Overview of Forestry Sector and Timber Trade in Lao PDR and the FLEGT/VPA Negotiation Process with special reference to a Forestry Legality Compendium

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Content

• Forestry Sector In Lao PDR
• Timber exports
• FLEGT/VPA Process
• Forestry Legality Compendium
Forest Categories

- **3 Forest Categories 16 M. ha**
  - Protection Forest 8,2
  - Conservation Forest 4,7
  - Production Forest 3.1

- **Other Forest Areas 2.56 M. ha:**
  - Village Forests 1.56
  - Industrial Tree Plantations 0.50
  - Smallholder Woodlots <0.50

- **Forest Management Authority:**
  - MoNRE: Protection & Conservation Forest Areas
  - MAF: Production Forest Areas, Plantation, Village Forest
Sustainable Forest Management in Laos
Production Forest

- Identification of Production Forest Areas: Decree No. 27,321,270/PM (51 Production Forest Areas) – with the total area of 3,1 mha
- Each Production Forest Areas are segmented into Forest Management Areas or district.
- Each Management Areas or district are divided into Sub-Forest Management Areas/village cluster for development.
- The areas are identified and allocated by collecting information of random sample plot.
- Analysis of tree density and volume stock.
- The management plan of each Sub-Forest Management Areas developed.
Timber exports from Laos to Vietnam in USD
(Source: DIMEX/MOIC)

<table>
<thead>
<tr>
<th>Product Type</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stump, saw wood, semi and finish prod.</td>
<td>10,000,000</td>
<td>58,568,682</td>
<td>0</td>
</tr>
<tr>
<td>Logs</td>
<td>20,000,000</td>
<td>13,383,344</td>
<td>26,222</td>
</tr>
<tr>
<td>Furniture</td>
<td>30,000,000</td>
<td>40,000,000</td>
<td>50,000,000</td>
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</table>
Timber exports from Laos to Vietnam
(Source: Vietnamese Customs)

<table>
<thead>
<tr>
<th>Year</th>
<th>Logs (m³)</th>
<th>Sawn timber (m³)</th>
<th>Total (in m³ RWE (Round Wood Equivalent))</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>735,737</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td>954,376</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td>1,244,433</td>
</tr>
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</table>
Existing issues of data collection

• Weak coordination mechanism between agencies
• Some existing systems are not productive
• Every ministry has its own data collection system
• Not functional traceability/accountability system
• Lack of specific/well-trained staffs
• Customs Clearance mistakes (comma, full stop)
How to address the issues?

• Assessment of the legal framework (Forestry Legality Compendium)
• Finding existing gaps/constraints
  • Conduct analysis on data collection of timber export (Laos) & import (Vietnam)
  • Identify timber and wood products’ species between Laos and Vietnam
• Improving traceability system
  • Relying on existing system e.g CoC system, ASYCUDA, etc.
• Training for staffs
  • Regular trainings for relevant staffs
• Improving integrity of staffs
  • Transparency, responsibility and accountability
• Consultation process on the timber legality definition (TLD) with relevant stakeholders under FLEGT/VPA
FLEGTVPA Process

• FLEGTVPA in Laos was initiated in 2010. Ministers of MAF and MOIC submitted the interest letter to the EU and the aim is to participate in FLEGTVPA.

• In 2010 and 2011, a mission team from two ministries, together with European Forest Institute (EFI) and German International Cooperation (GIZ) had conducted a “Baseline Study on Timber Flow in Lao P.D.R.

• On 28/02/2012, MAF, MOIC and MONRE had sent the interested letter which was signed by three vice ministers of the concerned ministries to the EU Comission regarding the negotiation and to participate in VPA.

• In 2012 Memorandum of understanding (MOU) signed between Laos and Vietnam to strengthen the cooperation between the two countries in Forest Law Enforcement especially between DOFI and Forest Protection Department (FPD) Vietnam.

• In 2013, a FLEGTVPA Standing office for coordination of the process was established in DOFI/MAF.
**FLEGTVPA Process**

- *National structure and arrangements for negotiation.*
  - Minister of MAF issued the Decision, No.1915/MAF, concerning the appointment of Negotiation Support and Development Committee and Technical Working Group (TWG), to support the VPA process between Lao and EU and development of FLEGT.
  - Chaired by Director General of Department of Forest Inspection, Ministry of Agriculture and Forestry.
  - Representatives from Government, Private sector, Academia and Civil Society.
  - 3 Thematic Expert Groups (TEG) along the supply chain established to develop timber legality definition based on national laws (4 more TEG planned)
  - Drafts for TOR of National Steering Committee, Negotiation Team including Chief Negotiator available
FLEGTVPA Process

• Operational plan 2015 developed, approved and under implementation

Capacity Building:

• Organized national and international workshops and trainings for Negotiation Support and Development committee and Technical Working Group in term of preparation of VPA.

• Created awareness on regulations and EU FLEGTVPA Process to government agencies and private sector

Visit of Lao delegation to Vietnam to learn from VPA process and to foster the collaboration between the two countries in forest law enforcement and international timber trade
FLEGT/VPA Process

- Negotiation Arrangements – Bilateral Process

  - Joint 2 Video Conferences:
    - Dated on 5/1/2014 chaired by Vice Minister of MAF
    - Dated on 15/5/2014 chaired by DG of DOFI

- Update of Timber Flow study presented in a workshop in April 2015
Organizational Structure for VPA for Lao PDR

National STEERING COMMITTEE
Chairman: Minister of MAF

Negotiation Support and Development Committee

Technical Working Group
Timber Legality Definition / Timber Legality Assurance System

Thematic Expert Groups
Prepare drafts for Timber Legality Definition

FLEGT Standing Office (at DOFI)

Negotiation Team
Chief Negotiator: Vice Minister of MAF

Stakeholders
LNCCI, LWPA, LFA
National Assembly
Lao CSO FLEGT
7 Ministries
Academia
Organizational Structure in Pilot Provinces for piloting the FLEGT-VPA

PROVINCIAL STEERING COMMITTEES (PSC’s)
Head: Vice Governor
Members: DGs or DDGs of PAFO, POIC, PONRE, POLSW,

Stakeholders (Government, Enterprises, Civil Societies)

Provincial Coordination Committees (PCC’s)
Testing of Timber Legality Definition (TLD) & Timber Legality Assurance System (TLAS)
Head: DG or DDG of PAFO or POFI

Head of PSC’s are also members of National Steering Committee

Close coordination with FLEGT Standing Office

Some members of PCC’s are also members of TWG and TEG’s. PCC’s have therefore strong links to both groups.
Thematic Expert Groups for Timber Legality Definition
Challenges for the TLD Development

• The regulatory framework governing the forestry sector in Lao PDR is diverse and extensive in the number of legal instruments that apply.
• There is a lack of clarity, overlap, inconsistency, etc.
• Requirement of clarity in the forestry legal framework and need to undertake a comprehensive review of the legal framework for the forestry sector in Lao DPR
• Over workload of the government staffs
• Regular rotation of the staffs who in charge
• Incomplete forestry law (land use, tenure & rights of indigenous/local communities, etc.)
Forestry Legality Compendium

Scope of the Review

• Sources of timber and wood:
  • Production forest,
  • Forest conversion areas,
  • Plantations – investment and household/smallholder
  • Village Forest/trees owned by individuals
Forest Certification from 2010-2015:
10 Members in the certified pool
Areas = 82,760 ha of, of which 725 ha NTFP
(Rainforest-alliance, 2012)
Forest conversion areas

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

Mining

Hydro-power projects
Plantation
Article 82. Forest and forestland areas preserved and developed by villages

District Governor or Municipality major is responsible for allocating forests to village administration authorities for management, preservation, development and use it according to land management, and the forest allocation plan at the village level.
Scope of the Review Cont.

• Following the hierarchy of legal instruments as set out in the Law on making Legislation
• Structured on the basis of the Forest Law 06/NA (2007)
- Identifying roles and responsibilities of governmental institutions and the industry

<table>
<thead>
<tr>
<th>Agencies/Actors</th>
<th>Symbols</th>
</tr>
</thead>
<tbody>
<tr>
<td>DOF and line agencies</td>
<td>A Value chain stage</td>
</tr>
<tr>
<td>DOR and line agencies</td>
<td>Plan, Document or form</td>
</tr>
<tr>
<td>Village Forestry Unit</td>
<td>Unclear or contradictory procedure/comment</td>
</tr>
<tr>
<td>Timber Harvesting Unit</td>
<td>Links between operators</td>
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<tr>
<td>Plantation owner</td>
<td>Monitoring or checking process</td>
</tr>
<tr>
<td>National Wood Industry Association</td>
<td>Inspection Point</td>
</tr>
<tr>
<td>Timber trader or processor</td>
<td>Data or record keeping</td>
</tr>
<tr>
<td>MONRE and line agencies</td>
<td></td>
</tr>
<tr>
<td>Protection forest and Conservation forest Inspection Service</td>
<td></td>
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</table>
Process of the Review

• Research, compile and analyze all relevant legislation
  ✓ Around 150 legal sources and guidelines
• Consultation with different government agencies and actors, including thematic expert groups under FLEGT/VPA, provinces, including private sector and civil society
• Undertake the legal analysis and system mapping
  ✓ Key Articles
  ✓ Inconsistencies and conflicts
  ✓ Gaps
• Presented at National Workshop on 6th of November 2015
Outputs

• **Forest Legality Compendium** of the current legislation
  • Flow diagrams for supply chain sectors with legal source
  • Detailed tabulated compendium
  • Library of regulations and information (online in webpage www.FLEGTLaos.com)
  • Open ring book printed format and Digital format with hyperlinks
Legal Flow Diagrams
<table>
<thead>
<tr>
<th>FLOW DIAGRAM REFERENCE</th>
<th>FORESTRY LAW ARTICLE</th>
<th>OTHER REGULATIONS</th>
<th>RESPONSIBILITY</th>
<th>SUMMARY</th>
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<tbody>
<tr>
<td>Form II Log Transport Slip</td>
<td>Article 53. Transport of timber and forest products</td>
<td>Guideline No0962/MAF Concerning the management of timber log transport from cutting area to log landing 2, 2010 4.3. The transport of timber to Log yard II 4.4. The listing of timber transported to Log yard II Form II Log transport slip from Log Landing 1 to Log landing 2</td>
<td>Not specified</td>
<td>A log transport slip is required for the movement of logs from Log Landing 1 to Log Landing 2</td>
</tr>
<tr>
<td>Form III Delivery Docket</td>
<td>Article 53. Transport of timber and forest products</td>
<td>Guideline No0962/MAF Concerning the management of timber log transport from cutting area to log landing 2, 2010 4.3. The transport of timber to Log yard II 4.4. The listing of timber transported to Log yard II Form III Log delivery docket (daily record) into Log Landing II</td>
<td>Not specified</td>
<td>A log transport Permits required for the movement of logs from Log Landing 1 to Log Landing 2</td>
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<tr>
<td>LOG LANDING 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Form II Log Transport Slip from Log Landing I</td>
<td>Article 21. Measuring and quality grading</td>
<td>Guideline No0962/MAF Concerning the management of timber log transport from cutting area to log landing 2, 2010 Form II</td>
<td>Not specified</td>
<td>Logs arriving at Log Landing II must be accompanied by a Log Transport Slip from Log Landing I</td>
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<tr>
<td>Form III Delivery Docket</td>
<td>Article 21. Measuring and quality grading</td>
<td>Guideline No0962/MAF Concerning the management of timber log transport from cutting area to log landing 2, 2010 Form III</td>
<td>Not specified</td>
<td>Logs arriving at Log Landing II must be accompanied by a Daily Record</td>
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Tabulated Compendium and Flow Diagrams

<table>
<thead>
<tr>
<th>FLOW DIAGRAM REFERENCE</th>
<th>FORESTRY LAW ARTICLE</th>
<th>OTHER REGULATIONS</th>
<th>RESPONSIBILITY</th>
<th>SUMMARY</th>
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<td></td>
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<td>Guideline No.062/MAF Concerning the management of timber log transport from cutting area to log landing 2, 2010</td>
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<td>A log transport slip is required for the movement of logs from Log Landing 1 to Log Landing 2.</td>
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<td>Form II Log Transport Slip</td>
<td>Article 55. Transport of timber and forest products</td>
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<td>Not specified</td>
<td>A log transport Permit is required for the movement of logs from Log Landing 1 to Log Landing 2.</td>
</tr>
<tr>
<td>Form III Log Transport Slip</td>
<td>Article 55. Transport of timber and forest products</td>
<td>Guideline No.062/MAF Concerning the management of timber log transport from cutting area to log landing 2, 2010</td>
<td>Not specified</td>
<td>Logs arriving at Log Landing II must be accompanied by a log transport log from Log Landing I.</td>
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Library of all relevant laws and regulations
Next Steps

- Approval of final version by DOF and DOFI
- Printing of the ringbook (Hardcopy)
- Launching of the digital version with hyperlinks to online database
- Application as a reference tool in FLEGT Thematic Expert Groups
- Use as training material for capacity building in forestry laws & regulations
- Ensure regular update by including new law & regulations