the relevant data. USD 0.127 million is requested to support these activities.

Component 4: Monitoring Systems for Forests and Safeguards

USD 1.212 million is requested to support capacity building related to monitoring systems. For this set of activities, the focus will be on building capacity of a wider range of stakeholders to use these systems.

Sub-component 4a: National Forest Monitoring System

The focus of upcoming work will be on strengthening the capacity of national staff in both technical and data management issues. The activities will cover the National Forest Monitoring System, as well as the support and maintenance to the Web data portal. At the provincial level, institutional and technical monitoring capacities will be supported, including the acquisition of satellite imagery needed for provincial monitoring. This support will focus in particular on the six provinces in the Carbon Fund program. USD 0.736 million is needed to support this activity.

Sub-component 4b: Information System for Multiple Benefits, Other Impacts, Governance, and Safeguards

The support for further development of the Safeguards Information System, information and monitoring of multiple benefits and other impacts, and governance is budgeted at USD 0.476 million.

A further breakdown of the use of proposed additional financing is provided in Table 8.

Table 8. Details on Proposed Use of Funds from Additional Financing from FCPF REDD+ Readiness Fund.

| R-PP Components | | Request to FCPF (USD '000) |
|------------------------|--|---------------------------------------|
| Component 1 | 1a: National REDD+ Management Arrangements | 1,046 |
| | 1a.1 Establishment of National and Provincial Office | 665 |
| | 1a.2 Consultation for institutional Arrangement | 90 |
| | 1a.3 Management Cost & TA | 291 |
| | 1b: Consultation, Participation & Outreach | 390 |
| | 1b.1 Stakeholder consultations and related capacity-building | 287 |
| | 1b.2 TA cost | 102 |
| Component 2 | 2a: Assessment of Land Use, Land Use Change | 256 |
| | 2a.1 Compilation of lessons learnt from on-going village land and forest management piloting and prepare a new manual and guidelines | 10 |
| | 2a.2 Preparation of management plan for selected NPA(s) | 50 |
| | 2a.3 TA cost | 196 |
| | 2b: REDD+ Strategy Options | 925 |
| | 2b.1 Provincial plans (6 priority rural provinces) & monitoring | 720 |
| | 2b.2 Finalization & Dissemination of REDD+ national strategy | 102 |
| | 2b.3 TA cost | 103 |
| | 2c: Implementation Framework | 366 |
| | 2c.1 Finalization of BSM by specific regulation | 20 |
| | 2c.2 Stakeholder consultation | 20 |
| | 2c.3 TA cost | 326 |
| | 2d: Social & Environmental Impacts | 252 |
| | 2d.1 Safeguard Information System development | 35 |
| | 2d.2 SIS finalization and operationalization | 10 |
| | 2d.3 TA cost | 207 |
| Component 3 | Reference Emission Level/Reference Levels | 127 |
| Component 4 | 4a: National Forest Monitoring System | 736 |
| | 4a.1 Equipment/subcontract/training | 580 |
| | 4a.2 TA cost | 156 |
| | 4b: Information System for Multiple Benefits, Other Impacts, Governance & Safeguards | 477 |
| | 4b.1 Knowledge Management | 65 |
| | 4b.2 Capacity Building | 207 |
| | 4b.3 TA cost | 205 |
| Total | | 4,575 |

Annex 1. Key Elements of Lao PDR's REDD+ Readiness Program

Table 1. Key Tasks in FCPF REDD+ Readiness Grant for Lao PDR

Task 1: Readiness Process Management and Stakeholder Consultation

Task 1.1 Establish National and two selected Provincial REDD+ Offices

Task 1.2 Assess and Align REDD+ with National Policy, Legal and Regulatory Frameworks

Task 1.3 Stakeholder Consultations

Task 2. REDD+ Strategy Development

Task 2.1 Develop and Finalize REDD+ Strategy

Task 2.2 Participatory Land Use Planning (PLUP) and REDD+ Strategy

Task 2.3 Strategic Environmental and Social Assessment (SESA)

Task 3. Implementation Arrangements

Task 3.1 Establish Institutional, Regulatory and Financial Arrangements

Task 3.2 Develop Benefit-sharing Arrangements

Task 3.3 Knowledge Management and Capacity Building

Task 4. Reference Emission Level and Monitoring Systems

Task 4.1 Reference Emissions Levels (REL)

Task 4.2 Measurement, Reporting, and Verification (MRV) System

Task 4.3 Establish Carbon Registry

Table 2. Correspondence of Standard REDD+ Readiness Components to Lao Program Tasks.

| FCPF REDD+ Readiness: Components and Sub-Components | Lao PDR 's REDD+ Readiness Program: Tasks |
|---|---|
| 1: READINESS ORGANIZATION AND CONSULTATION | |
| 1a: National REDD+ Management Arrangements | Task 1.1 Establish National and Provincial REDD+ offices |
| 1b: Consultation, Participation, and Outreach | Task 1.3 Stakeholder Consultations |
| 2: REDD+ STRATEGY PREPARATION | |
| 2a: Assessment of Land Use, Land-Use Change Drivers, Forest Law, Policy and Governance | Task 1.2 Assess and Align REDD+ with National Policy Legal and Regulatory Frameworks Task 2.2 Participatory Land Use Planning and REDD+ Strategy |
| 2b: REDD+ Strategy Options | Task 2.1 Develop and Finalize REDD+ Strategy |
| 2c: Implementation Framework | Task 3.1 Establish Institutional and Financial Arrangements Task 4.3 Establish Carbon Registry |
| | Task 3.2 Develop Benefit Sharing Arrangements |
| 2d: Social and Environmental Impacts | Task 2.3 Strategic Environmental and Social Assessment |
| 3: REFERENCE EMISSIONS LEVEL/ REFERENCE LEVELS | Task 4.1 Develop Reference Emission Levels |
| 4: MONITORING SYSTEMS FOR FORESTS AND SAFEGUARDS | |
| 4a: National Forest Monitoring System | Task 4.2 Develop Monitoring, Reporting and Verification System |
| 4b: Information System for Multiple Benefits, Other Impacts, Governance, and Safeguards | Task 3.3 Knowledge Management and Capacity Building |

Annex 2. Project Budget Allocations

The project budget for the FCPF REDD+ Readiness project was revised in March 2016, after submission of a revised procurement plan to the World Bank. The project budget has been further revised in October 2016, based on the work plan through August 2017. The revised budget is shown below. This budget is also reflected according to FCPF R-PP Components in Table 6 in the main document.

Table 1. Revised FCPF REDD+ Readiness Project Budget.

| TASK | | Original Plan (Project Document) | Revision based on Final Work Plan (October 2016) |
|--|--|----------------------------------|--|
| Task 1: Readiness Process Management and Stakeholder | | 950 | 1,165 |
| 1.1 | Establish National and Provincial REDD+ offices | 250 | 553 |
| 1.2 | Assess and Align REDD+ with National Legal and | 200 | 15 |
| 1.3 | Stakeholder Consultations | 500 | 597 |
| Task 2: REDD+ Strategy Development | | 900 | 149 |
| 2.1 | Develop and Finalize REDD+ Strategy | 250 | 89 |
| 2.2 | Participatory Land Use Planning and REDD+ | 350 | 15 |
| 2.3 | Social and Environmental Impact | 300 | 45 |
| Task 3: Implementation Arrangements | | 1,000 | 2,052 |
| 3.1 | Establish Institutional and Financial Arrangements | 150 | 1,722 |
| 3.2 | Develop Benefit Sharing Arrangements | 250 | 42 |
| 3.3 | Knowledge Management and Capacity Building | 600 | 288 |
| Task 4: Reference Emission Level and Monitoring Systems | | 750 | 235 |
| 4.1 | Develop Reference Emission Levels | 300 | 200 |
| 4.2 | Develop Monitoring, Reporting and Verification | 200 | 15 |
| 4.3 | Establish Carbon Registry | 250 | 20 |
| TOTAL US \$'000 | | 3,600 | 3,600 |

Annex 3. Development Partners Supporting REDD+.

Table 1. Development Partners Supporting Selected REDD+ Activities in Lao PDR in cooperation with DOF and the FCPF Project.

| Project | Donor | Focus | Scope | Type of Activities |
|--|--|--|--|----------------------------|
| CLiPAD (2009-2019) | Germany (BMZ) | Sub-National Piloting | Houaphan Province | Sub-national Piloting |
| F-REDD | Japan (Ministry for Foreign Affairs) | Sub-National Piloting (follow-up on PAREDD, 2010-15) | Luang Prabang Province | |
| SUFORD-SU (2013-18) | WB/FIP Finland (Ministry for Foreign Affairs) | Sustainable Forest Management in Production Forests, Forest Landscapes, Village Forestry, monitoring, forest law enforcement | 13 of 17 rural Provinces; Forest Landscape work in 4 provinces; forest law enforcement in all 18 provinces | Mitigation and Enhancement |
| Integrated Conservation of Biodiversity and Forests (ICBF, 2014-19) | Germany (BMZ) | Protected areas and corridors (Luang Namtha, Bokeo, and Khammouane); collaborating with SUFORD-SU on corridor issues in Luang Namtha and Bokeo | | |
| Lao Forest Investment Plan (Lao FIP) | FIP/WB/ADB/IFC | 3 projects: SUFORD-SU (WB); smallholder plantations (IFC); biodiversity corridors / forest ecosystem services (ADB) | Multiple provinces | |
| FLEGT (2013-19) | European Union/Germany BMZ | Forest Law Enforcement, Governance, and Trade, working towards Voluntary Partnership Agreement (VPA) | Multiple Provinces VPA piloting in Xayaboury, and Khammouane | |
| ENRICH 1 & 2 (2013-16) | Germany BMUB | Carbon Stock Enhancements | Faculty of Forestry | |
| F-REDD | Japan (Ministry | Forestry Policies and | National Level | |

| | | | | |
|--|------------------------|---|--|---|
| (2016-2020) Forest Preservation Program (FPP, 2012-16) | of Foreign Affairs) | REDD+ Capacities (following up on FSCAP, 2010-14) | | REDD+ Technical Systems and Policy Work |
| | JICA | 2 nd National Forest Inventory, forest mapping and REL (following up on NFIS project, 2013-15) | Country-wide | |
| | Japan | National Forest Cover Assessment, Allometric equation development | Country-wide | |
| | CliPAD | BMZ | National REDD+ Program | |
| | UN-REDD | Norway, Germany, Japan, etc. | Provincial forest monitoring Forest governance and land and resource tenure | |
| Project Level Activities | RECOFTC, WWF, SNV, WCS | Various activities, NGO and private. | Multiple Locations | |

Table 2. Examples of Past REDD+ Stakeholder Consultations and Capacity Building done by Development Partners [Examples from *Annual Report of REDD+ Activities 2012-13*]

- Climate Protection through Avoided Deforestation (CliPAD) Project - GIZ:
 - Holistic capacity needs assessment for forestry sector and REDD+
 - Various REDD+ awareness raising and capacity building activities at the central and local levels
 - Supported Lao PDR officials to participate in REDD-related international meetings and workshops
 - Involved in the establishment of REDD+ Taskforce and office and establishment of six TWG
 - October 2013 week-long training on REDD+ (with JICA)
 - Built capacity of LNFC and LWU to carry out stakeholder consultation processes and FPIC
 - Capacity building on Climate Change, REDD+, Safeguards and FLEGT for CSOs in collaboration with Lao Biodiversity Association
 - Integration of Climate Change and REDD+ into educational curricula at the Agriculture and Forestry College of Luang Prabang Province in collaboration with Helvetas; supporting some work at the National University of Laos
 - Consultations/discussion regarding the development of a Provincial REDD+ Action Plan in Huaphanh
 - Capacity building and training exercises about Law Enforcement for POFI officers in Huaphanh
- CliPAD - kfW:
 - Training and technical backstopping for FIPD staff on image processing, software application and ground truthing based on Huaphanh MRV work
 - Biomass assessment and database management
 - Development of training materials and videos

- Support to PAFO/PONRE to build RS/GIS capacity; PLUP and GIS training to DAFO/DONRE staff
- Awareness-raising related to livelihood options and law enforcement in target villages
- Financing and accounting training for local authorities and target villages
- Faculty of Forestry, National University of Laos:
 - NUOL did project planning training at provincial level, including some district representatives.
 - Built capacity for government staff for workshop material preparation and reporting, English and writing skills, project proposal writing, evaluation and monitoring. Supported participation in international conferences.
 - NUOL, together with Winrock, has carried out training on RELs, Volumetric equations and such,
 - For JICA, provided GIS training for provincial forest information system more than 10 times (completed in 2013).
- Regional Community Forest Training Center (RECOFTC):
 - Conducted REDD+ capacity needs building assessment for grassroots stakeholders
 - Conducted training sessions to raise REDD awareness at national and provincial levels, and technical training for government officials
 - Climate change and REDD+ awareness capacity building at the grassroots level carried out through Training of Trainers
 - Planned safeguard/FPIC training in areas where ToT for DOF and FoF have been carried out at the national level
 - Civil Society Organizations, such as VFI and PADETC, have implemented trainings for sub-district government staff and communities
 - Training on REDD+-related issues at PAREDD project site
 - Supported the village forest division to develop village forestry outside PFAs together with SUFORD SU
 - Developed training materials in Lao language on climate change and REDD+
- Protecting Forests for Sustainable Ecosystem Services (PFSES) - WCS and ADB PIP:
 - Various capacity building and awareness raising activities had been carried out at both national and sub-national levels
- National Forest Information System (NFIS) - JICA:
 - Support technical capacity building through training workshops in Japan and Vientiane
 - On-the-job training providing support to FIPD implementation of forest cover and carbon mapping, field inventories
 - Follow up on the FIMP and FPP (2011-14), which built technical capacity at FIPD, and provided equipment, infrastructure and resources
- Participatory Land and Forest Management for Reducing Deforestation (PAREDD) – JICA:
 - Training of DOF, PAFO and DAFO staff on forest management, livelihood improvement, agricultural technology, REDD+, project planning and implementation
 - Strengthen the capacity of both counterparts and villagers for community-based land and forest management (participation, formulating village land and forest management committees and activity groups, technical training for agriculture/ forest activities, Village Fund Management)
- Forestry Strategy Capacity Development Project (FSCAP) – JICA:
 - Provided financial and logistical support to DOFI in Forestry Law revision strategic planning, and consultation meetings
 - Supported establishment of and capacity building for village forestry unit in Salavan
 - Supported Lao delegates' participation in REDD+ regional and international meetings and conferences
- Sustainable Forest and Rural Development Scaling Up (SUFORD SU) – WB/FIP/MFA Finland:

- Community Action Plans and Village Development Grant proposals to improve livelihoods in villages adjacent to Production Forest Areas prepared in a participatory manner, using the FPIC method, paying particular attention to engaging women and ethnic groups; workshops on FPIC and ethnic issues for various agencies and departments
- Support to NCAW to hold workshops in hopes of strengthening forestry staff on gender issues in planning, budgeting and implementation
- Capacity building for DOFI on forest law enforcement and investigation tools and methodology, including operational support, information systems development, and trainings for representatives from all provinces
- Collaboration with VFI on Community Engagement Framework for LENS 2 project
- Informational materials, training materials, and awareness raising materials prepared to promote community engagement
- Training and workshops for DOF, DOFI, PAFO, DAFO staff members on extension methodologies, village forestry, financial management, FMP, GIS, PSFM and other relevant topics in order to implement project
- Strengthening FIPD's capacity for forest monitoring activities
- NCX (SN REDD):
 - Conducted capacity building activities for government staff and villagers in target REDD+ project areas in Salavan and Savannakhet
- Lowering Emissions in Asia's Forests (LEAF) – USAID:
 - Attapue: together with ADB-BCC Phase II Climate change component "Capacity building for REDD readiness" - Awareness and technical training for district and provincial officials, and participatory forest monitoring in 6 pilot villages
 - Huaphanh: Similar REDD+ awareness and technical training for LEAF counterpart staff, and participatory carbon monitoring training for district staff and community; awareness building on the role of protected areas in any future provincial REDD+ strategy and benefits that may emerge
 - National level: Training on RELs, MRV and carbon accounting, and on gender issues and REDD+
 - Produced PFM training materials and manuals, and approaches for Training of Trainers
 - Assessed and strengthened capacity of village level organizations to disburse REDD VDFs; provided financial governance and management training for selected villages
- LENS II (WWF, PAWP):
 - Capacity building of national level actors (DFRM and DOFI) for protected area management in Nam Et Phou Loey and Nakai Nam Theun 2
 - Capacity building for Environmental Protection Fund to manage projects and finance, and fundraise for forestry sector.
- ProCEED - GIZ:
 - Awareness and educational campaigns, including REDD+ and climate change issues
- MBREDD+ (implemented by SNV):
 - Conduct trainings, workshops, knowledge exchange and support safeguards TWG in order to build technical knowledge and capacity of national government and civil society on benefit sharing and safeguards compliance
 - Support and capacity building on the establishment of the National REDD+ strategy
- ENRICH – BMUB:
 - Introduced demonstration plot pilot activities for the enhancement of forest carbon stocks in representative forest ecosystems
 - Conducted various trainings on topics such as nursery establishment and management plans, sustainable bamboo management and harvesting, Forest Measurement for biomass and carbon stock assessment, use of electronic devices for forest inventory design and data collection, and ecological forest restoration

- Capacity Building for REDD+ Readiness (implemented by SNV):
 - Trainings and capacity building for government officers on Participatory Carbon Monitoring, REDD+ Multiple Benefits and Social/Environmental Safeguards, and study tour to Vietnam
 - REDD+ awareness raising workshops for participants including villages, foresters, and government officers
- Forest Investment Program (FIP) – IFC – Smallholder Plantations
 - Will develop smallholder groups and provide capacity-building support for them (financial literacy, contract development, etc.). Working with private sector companies who will engage with smallholders (purchase agreements, contracts, etc.).

Annex 4. National REDD+ Task Force:

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Annex 6. Key Technical Elements of REL/RL Development

REL/MRV Technical Working Group (TWG)

The first REL/MRV TWG meeting was held on 27 April 2016 organized by the TWG leader, who is the Director of FIPD, with the attendance of 30 participants. The objectives of meetings were as follows; (1) Introduction of the TOR of the TWG (e.g. objectives, responsibilities, and institutional structure) (2) Discussion on the work plan of the TWG. (3) Introduction to REDD+. (4) Introduction to REDD+ REL/MRV/National Forest Monitoring System. (5) Introduction/Discussion on forest definition and forest classification.

Many members attended a two-day training workshop in Tha Lat, 16-17 August 2016, and some attended a workshop on REL/MRV issues conducted by the World Bank in Vientiane on 26 August 2016.

The second formal TWG meeting was organized on 2 September 2016, with main topics being the interim results of second NFI in 2015-16, the scope of NFMS, setting up a drafting team for REL/RL, preparation of the Third National Communication (TNC) with focus on GHG inventory and so on. The five TWG members have appointed nine assistants to aid them with their work, so the TWG now comprises 14 government staff members.

Forest Definition, Classification, Stratification

The forest definition of Lao PDR is: area \geq 0.5 ha, crown density \geq 20% of trees with DBH \geq 10cm (no threshold for height)¹. The definition of plantation forest is being developed by the TWG members.

This definition was used in the 1st NFI completed in 2000, and the current ongoing 2nd NFI and LULUCF mapping. This definition has been discussed and agreed within forestry sector (DOF and DFRM) through the course of the works and efforts in the past. This definition was reported in the 1st REL/MRV TWG in April 2016 to the other related government agencies for discussion and agreement.

The land and forest classification at national level for Lao PDR is shown in Table 1 in comparison with IPCC land use categories. 'Level 1' must to be used for any level of map. 'Level 2' should be used for any level of map. 'Level 3' can be used for Sub-National/Project Level

¹ Forest Cover Assessment report 2010, MAF; and confirmed through a minutes of meeting signed by DDG DOF (dated 24/10/2014).

Table 1: The land and forest classification at national level for Lao PDR.

| IPCC Definition | National Level Classification System | | Sub-National / Project Level ? | |
|-----------------|--------------------------------------|---|--------------------------------|--|
| | Level 1 | Level 2 | Level 3 | |
| Forest Land | Current Forest | Evergreen Forest | EF | High Density Evergreen Forest HEF |
| | | | | Low Density Evergreen Forest LEF |
| | | Mixed Deciduous Forest | MD | High Density Mixed Deciduous Forest HMD |
| | | | | Low Density Mixed Deciduous Forest LMD |
| | | Dry Dipterocarp Forest | DD | High Density Dry Dipterocarp HDD |
| | | | | Low Density Dry Dipterocarp LDD |
| | Regenerating Vegetation | Coniferous Forest | CF | |
| | | Mixed Coniferous and Broadleaved Forest | MCB | |
| | | Forest Plantation | P | Evergreen Forest Plantation EP |
| | | | | Deciduous Forest Plantation DP |
| | | Bamboo | B | Bamboo B |
| | | Regenerating Vegetation | RV | Fallow Land FL |
| Grassland | Other Vegetated Areas | Savannah | SA | Degraded Forest DF |
| Wetlands | | Scrub | SR | |
| | | Grassland | G | |
| Cropland | Cropland | Swamp | SW | |
| | | Upland Crop | UC | |
| | | Rice Paddy | RP | |
| | | Other Agriculture | OA | |
| Settlements | Non Vegetated Areas | Agriculture Plantation | AP | |
| | | Urban | U | |
| Other Land | Other Land | Barren Land and Rock | BR | |
| | | Other Land | O | |
| Wetlands | Water | Water | W | |
| | Other | Cloud | CL | |
| | | Shadow | SH | |

This classification is based on the existing classification used in the 1st NFI completed in 2000: the current ongoing 2nd NFI and forest mapping are also using this classification. The forestry sector, i.e., DOF and DFRM, have also discussed and agreed on this classification. , Further consultations and agreement on the classification and definitions need to be made, however, with other concerned sectors, especially the greenhouse gas inventory (GHG-I) section of the Department of Disaster Management and Climate Change (DDMCC) and Department of Land Management of MONRE, and the Department of Agriculture Land Development of MAF. They are all key members of the REL/MRV TWG. Discussions on this issue is planned among these sectors before the next REL/MRV TWG meeting.

Activity Data (by Remote Sensing Mapping)

For the purpose of the ER-PIN, and until the 2015 map becomes available, the draft maps generated by the FIPD with support from JICA (NFIS) for the years 2000, 2005 and 2010 were used for the source of the activity data for the preliminary REL/FRL of the Accounting Area. Standardized accuracy assessment is to be developed under the current REDD+ Readiness grant.

The wall-to-wall national land/forest maps with the Level 2 (Table 2) for the years 2000, 2005 and 2010 have been developed and finalized as version 1 by the FIPD with support from JICA (NFIS), SUFORD-SU and the FCPF REDD+ Readiness projects. Nonetheless, the maps need further improvement, with historical time series consistency check and in comparison with the 2015 map. The 2015 map is currently undergoing development: it will be available by September 2016 (also through support from F-REDD, SUFORD-SU and FCPF).

The maps are being generated using 2010 as the bench mark map, and the maps for the other years developed through applying a change detection method in order to maintain consistency of

classification and interpretation.

Given the large size of the proposed ER Program Area, which is more than one third of the total land area of the country, and in order to be consistent with the approach of the National REDD+ Program, the national land/forest maps will be used for identification of activity data for the Accounting Area.

Emission Factors (by National Forest Inventory and Allometric Equations)

The emission factors used for the interim REL in ER-PIN were the difference between the carbon stocks among the land and forest type categories. Carbon stock is calculated both for above- and below-ground biomass, estimated based on the diameter at breast height (DBH) data from the 1st NFI converted to biomass using the allometric equation of Chave *et al.* (2005) or default expansion factors. Carbon stock for non-forest land applies IPCC default values. Non-CO₂ gases are not considered for the preliminary REL/RL.

To update and improve the emission factors and overall emission and sequestration estimates, the field work of the Second National Forest Inventory (2nd NFI) have been implemented for the dry seasons of 2015-16 and 2016-17 with support from the F-REDD project, based on the NFI design with Standard Operation Procedure (SOP) supported by NFIS project. The FCPF REDD+ Readiness Project also is contributing financial support to the forestry survey staff working in the field. With improvements, mostly in organization and process learned from the 2015-16 NFI field work, the subsequent NFI field work in the next dry season (2016-17) will provide the remaining forest resource data for each of the major forest types and Regenerating Vegetation.

Lao PDRs aims to apply Tier 2 emission factors, using country-specific allometric equations to convert the results of the 2nd NFI data into biomass for the following main land and forest types; Evergreen Forest, Mixed Deciduous, Dry Dipterocarp and Regenerating Vegetation. Country-specific allometric questions are currently under development, with support from Japan's Grant Aid Forest Preservation Programme (FPP).

Deforestation and Degradation

Deforestation is defined as an event of any of the Level 1 or 2 categories that correspond to Forest Land under "IPCC Definition" of Table 1, shifting to any of the categories corresponding under the five other IPCC land use categories. In other words, forest land shifting to another land use category.

Degradation has been estimated as areas where forest has transitioned from a higher carbon stock forest type to a lower carbon stock forest type, but still remaining within the definition of forest and of the same forest class.

Given the limitation of existing data in Lao PDR, degradation will be stratified and sampled through a combination of Remote Sensing and National Forest Inventory data. This will be used to identify and stratify degradation by degree of disturbance through:

- the classification of MD and RV resulting in temporarily unstocked forests due to shifting cultivation followed by regeneration, and
- the use of production forest inventory data for national and provincial production forests.

Both the expansion of regenerating vegetation (RV) and analysis of production forest data will be analyzed and used as primary data on degradation. The preliminary analysis shows the large impact on emissions and removals. It is acknowledged that this method will only account for the temporary conversion of forests into agriculture and carbon stock loss associated with PFAs. While it is

recognized that illegal logging in conservation and protection forests are present, and pose a major threat, there is a need to develop method(s) and capacity to systematically sample or monitor this unmanaged degradation source for more accurate overall emission estimate.

Estimating REL/FRL

Based on the forest definition, classification, Activity Data and Emission Factor from the 1st NFI described in the previous sections, the preliminary national REL/FRL had been prepared in 2015. This REL/FRL was used for ER-PIN accounting area separated per emissions and removals and expressed as average per year.

Lao PDR is planning to generate a national level REL/FRL using the updated activity data (i.e. finalized maps for 2000, 2005, and 2010 and the addition of a 2015 map) and the emission factors informed by the 2nd NFI, which will be completed in the dry season of 2016- 2017.

Main elements of the national FREL/FRL are envisaged as follows:

| | |
|--------------------------------|--|
| Carbon pools | <ul style="list-style-type: none"> • Above Ground Biomass (AGB) • Below Ground Biomass with default ratio (BGB/RTS Ratio) |
| Gases | Carbon dioxide (CO ₂), methane (CH ₄), and nitrous oxide(N ₂ O) |
| Activities | <ul style="list-style-type: none"> • Deforestation • Forest degradation • Carbon stock enhancement from forest regeneration and reforestation/afforestation |
| Reference period | 2000-2015 |
| Method for construction | Annual mean of emissions/removals in the reference period, trend or model. |

National Circumstances

The Eighth National Socio-Economic Development Plan (8th NSEDP, 2016-2020) will be examined for both the historical change factors and for construction of a national FREL/FRL. Factors to be considered include the impacts of population and GDP growth, infrastructure development plans, especially for hydropower dams and other infrastructure, and demand for commercial crops from neighboring countries.

Site-specific REDD+ Projects

Projects that were found feasible and continue with project-level REL and MRV development as per the Voluntary Carbon Standard (VCS) standard are the two sub-national REDD+ projects by New Chip Xeng in national protected areas (NPAs) in Savanakheth and Saravane, and the Xe Pian Project by the WorldWide Fund for Nature (WWF). A group of investors and institutions are developing a REDD+ project under the framework of the Joint Crediting Mechanism (JCM) agreed between the governments of Lao PDR and Japan.

Consistency with the Carbon Fund Methodological Guidance and Framework

The proposed methodology for the FREL/FRL, which is being supported by F-REDD, SUFORD-SU, CliPAD and FCPF REDD+ Readiness projects, is consistent with the Decision 12/CP.17 "Modalities for forest reference emission levels and forest reference levels," provided by the UNFCCC, as well as with the Methodological Framework of the Carbon Fund. This consistency has been discussed with the responsible officers from DOF and DFRM as a part of a capacity-building training course in Japan organized by JICA F-REDD, which was conducted in June 2016.

Annex 7. Technical Details on MRV Work

REL/MRV Technical Working Group (TWG)

The REL/MRV TWG will start discussion on the method and institutional set-up for the first MRV as well as on the scope and functions of NFMS at the next meeting in early Sep 2016 and narrow down the options into proposals/decisions in following meetings.

Development of MRV system consistent with NFMS

One of four components of the JICA-assisted F-REDD project supports the development of MRV system as a function of National Forest Monitoring System (NFMS). The expected output (Output 2) is emissions and removals resulting from the implementation of the REDD+ activities quantified at national scale by using the NFMS.

The overall concept and development schedule was introduced in the F-REDD inception workshop. To date, the scope of NFMS has been defined and the draft roadmap of developing NFMS has been created. In 1st REL/MRV TWG, the cooperative framework, organization, people and operational process were discussed with FIPD/DOF and other development partners.

Capacity for measuring and reporting

National-level forest monitoring will be implemented by FIPD, which has been creating the forest maps with JICA support. FIPD staff have now accumulated sufficient knowledge and experience in image interpretation and quality control activities. FIPD also houses an inventory section, which is responsible for the 2nd NFI in cooperation with the Inventory Division of DFRM under MONRE. [With the merger of DFRM into DOF, it is anticipated that these two inventory sections will be merged.] Both are involved in the design process. In addition, having both the satellite-based monitoring and ground-based (i.e. NFI) monitoring administered under the same agency, i.e. FIPD, enables Lao PDR to maintain technical and institutional consistency in national forest monitoring.

With support from the Government and donor-supported provincial interventions in the ER Program, the capacity of local forestry agencies for monitoring of the forest situation will be strengthened for analysis by exploring the use of freely-available images. Such options will be explored and piloted by 2020 with the intention to become a part of national forest monitoring system. Feeding local-level monitoring results to the central level will need further capacity development of local staff and institutional building. The intention of the Government is to pilot and decide the monitoring methodology by 2020 in selected provinces, especially those in the ER Program Accounting Area, and to introduce gradually this approach nationwide, after 2020.

For the reporting, related agencies, such as the Department of Disaster Management and Climate Change, MONRE, which participates in the REL/MRV TWG, will be invited to join the preparation of the technical annex to the Biennial Update Report (BUR), to enhance coordination with the GHG inventory reporting and other REDD+ reporting protocols under the UNFCCC.

Data compilation, analysis and reporting work may need support from technical advisers in projects such as JICA, CliPAD and FCPF REDD+ Readiness.