

December 20, 2011

**Decision by mail: Supplemental Document to Lao PDR's Investment Plan under the Forest Investment Program (FIP)**

Dear FIP Sub-Committee Members,

Please find attached for your review a supplemental document to the *Lao PDR Investment Plan*, which has been prepared by the Government of Lao PDR in response to the decision of the FIP Sub-Committee on the Lao PDR investment plan.

As you recall, during its last meeting, the Sub-Committee endorsed in principle the investment plan for Lao PDR, whilst recognizing that further work needed to be done. The Government of Lao PDR was requested to enhance the investment plan by submitting a supplemental document to be circulated by mail by December 16, 2011, elaborating on the following aspects:

- (i) how the 70% national forest cover target fits in with the country development strategy with respect to other sectors such as commercial agriculture, mining and hydro-power;
- (ii) steps to be taken to improve the sustainability of the gains achieved in the proposed projects against pressure for deforestation from drivers mentioned above; and
- (iii) concepts for projects 1 and 2 taking into account the questions raised by the independent review and all written comments submitted by Sub-Committee members by November 15, 2011,

The Sub-Committee is invited to review this document with a view to approving the following decision:

**The FIP Sub-Committee takes note of the supplemental document submitted by the Government of Lao PDR dated December 15, 2011, and**

- a) welcomes the additional information that was prepared in response to the request by the FIP Sub-Committee adopted at its meeting on October 31, 2011;**
- b) agrees that the Government of Lao PDR may proceed to prepare the following projects to be financed by the FIP:**
  - (i) ***“Protecting Forests for Ecosystem Services”* (ADB); and**
  - (ii) ***“Smallholder Forestry Project”* (IFC);**
- c) approves**
  - (i) **USD 500,000 as a preparation grant for the project *“Protecting Forests for Ecosystem Services”* (ADB); and**
  - (ii) **USD 300,000 as a preparation grant for the project *“Smallholder Forestry Project”* (IFC);**
- d) takes note of the estimated budget for MDB project preparation and supervision services for the project *“Protecting Forests for Ecosystem Services”* to be**

**implemented by the ADB and approves USD 245,000 as a first tranche of funding for such project preparation and supervision services.**

If we do not receive an objection to this proposed decision by close of business on January 11, 2012, the decision will be approved.

Sincerely

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