



LAO PEOPLE'S DEMOCRATIC REPUBLIC
Peace Independence Democracy Unity Prosperity

Ministry of Agriculture and Forestry
Department of Forestry

GIZ Office Vientiane
Dr. Wolfgang Hannig
Country Director

Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH

Watnak Nyai Road, House 247, Sisattanak
Vientiane Capital, Lao PDR

No: 1051-346
/DOF
Vientiane Capital F Date: 27 FEB 2019

Subject: Co-finance of the Government of Lao PDR to the GCF project - Fifth National Forest Inventory

Dear Dr. Wolfgang Hannig,

With regard to the Lao PDR Government/GIZ GCF project, 'Implementation of the Lao PDR Emission Reductions Programme through improved governance and sustainable forest landscape management', Activity 1.5 of the project will support execution of the Fourth (2020/21) and the Fifth (2024/25) National Forest Inventory. These inventories will be vital for assessing deforestation and forest degradation levels relative to the baseline (as established by previous forest inventories) – and, therefore, to estimating emission reductions in the context of GCF reporting and results-based payments under the Forest Carbon Partnership Facility (FCPF).

The Government of Lao PDR is happy to inform GIZ that the budget for the Fifth National Forest Inventory will be sourced from the revenue expected from the first tranche of FCPF results-based payments. This first tranche is expected in 2022/2023 and is fully expected to more than cover the cost of the Fifth National Forest Inventory, which is estimated as EUR 450,000.

Although the FCPF results-based payments are very likely to materialise, the precise amount of payment and the timing of the first tranche of payment cannot at this stage be guaranteed, as these will be partly a function of national deforestation reduction efforts (as supported by the GCF project) and partly a function of internal benefit-sharing arrangements to be developed.

However, GIZ can be assured that the Government is fully committed to supporting the Fifth National Forest Inventory in the context of the GCF project and that the budget for this inventory

will be sourced from REDD+ results-based payments as and when they materialise. The budget for the Fifth National Forest Inventory is considered 'new and additional' co-financing for GCF purposes, as the Inventory is being implemented in conjunction with the GCF project and its funding is partly dependent upon successful implementation of the GCF project.

Yours sincerely,



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For Director General of Department of Forestry