

Summary

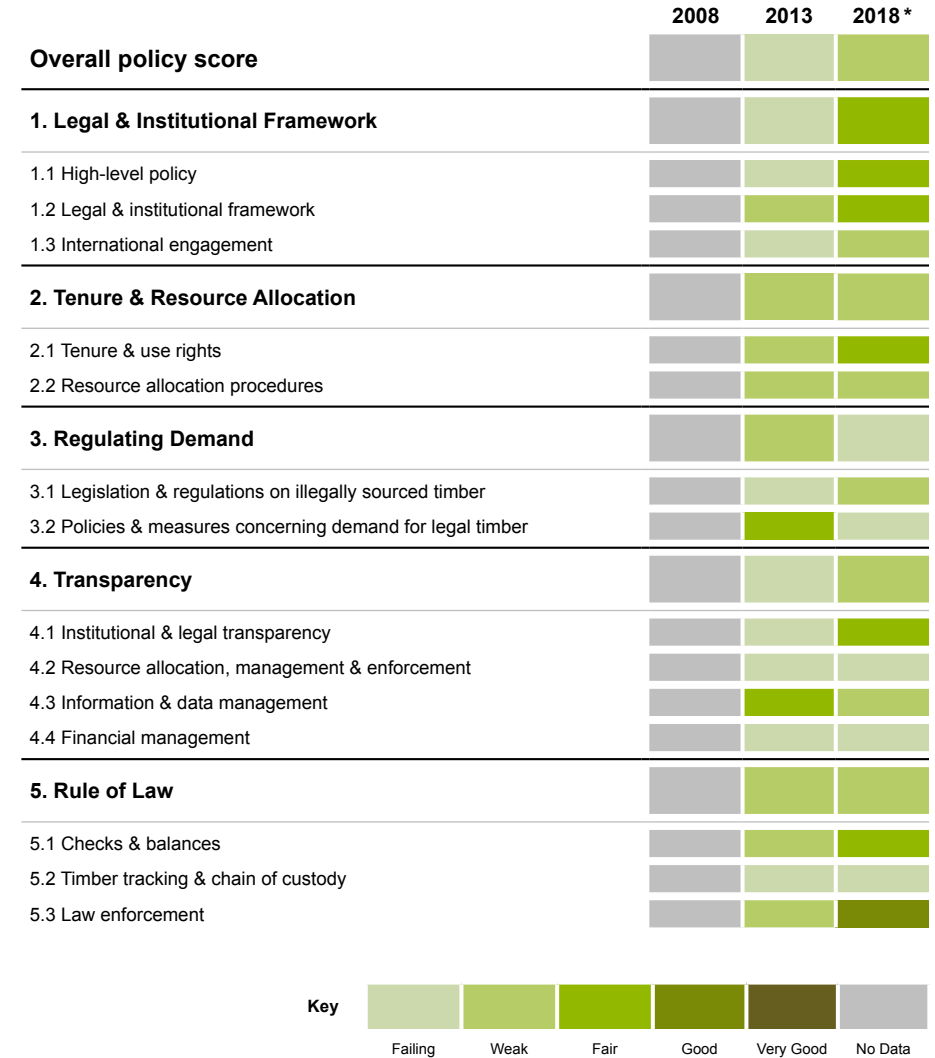
The government of Lao People's Democratic Republic (PDR) has made important efforts to tackle illegal logging since the previous Chatham House forest policy assessment in 2013. However, implementation still remains a major challenge in the country.

Following the issuance of an order by the prime minister on 15 in May 2016, enforcement actions have intensified and the country has seen a reduction in logging overall. The number of prosecutions for illegal activities in the forest sector has increased, and since the enforcement of anti-corruption policies, a number of high-ranking officials have been demoted for their involvement in illegal logging. However, the impact of these actions on reducing illegality in the forest sector is still unclear and corruption remains widespread.

The export of logs harvested from natural forests is illegal under current regulatory policies and the government has committed to developing a transparent chain-of-custody and traceability system in preparation for the Voluntary Partnership Agreement (VPA) with the EU. However, in the absence of an operational traceability system, timber harvesting and transport is still at a high risk of corruption.

Overall, evidence suggests that illegal logging remains a major problem in the forestry sector in Lao PDR and this will likely continue while profits are lucrative, penalties relatively low and demand from neighbouring countries with porous borders remains high.

Figure 1: Summary of Lao PDR forest policy assessment



Key Forest Policies and Resources

Lao People's Democratic Republic Forestry Law (2007), available at: <http://extwprlegs1.fao.org/docs/pdf/la089474.pdf>

Forestry Law (2019), available at: <https://www.laoofficialgazette.gov.la/> (June 2019)

The Prime Minister Order (PMO) 15 (2016) on 'Strengthening Strictness of Timber Harvest Management and Inspection, Timber Transport and Business', available at (in Lao): <https://www.laotradeportal.gov.la/index.php?r=site/display&id=1013>

PMO 17 (2008) on 'Strengthening Forest Management, protection and the Coordination of the management of Forest and Forestry Businesses' available at: <http://www.prflaos.org/sites/default/files/policy/9.%20PM%20Order%20no%20Strengthening%20the%20Forest%20Management%20.%20Protect.pdf>

The Forestry Legality Compendium, available at: <https://flegtlaos.com/resources/forestry-legality-compendium/>

* A number of questions were added to the assessment in 2018 (noted in the list of questions below). Consequently, the overall scores for 2018 are not directly comparable with those of the previous assessments.

About

Chatham House is monitoring forest governance and legality to assess the effectiveness of government and private sector efforts to tackle illegal logging and trade. An assessment was undertaken of the Lao PDR's forest policy framework to evaluate the government's response to illegal logging and the related trade. A standard list of questions was used in the policy assessment and answers were scored against three criteria: if the policy exists (0-2), how well designed it is (0-5) and how well implemented it is (0-5). (See tables below.)

Timeframe for the research

This assessment is based on the situation at the end of 2018 and the scores refer to this date. However, where there have been significant developments in 2019, these have been noted in the text. The research was undertaken in 2018-19 and finalized in June 2019.

Acknowledgements

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Acronyms and Abbreviations

ASEAN-WEN	ASEAN Wildlife Enforcement Network
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
DAFO	District Agriculture and Forestry Office
DAW	Division for the Advancement of Women
DoF	Department of Forestry
EIA	Environmental Impact Assessment
EMMP	Environmental Management and Monitoring Plan
ERPD	Emission Reductions Program Document
FAO	Food and Agricultural Organisation
DOFI	Department of Forest Inspection
FSC	Forest Stewardship Council
FTA	Free trade agreement
PLUP	Participatory Land Use Planning
GIZ	German development agency
GHG	Greenhouse Gas
LWU	Lao Women's Union
Lao-WEN	Lao Wildlife Enforcement Network
MAF	Ministry of Agriculture and Forestry

MOIC	Ministry of Industry and Commerce
NCAW	National Commission for the Advancement of Women
NDC	Nationally Determined Contribution
NGO	Non-Governmental Organization
NTFPs	Non-timber forest products
PDR	People's Democratic Republic
PMO	Prime Minister Order
PFA	Production Forest Area
PAFO	Provincial Agriculture and Forestry Office
POIC	Provincial Office of Industry & Commerce
REDD+	Reducing Emissions from Deforestation and Degradation
SMMP	Social Management and Monitoring Plan
SAO	State Audit Organization
sub-CAW	Sub-Commission for the Advancement of Women
SUFORD	Sustainable Forestry and Rural Development
USAID	United States Agency for International Development
VPA	Voluntary Partnership Agreement

Table 1: Lao PDR Forest Policy Assessment

Legal and Institutional Framework

High-level policy	Does policy exist? (0-2)	Quality of design (1-5)	Level of implementation (1-5)	Justification or additional qualitative explanation
1. Does the country have high-level political and governmental mechanisms in place to tackle illegal logging?				
<i>a. Has a review of the causes and severity of illegal logging been conducted by the government?</i>	2013: 0 2018:	2013: n/a 2018: 2	2013: n/a 2018: 2	The government has conducted a review of the causes of illegal logging including supply-chain analysis – an improvement on the previous assessment in 2013 when no such review existed. The Voluntary Partnership Agreement (VPA) and Reducing Emissions from Deforestation and Degradation (REDD+) processes have been important in contributing knowledge to this review as have reports by NGO's and donor agencies. For instance, USAID and FAO's 2015 report on the drivers of land-use change in Lao People's Democratic Republic (PDR) concluded that illegal logging was a main driver of deforestation. ¹
<i>b. Is there a national action plan in place for tackling illegal logging?</i>	2013: 0 2018: 1	2013: n/a 2018: 3	2013: n/a 2018: 4	<p>While there is no specific action plan in place for tackling illegal logging, executive orders to address illegal logging have been issued. The Prime Minister Order (PMO) 15 issued in 2016 outlines a number of actions to tackle illegal logging including:</p> <ul style="list-style-type: none"> • A suspension of the export of logs and timber harvested from natural forests including timber exports approved by the government but not yet executed. • A prohibition of imports of illegal timber and non-timber forest products (NTFPs) and subsequent export of those products to third countries. • Collaboration between government agencies to prevent illegal logging. <p>The design of PMO15 has some flaws, however, as its restrictions have led to the closure of hundreds of household-scale processing operations. While some of these may have been operating illegally – typically due to impractical registration requirements – the design of the PMO15 fails to take small-scale businesses and livelihoods into account.</p> <p>In order to reduce deforestation, the government placed a moratorium on land concessions for rubber and eucalyptus plantations as well as a partial moratorium on mining in 2012. However, in July 2019 the government issued PMO 9 that allows concessions in degraded forestlands for timber plantations.</p> <p>The successive bans on unprocessed timber products from Lao PDR in 2015 (No. 1360) and 2016 (PMO 15) appear to have reduced illegal timber exports, in particular exports to Vietnam and China, which made up 94 per cent of Lao PDR's export market. The total volumes of logs and sawnwood exported to Vietnam and China in 2016 dropped to 26 per cent of their peak in 2014 – the lowest level in a decade.²</p>

¹ Thomas, I.L. (2015) Drivers of Forest Change in the Greater Mekong SubRegion. Lao PDR Country Report. USAID & FAO. Available at: <https://www.leafasia.org/library/drivers-forest-change-greater-mekong-subregion-lao-pdr>.

² To, P.X., Treanor, N.B., & Canby, K. (2017). Impacts of the Laos Log and Sawnwood Export Ban. Forest Trends, Washington D.C. Available at: <https://www.forest-trends.org/publications/impacts-of-the-laos-log-and-sawnwood-export-bans/>

High-level policy	Does policy exist? (0-2)	Quality of design (1-5)	Level of implementation (1-5)	Justification or additional qualitative explanation
<i>c. Does a formal process exist for high-level coordination of action on illegal logging across departments and sectors e.g. a parliamentary committee or inter-ministerial task force</i>	2013: 0 2018: 2	2013: n/a 2018: 4	2013: n/a 2018: 3	<p>PMO 15 called for coordination between relevant government agencies to prevent illegal logging – both at the national and local government levels. The Ministry of Agriculture and Forestry is assigned to take the lead in collaboration with the Ministry of National Defence and other relevant sectors to patrol and monitor high-risk areas including: timber harvesting areas, timber transportation roads, log landings, log warehouses, sawmills, wood processing and furniture factories, other factories using timber as a main source of energy and other relevant locations. The order also requires similar collaborative action to prevent illegal logging in protection forests and national and local conservation forests.</p> <p>Implementation plans were prepared by agencies detailing coordinated and agency-specific actions relating to enforcement of the order. Provincial governors are also required to report action – with 24 new regulatory instruments issued – and six-monthly reports have been submitted to the prime minister and the National Assembly. Reports suggest that the implementation of the order has resulted in a reduction of illegal timber exports. 45 timber cases (including one for bribery) were referred to the Office of the Public Prosecution in 2018 – with 27 cases finalized by the courts.</p>
<i>d. Are there formal consultation processes in place for multi-stakeholder involvement in developing policy and legislation to tackle illegal logging? These processes should ensure that viewpoints of stakeholders affected by legislation are taken into consideration. (Such processes should take place at central and regional levels of policy development and implementation.)</i>	2013: 0 2018: 1	2013: n/a 2018: 2	2013: n/a 2018: 3	<p>There are no formal multi-stakeholder processes in the development of government policy and legislation to tackle illegal logging.</p> <p>However, the VPA and REDD+ processes include multi-stakeholder consultations to ensure the views of relevant stakeholders are taken into account. As a result of multi-stakeholder consultation meetings in the VPA preparation process, the government has developed a first draft of the timber legality definition and legality verification system. The EU and Lao PDR government reviewed the draft in June 2019. Furthermore, stakeholders were consulted on the draft of the new Forest Law. There is, however, still scope for improvement in how consultations are undertaken.</p>
<i>e. Are there formal processes or policies in place aimed at ensuring a balanced participation of men and women in the development and implementation of forest policies? (Question added in 2018)</i>	2013: - 2018: 2	2013: - 2018: 3	2013: - 2018: 2	<p>The equal rights of women and men is enshrined in the Constitution of Lao PDR (amended in 2003). Furthermore, the need for focused efforts to improve the lives of people in remote areas, ethnic groups, women and disadvantaged children are recognized in a number of sectoral strategies. Gender equality and women's participation in policymaking and implementation is a cross-cutting goal in Lao PDR's national policies and strategies.</p> <p>The government's Agriculture Development Strategy 2025 and Vision 2030 regards advancing women's development and gender activities as an important priority in implementing agriculture and forestry development programmes. The strategy includes supporting and creating favourable opportunities for female personnel and farmers to participate in decision-making process at the national and local level.</p> <p>While there has been important progress, implementation of these policies is weak, with women still significantly under-represented in leadership positions. For example, women make up less than five per cent of high-level government positions and 89 per cent of village chiefs are men.</p>
<i>f. Is illegal logging considered in the country's climate change strategy e.g. INDC, REDD strategy or other climate change national policy? (Question added in 2018)</i>	2013: - 2018: 2	2013: - 2018: 3	2013: - 2018: 3	<p>The Nationally Determined Contribution (NDC) of Lao PDR does not specifically refer to tackling illegal logging as a greenhouse gas (GHG) mitigation strategy. It does, however include, as a priority area of action, increasing forest cover to 70 per cent of land area and bringing logging and conversion of forests under control by 2020. The plan to achieve this includes implementation of the VPA and the REDD+ programme. REDD+ initiatives have been piloted in selected sites with the aim of establishing a nation-wide system.</p> <p>The National Strategy on Climate Change, adopted in 2010³, refers to illegal logging as a main driver of deforestation although it does not include tackling it as a strategy to mitigate climate change. The strategy includes the following priorities for mitigation in the forestry and land-use sector: halting 'slash and burn' agriculture, reducing off-site burning of timber, pursuing carbon market opportunities and implementation of reforestation and afforestation programmes through REDD+.</p>

³ The National Strategy on Climate Change available at: https://www.la.undp.org/content/laopdr/en/home/library/environment_energy/climate_change_strategy.html

Legal and Institutional Framework	Does policy exist? (0-2)	Quality of design (1-5)	Level of implementation (1-5)	Justification or additional qualitative explanation
<p>2. Is forest legislation and regulation coherent and unambiguous? <i>(Question added in 2018)</i></p>		<p>2013: 2 2018: 2</p>		<p>The government's forest legislation is coherent to an extent. However, the number of laws that apply to the forest sector is extensive and there is a lack of clarity as to how they interact and on the details of how they are to be implemented. For example, it is unclear whether regulations issued by the Ministry of Industry and Commerce related to the transport, measurement and processing of timber supersede the Forest Law and how they interact with regulations concerning timber harvest and transport issued by the Ministry of Agriculture and Forestry. For the most part, however, it is clear that all legal documents issued by MoIC only relate to activity that occurs after timber leaves the second log landing.</p> <p>In early 2016 a Forestry Compendium was provided to the government that reviewed all of the regulatory instruments and international obligations relating to forest management and resource use. The review found a lack of clarity on: (i) the applicable legislation (ii) inconsistent or redundant provisions as a result of subsequent additions and amendments to the legal framework and (iii) the responsibilities of the competent authority over specific issues (both in terms of departments or ministries and at the different levels of government (national, provincial, district and village).</p> <p>There is also a lack of uniformity in the implementation of laws across provinces – ministries may issue internal instructions on implementation of laws that may be inconsistent with other ministries. This situation remains unchanged and the legislation has yet to be revised to address these issues.</p>
<p>3. Is the legislation and regulation for artisanal and micro-scale enterprises coherent and unambiguous, or example, considering all relevant areas of law such as fiscal, rights of association, SMEs, forestry etc. <i>(Question added in 2018)</i></p> <p><i>(Artisanal and micro-scale enterprises are defined respectively as those with 1-3 and 4-10 employees.)</i></p>		<p>2013: - 2018: 2</p>		<p>The registration of businesses is regulated by the MoIC who issue licenses to operate including for small and medium enterprises. The ministry is also responsible for overseeing and implementing several relevant laws including the Law on Enterprise No 46/NA (2013), the Law on Customs No. 05/NA (2005) and the Law on Industrial Processing No 48/NA (2013). The role of MoIC with respect to the forest sector is set out in the PMO on Strengthening Forest Management, Protection and the Coordination of the Management of Forest and Forestry Businesses No 17/PM (2008) that also clarifies its relationship with the Ministry of Agriculture and Forestry. This law, however, does not specifically target artisanal and micro-scale enterprises. Similarly, Law No. 46/NA on Enterprise (2013) which is administered by MoIC and regulates establishing, operating and managing an enterprise, does not specifically include artisanal and micro-scale enterprises.</p> <p>However, the 2011 Promotion of Small and Medium Sized Enterprises Law (SMEs), through which the government aims to encourage and promote the development of SMEs and enhance their competitiveness in production, trade and services, provides support on financial, technical, technological, marketing and scientific research among other support. The 2011 law is clear that the development and promotion of SMEs among others should be in line with sectoral, regional and national policy and development plans and be based on the principle of protecting and maintaining natural resources, environmental and social security.</p> <p>Under the law, SMEs that protect and rehabilitate the environment and natural resources may benefit from tax reductions and exemptions. However, the procedure for receiving this benefit is not clear. The law is also unclear on the rights of association of SMEs and its application to the forestry sector.</p>

Legal and Institutional Framework	Does policy exist? (0-2)	Quality of design (1-5)	Level of implementation (1-5)	Justification or additional qualitative explanation
4. Is there legislative and/or institutional coherence across sectors?				
<p><i>a. Are formalized forest laws and regulations consistent and harmonized with other laws and regulations affecting forests e.g. for land-use planning, agriculture, mining etc.</i> (Question added in 2018)</p> <p><i>(Formalized here is used to distinguish between laws designed and enacted by national government and customary practices/norms of indigenous peoples and local communities).</i></p>		<p>2013: 2 2018: 3</p>		<p>While formalized forest laws and regulations are consistent to an extent, there are internal contradictions as detailed in question 2 above, and there is a lack of harmonization across the government ministries when revising laws and issuing regulations. However, PMO 15 has addressed some of these issues since 2016.</p>
<p><i>b. Is there a legal framework for selling or licensing of any timber resulting from forest clearance driven by activities in other sectors?</i> (Question added in 2018)</p>	<p>2013: - 2018: 2</p>	<p>2013: - 2018: 3</p>	<p>2013: - 2018: 3</p>	<p>he Lao Forestry Law states that ‘the government allows logging and harvesting of forest products only in the production forest areas (PFAs) where inventory, surveys and sustainable management plans have been completed and only in the areas that the government permits the construction of infrastructure’. In order to regulate the issuance of timber harvest licences for infrastructure projects, the government has issued executive orders, most recently PMO 15.</p> <p>Design: PMO 15 has provisions on the regulation of timber from other sectors including infrastructure, mining and agriculture. Under the order, plans must be filed with the government for any future operations in forest areas including the activities of project developers and infrastructure-concession holders. Timber for use in non-forest sector projects must be harvested by the government and sold to developers. Project developers cannot sell timber to pay for infrastructure development.</p> <p>Implementation: Implementation plans were prepared by agencies detailing coordinated and agency-specific actions relating to enforcement of the order and provincial governors have also been required to report on their action. Since then, six monthly reports have been prepared and submitted to the prime minister and the National Assembly (see question 1c).</p>
<p><i>c. Is there a legal framework for selling or licensing of timber produced by informal enterprises?</i> (Question added in 2018)</p> <p><i>(Informal enterprises are defined as those that are owned and controlled by member(s) of a household(s), are unincorporated, are unregistered, their size falls below a certain threshold, do not have a complete set of accounts, produce goods that are meant for sale or barter etc.)</i></p>	<p>2013: - 2018: 0</p>	<p>2013: - 2018: n/a</p>	<p>2013: - 2018: n/a</p>	<p>Under the Forestry Law (2007) and the Law on Enterprise No 46/NA (2013), business registration is required for all participants in the plantation value chain. Registration of plantations is a legal requirement for all plantation owners including smallholders. However, few smallholders have formally registered their business as they see registration as a costly and complex process with few incentives. Without registration, regulation of smallholder plantation owners is difficult. (The requirements for business registration are covered under the 2019 Forestry Law.)</p> <p>Most of the timber harvested in smallholder plantations is shipped without the full approval of relevant government bodies. And in the absence of transport permits, it is unclear how the source of timber can be tracked. (However, this may change under the Agreement on List of Wood Product for Export No. 0939/MoIC, issued in August 2019.)</p>

Legal and Institutional Framework	Does policy exist? (0-2)	Quality of design (1-5)	Level of implementation (1-5)	Justification or additional qualitative explanation
<p><i>d. Are there systems in place for cross-sectoral coordination between ministries and agencies responsible for planning and land-use allocation?</i> (Question added in 2018)</p>	<p>2013: - 2018: 1</p>	<p>2013: - 2018: 2</p>	<p>2013: - 2018: 2</p>	<p>Both the Land Law (2003) and the Forestry Act (2007) stipulate coordination between national and local agencies including the Land Administration Department and the Ministry of Agriculture and Forestry in land use planning and allocation. However, specific procedures for coordination are not set out in the legislation.</p> <p>The Land and Forest Allocation Policy was introduced in the early 1990s as a means of recognizing the customary rights of local communities to use and manage land and forest resources. The policy required coordinated efforts by government agencies involved in land and forest allocation. However, implementation has been fragmented and inconsistent. The National Assembly is now taking a stronger role where conflicts arise and the rights of customary land holders are being better recognized.</p>
<p>5. Is gender considered within policy-making and implementation?</p>				
<p><i>a. Is there a designated agency/ focal point with the mandate to ensure gender perspectives are mainstreamed in forest policies?</i> (Question added in 2018)</p>	<p>2013: - 2018: 2</p>	<p>2013: - 2018: 3</p>	<p>2013: - 2018: 3</p>	<p>Design: The Lao Women's Union (LWU) and the National Commission for the Advancement of Women (NCAW) have helped to develop policies and institutions to respond to the needs of women including increasing women's participation in decision-making and integrating gender into planning, budgeting, monitoring and evaluation. The official objectives of the LWU are as follows: protect women's rights and interests, promote gender equality in family and society, develop the country, educate all Lao women to implement policies, laws, guidelines and plans of the country and contribute to promoting the cultural heritage and traditions of all women.</p> <p>NCAW's main objectives are as follows: formulate and implement a national policy on gender equality, eliminate discrimination against women and mainstream gender equality across all public sectors. To carry out these tasks, all ministries have sub-commissions (sub-CAWs) with fully functioning secretariats.</p> <p>Implementation: Gender is included in national policies and strategies across sectors indicating that the sub-commissions have a degree of influence and are listened to by respective ministers. Within the Ministry of Agriculture and Forestry (MAF), there is a Division for the Advancement of Women (DAW), which houses the Gender Focal Point and sub-CAW representative for the MAF. Since around 1996, the MAF has focused on gender and agriculture and has produced guidance materials to further integrate gender into its programmes at all administrative levels. The ministry produced two handbooks for this purpose one of which, produced in 2011, provides guidance for integrating gender issues into the MAF's agricultural work.</p> <p>The appointment of 20 new female senior staff at the central level in 2018 shows some progress in improving gender equality, however, gender disparities continue to exist throughout the government.</p>
<p><i>b. Are there processes or policies in place to assess gender impacts in the development and implementation of forest policies?</i> (Question added in 2018)</p>	<p>2013: - 2018: 0</p>	<p>2013: - 2018: n/a</p>	<p>2013: - 2018: n/a</p>	<p>While there are no clear policy mandates for gender impact assessments in the forest sector in Lao PDR, FLEGT provisions do consider gender impact.</p>

International engagement	Does policy exist? (0-2)	Quality of design (1-5)	Level of implementation (1-5)	Justification or additional qualitative explanation
6. What level of international cooperation has been shown by the country?				
<i>a. Does the country have formalized trade or customs arrangements with major trading partners e.g. FLEGT VPAs or free trade agreements which include specific provisions on illegal logging?</i>	2013: 1 2018: 1	2013: n/a 2018: n/a	2013: n/a 2018: n/a	The Lao government announced its interest in negotiating a FLEGT VPA with the EU in February 2012. Two official rounds of negotiations have taken place since April 2017 up to the end of 2018. During the third official negotiation in June 2019, the EU and Lao PDR reviewed the draft timber legality definition and addressed the range of timber products to be covered by the VPA. The draft timber legality definition which includes requirements for production forests, labour obligations and wood processing and trade is ready to be field-tested in pilot provinces and country-wide to verify its robustness. ⁵
<i>b. Does the country have a system in place for sending and receiving enforcement alerts regarding illegal shipments in transit to destination countries?</i>	2013: 0 2018: 1	2013: n/a 2018: 2	2013: n/a 2018: 1	Lao PDR has systems in place for sending and receiving enforcement reports regarding illegal timber shipments via INTERPOL, the World Customs Portal, the ASEAN Wildlife Enforcement Network (ASEAN-WEN) and bilateral arrangements with Thailand and Vietnam. However, there are still issues with sharing and responding to such information. Furthermore, while Lao PDR is a party to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the country has failed to protect some endangered tree species such as Siamese rosewood. There are reports of government authorities issuing illegitimate CITES export permits which indicates that there is some way to go to prevent corruption and to curb the trade in illegal timber and other species. ⁶

⁴ Fern, 2019. The Laos-EU Voluntary Partnership Agreement. Laos Civil Society Takes Stock. Briefing Note. Available at: https://www.fern.org/fileadmin/uploads/fern/Documents/briefingnote_laosFINAL.pdf

⁵ <http://www.flegt.org/news/content/viewItem/the-eu-and-laos-conclude-the-third-formal-negotiation-towards-an-agreement-on-combating-illegal-logging-and-promoting-trade-in-legal-timber-products/25-06-2019/272>.

⁶ <https://eia-international.org/wp-content/uploads/Prohibited-Permits-FINAL-2.pdf>

Tenure and Resource Allocation

Tenure and use rights	Does policy exist? (0-2)	Quality of design (1-5)	Level of implementation (1-5)	Justification or additional qualitative explanation
7. Are property, use rights and tenure arrangements clearly defined, documented and secure including those of indigenous and local communities?				
<i>a. Does the law require that property, use rights and tenure arrangements are set out on publicly accessible maps and/or Geographical Information Systems (GIS) and demarcated at ground-level?</i>	2013: 1 2018: 1	2013: 1 2018: 1	2013: 1 2018: 1	<p>There are no such requirements in place. However, the Ministry of Agriculture and Forest's Manual on Participatory Land Use Planning (PLUP) adopted in 2009 provides guidance on mapping and registration of land including forests at the village level. As part of this, several principles are adopted in a land use zoning approach at village and village cluster levels. These principles include recognizing and explaining villagers' rights, appropriate delineation and registration of lands and monitoring village land zoning. Forestry and land management authorities are responsible for surveying village boundaries, analysing land use, land use mapping for the agriculture and forestry sectors and storing PLUP information and maps.</p> <p>However, the implementation of PLUP by relevant authorities has been criticized as the participation of local stakeholders is still taken for granted.</p>
<i>b. Are there formalized mechanisms in place for resolving conflicting or overlapping property rights?</i>	2013: 2 2018: 2	2013: 3 2018: 3	2013: 2 2018: 2	<p>The government established Village Dispute Resolution Committees in all villages with the mandate to deal with local conflicts. However, neither the committees nor the district departments of justice are considered effective. The legal system seems unable to deal sufficiently with the increasing number of land conflicts. An alternative avenue for resolving conflict is through the submission of complaints to the National Assembly which has been considered effective in some cases. A recent study concludes that individual and political connections have a significant impact on the outcomes of land disputes in Lao PDR.⁷</p> <p>Another conflict resolution mechanism is through the land and forest allocation and land registration processes. The mechanisms apply to individually held land certificates or land titles. If it is a civil conflict then it should be resolved through the people's court.</p>

⁷ J. Ironside, 2017. The Recognition of Customary Tenure in Lao PDR. MRLG Thematic Study Series #8. Vientiane: MRLG.

Tenure and use rights	Does policy exist? (0-2)	Quality of design (1-5)	Level of implementation (1-5)	Justification or additional qualitative explanation
<p><i>c. Are there formalized mechanisms in place for accommodating customary rights in law and regulations?</i></p>	<p>2013: 1 2018: 1</p>	<p>2013: 2 2018: 2</p>	<p>2013: 1 2018: 1</p>	<p>Customary use rights of forests are recognized in the Order on Customary Rights and the Use of Forest Resource (1995), the Order on Traditional Uses of Forests (1996), the Forestry Law (2007) and in ministerial instructions and directives.</p> <p>Order 1995 on Customary Rights and Use of Forest Resource and the Ministry of Agriculture and Forestry (MAF) Order No. 0054 of 1996 outline permitted customary use of forests, forest land and forest products without the need to obtain a permit from the MAF. Permitted customary use includes harvesting products for the community's needs as specified in a Village Forest Management Contract and the use of abundant forest products except timber without a forest management contract.</p> <p>Under Article 42 of the Forestry Law (2007), and Art. 63 and 79 of the 2019 Forestry Law, the government allows the use of timber and the harvest of forest products in non-prohibited forests for household use provided there are no adverse impacts on forest resources or the environment. Use is permitted as long as it is in accordance with the designed use plan, the village regulations and the laws and regulations on forests. In addition, under Article 90 of the Forestry Law (2007), and Art. 30, 40, 41, and 111 of the 2019 Forestry Law, village administration authorities have the right to long-term sustainable use of state forest areas according to management and use plans and are permitted to allocate land to community members.</p> <p>In practice, however, forest governance is highly centralized – the state claims ownership of almost all forestland and customary tenure rights are not adequately recognized or upheld. Many rural communities have customary rights to their land but do not have titles or documentation and these claims to land are contested from time to time. In urban areas, where there is generally less contestation over land, rights are stronger.</p>
<p><i>d. Does the legal and policy framework provide for gender-equal use rights and tenure?</i> <i>(Question added in 2018)</i></p>	<p>2013: - 2018: 2</p>	<p>2013: - 2018: 3</p>	<p>2013: - 2018: 2</p>	<p>Men and women have equal status with regard to land ownership and land-use rights within national legislation. In practice, however, cultural barriers exist between different ethnic groups and so compliance is fragmented and inconsistent.</p> <p>The National Growth and Poverty Eradication Strategy, which specifically targets rural women, plans to strengthen land tenure security by incorporating women's customary land rights into land reallocation.</p>

Resource allocation procedures	Does policy exist? (0-2)	Quality of design (1-5)	Level of implementation (1-5)	Justification or additional qualitative explanation
8. Do resource allocation regulations and procedures include measures consistent with good forest governance?				
<i>a. Is there a prequalification process which is designed to exclude inappropriate bidders from resource allocation awards?</i>	2013: 0 2018: 0	2013: n/a 2018: n/a	2013: n/a 2018: n/a	No such process exists.
<i>b. Is there a competitive award process which is designed to be open to all eligible bidders?</i>	2013: 2 2018: 2	2013: 4 2018: 4	2013: n/a 2018: 3	<p>Regulation No. 2297/Ministry of Finance (2004) stipulates that the competitive award process is open to all domestic and foreign investors and is based upon competitive market bidding. Thus, whoever offers the highest price is permitted to purchase the timber.</p> <p>Standing trees are sold based on a pre-harvest inventory. Trees from PFAs that have had a pre-harvest inventory conducted by Provincial and District forestry staff are sold through an auction process by the Provincial Office of Industry & Commerce (POIC). According to Article 5 of Agreement No. 32/PM on the Resolution of Forest Conference on Forest Management, Forest Inspection and Wood Business (2012), logging contracts in areas of infrastructure development, mining and tree and industrial crop plantations shall be awarded through bidding to companies which meet technical and capacity requirements.</p> <p>Under these procedures, invitation can be by open tender (e.g. advertisements in newspapers) or restricted tenders (e.g. where there may be restrictions to support local processors). Advertisements are placed in the media and companies can be approached directly to participate. This indicates an improvement in the competitive award process especially since 2016.</p>
<i>c. Does the law require prior informed consent procedures or stakeholder consultations for local communities with respect to logging interests and rights to be carried out?</i>	2013: 0 2018: 0	2013: n/a 2018: n/a	2013: n/a 2018: n/a	<p>No such procedures or consultations are legally required. Currently there is a harvesting moratorium on PFAs so most timber is derived from conversion with some from plantations.</p> <p>However, most PFAs have management plans that require local engagement and documentation of this. Furthermore, local engagement was important in gaining Forest Stewardship Council (FSC) certification in the country. This has now lapsed although the framework is still in place).</p> <p>While concessions outside PFA's are required to consult stakeholders, this is often token or absent.</p>
<i>d. Are measures to protect and develop forest-based livelihood opportunities for local communities within concession areas built into concession contracts?</i>	2013: 2 2018: 2	2013: 2 2018: 2	2013: n/a 2018: n/a	While it is a requirement to include such measures, it is difficult to determine the extent and quality of these, as contracts are not available for verification. Some companies note that they provide employment, improved infrastructure and contribute to building new schools or community assets.

Regulating Demand

Legislation & regulations on illegally sourced timber	Does policy exist? (0-2)	Quality of design (1-5)	Level of implementation (1-5)	Justification or additional qualitative explanation
9. Does the country have adequate legislation and regulations in place to prevent illegally sourced timber from being imported or sold?				
<i>a. Has the country analysed its existing legislation and regulations on preventing imports and sales of illegally sourced timber? (Question added in 2018)</i>	2013: - 2018: 2	2013: - 2018: 3		<p>The Forestry Legality Compendium drafted by the Department of Forestry Inspection and the Department of Forestry, analyses laws related to the forestry sector including an analysis of laws on timber imports. The document assesses the roles and responsibilities of authorities in controlling import of illegal timber, wildlife and machinery.</p> <p>Lao PDR is a major exporter of timber while imports make up a very small fraction of timber trade and so the focus of regulation and law enforcement has been on curbing illegal timber exports. Reports suggest that, since the adoption of PMO 15, trade in illegal timber has decreased. However, given the limited capacity of government agencies, fragmentation of enforcement jurisdictions between local and central authorities and corruption, the long-term effectiveness of this law is questionable.</p>
<i>b. Has additional legislation been enacted and regulations put in place to prevent illegally sourced timber from being imported or sold?</i>	2013: 0 2018: 2	2013: n/a 2018: 2	2013: n/a 2018: n/a	<p>The only legislation on the procedure for importing timber is a ministerial decision from the MoIC in 2012. However, the decision does not require certification that the imported wood is legal prior to entering the country – it only requires a valid exporting license from the country of export.</p> <p>In addition, as mentioned in Question 1 (b) above, PMO 15 prohibits the import of illegal timber and NTFPs and the subsequent export of those products to third countries. The order mandates inspections of imports, trade, possession and utilization of timber harvest equipment, machines and vehicles with the MFA taking the lead in a collaborative approach with relevant agencies. The implementation of the order is reportedly positive as timber exports have fallen sharply but its effect on the import of illegal timber is not yet clear.</p>
<i>c. If there is legislation in place to prevent the import of illegal timber, how broad is the product scope of this legislation? (Question added in 2018)</i>		2013: - 2018: 3		PMO 15 does not include a definition of 'illegal timber' nor does it specify the scope of products to which it applies.
<i>d. If there is legislation in place to prevent the import of illegal timber, does it apply only to importers & those that are first place on the market or to all those along the supply chain? (Question added in 2018)</i>		2013: - 2018: 5		PMO 15 does not specify the actors to whom it applies but a liberal interpretation of the legislation would mean it applies to all actors along the supply chain.
<i>e. If there is legislation in place to prevent the import of illegal timber, does it include a requirement on businesses to implement due diligence? (Question added in 2018)</i>		2013: - 2018: 1		Such a requirement is not included in the PMO 15.
<i>f. Is implementation of the policy systematically monitored and assessed? (Question added in 2018)</i>		2013: - 2018: 3		<p>PMO 15 assigns the MFA as the lead authority to monitor implementation of this order in collaboration with the MoIC, other relevant sectors and local authorities for which periodic reporting to the government is required.</p> <p>In 2016, the prime minister appointed an ad hoc committee to enforce PMO 15 consisting of high-ranking officials from government inspection and anti-corruption organizations along with the ministries for agriculture and forestry, natural resources and the environment, national defence, public security, industry and commerce and finance. Since the adoption of PMO 15 and the appointment of this committee, export of illegal timber has fallen significantly, which may indicate its effectiveness.</p>

Policies & measures to promote demand for legal timber	Does policy exist? (0-2)	Quality of design (1-5)	Level of implementation (1-5)	Justification or additional qualitative explanation
10. Is there a public procurement policy in place excluding illegal and/or unsustainable timber products from government purchasing? <i>(Question added in 2018)</i>	2013: - 2018: 0		2013: - 2018: n/a	The Implementing Rules and Regulations on the Decree of Government Procurement of Goods, Works, Maintenance and Services do not include such provisions. There is no information on any other public procurement policy that excludes illegal timber products.
<i>a. What level of adherence does the policy require?</i> <i>(Question added in 2018)</i>		2013: - 2018: n/a		Not applicable.
<i>b. Does the policy cover all timber products including paper?</i> <i>(Question added in 2018)</i>		2013: - 2018: n/a		Not applicable.
<i>c. Does the policy rest on independent certification or verification schemes or equivalent for identifying legal products?</i> <i>(Question added in 2018)</i>		2013: - 2018: n/a		Not applicable.
<i>d. Is assistance offered to government purchasers e.g. advice, guidance, training etc?</i> <i>(Question added in 2018)</i>		2013: - 2018: n/a		Not applicable.
<i>e. Is implementation of the policy systematically monitored and assessed?</i> <i>(Question added in 2018)</i>		2013: - 2018: n/a		Not applicable.
<i>f. Does the procurement policy apply to sub-national (provincial, regional, local) government?</i> <i>(Question added in 2018)</i>		2013: - 2018: n/a		Not applicable.

Policies & measures to promote demand for legal timber	Does policy exist? (0-2)	Quality of design (1-5)	Level of implementation (1-5)	Justification or additional qualitative explanation
11. Do forest-related policies encourage legal timber production and discourage illegal timber production by ensuring that the level of demand does not exceed legal supply?				
<i>a. Does the permitting system for primary wood processing facilities require evidence of sufficient legal sources of raw material?</i>	2013: 1 2018: 1	2013: 2 2018: 2	2013: 2 2018: 2	<p>The major regulation on primary wood processing facilities requires that they have a strict volume quota each year. Legality of the wood is supposed to be inspected before it arrives at the processing facility.</p> <p>In order to match processing quotas with timber production levels, the government has closed down processing facilities. There is no permitting system for each new facility requiring evidence of sufficient legal sources of raw material. The government's approach to closing down and permitting processing facilities has been criticised for being haphazard and not systematic.</p> <p>Existing facilities still have to apply for new quotas each year and often there is not enough wood to supply them. However, there has been significant progress under the FLEGT process to improve coordination, develop agreed processes and improve transparency and accountability to reduce illegal wood entering the supply chain. These are still being developed and are not fully implemented. Furthermore, most material comes from conversion, most of which would be illegal, which is compounded by an inability to distinguish between legal and illegal timber within supply chains.</p> <p>However, the government is taking steps to crack down on illegal processing plants. In 2016, the government ordered some 1,154 family-unit furniture plants across the country to shut down their illegal operations. Additionally, more than 20 wood processing plants located in or near conservation areas and PFAs were also ordered to close down.</p>

Transparency

Institutional & legal transparency	Does policy exist? (0-2)	Quality of design (1-5)	Level of implementation (1-5)	Justification or additional qualitative explanation
12. Is there a unified document which describes the roles, responsibilities and controls for all agencies involved in regulating forest utilization and trade from harvest rights allocation to point of sale or export and is it accessible to the public?	2013: 0 2018: 1	2013: n/a 2018: 2	2013: n/a 2018: 2	<p>There are a variety of documents describing these roles and responsibilities. For example, the 2016 Forestry Compendium, which is prepared by the Forestry Department in cooperation with Food and Agricultural Organisation (FAO), the German development agency (GIZ) and the Sustainable Forestry and Rural Development (SUFORD) project, documents various agencies' roles across the supply chain, including areas of duplication or deficiencies. However, only few officials have read, or understand, the relationships of various agencies and authorities explained in the Forestry Compendium.</p> <p>(The 2019 Forestry Law provides some of this information (see chapter XII).)</p>
13. Is there a legal requirement to make forest legislation and regulations readily accessible to the public? <i>(Question added in 2018)</i>	2013: - 2018: 2	2013: - 2018: 4	2013: - 2018: 3	<p>Under Article 80 of the Law on Making Legislation (2012), in order for any normative legal document to come into effect, it must first be published in the Official Gazette. For example, if a line ministry decision or instruction or a provincial decision or a law adopted by the National Assembly is not in the Official Gazette, it will not take effect.</p> <p>Many organizations have limited capacity to print documents. However, all of the regulatory instruments are available online via the Lao Gazette website.⁸ The level of internet access in Lao PDR is high and there are no charges to download copies of legislation so information is readily available to a large proportion of the public.</p>

⁸ Lao Official Gazette, see: <https://laofficialgazette.gov.la/>

Transparency in resource allocation, management & enforcement	Does policy exist? (0-2)	Quality of design (1-5)	Level of implementation (1-5)	Justification or additional qualitative explanation
14. Do policies, laws or regulations contain provisions designed to ensure that resource allocation and management is carried out transparently?				
<i>a. Do policies, laws or regulations stipulate that rules for resource allocation processes e.g. concession allocation and competitions are made publicly available?</i>	2013: 0 2018: 0		2013: 3 2018: 3	There are no stipulations that rules for resource allocation processes be made publicly available. Under Article 3.7 of Guideline No. 0092/MOF for managing the collection of revenue from the sale of timber and NTFPs (2009), the Provincial Office for Finance (POF) must keep records for monitoring and inspecting the implementation of contracts at log landing 2 in collaboration with the POIC.
<i>b. Do policies, laws or regulations stipulate that dates for when resource allocation processes are to be held are made publicly available?</i>	2013: 0 2018: 0	2013: n/a 2018: n/a	2013: 3 2018: 3	No such specific stipulations exist. However, details of auctions are published and these are promoted. The sale of logs from PFAs is through government auction and conducted by a multi-agency bidding committee. Logs may be sold standing prior to harvest or as logs at log landing 2. The royalty value forms the minimum auction price against which bids are made. Participants in the auction must meet specific pre-qualification requirements in order to participate. There is also a stated preference for sales to domestic wood processors.
<i>c. Do policies, laws or regulations stipulate that the results of resource allocation processes are made publicly available e.g. bids and awards for concession allocation and competitions?</i>	2013: 0 2018: 0	2013: n/a 2018: n/a	2013: 1 2018: 1	No such stipulations exist. The results are only available to the relevant authorities. Once the purchase contract is registered, the purchaser must deliver a copy of the contract to the DOF, the DOIC, and the Department of Finance for their management of its implementation. However, the system is paper-based.
<i>d. Do policies, laws or regulations stipulate that up to date summary data is published on harvesting, processing and international trade?</i>	2013: 0 2018: 0	2013: n/a 2018: n/a	2013: 1 2018: 1	No such stipulations exist. This information is mostly paper-based with provinces reporting centrally although this information is often fragmented.

Transparency in resource allocation, management & enforcement	Does policy exist? (0-2)	Quality of design (1-5)	Level of implementation (1-5)	Justification or additional qualitative explanation
15. Do policies, laws or regulations contain provisions designed to ensure transparency in concession use?				
<i>a. Do policies, laws or regulations stipulate that information on location of concessions, ownership and contact details is publicly available?</i>	2013: 0 2018: 0	2013: n/a 2018: n/a	2013: 1 2018: 1	No such stipulations exist
<i>b. Do policies, laws or regulations stipulate that information on concession contracts, inventories and plans are publicly available i.e. long term and annual forest management and harvest plans?</i>	2013: 0 2018: 0	2013: n/a 2018: n/a	2013: 1 2018: 1	No such stipulations exist. It is common for information to be retained in the governors' administration rather than distributed to field-based officials.
<i>c. Do policies, laws or regulations stipulate that results of environmental and social impact assessments and mitigation measures are publicly available?</i>	2013: 2 2018: 2	2013: 2 2018: 2	2013: 1 2018: 2	<p>The law does not stipulate that such assessments are made publicly available. Under Article 74 of the Forestry Law (2007), for the lease or concession of forestland for regenerating forests, planting trees, industrial tree plantations and NTFPs operating in degraded forestland concession or lease holders are required to conduct an environment and social impact assessment with the approval from the concerned authorities.</p> <p>The Decree on Environmental Impact Assessment (EIA) (2010)⁹ mandates consultation with stakeholders who may be affected by the project including local communities. Under this decree, the company or project developer has a duty to prepare an EIA, an environmental management and monitoring plan (EMMP) and a social management and monitoring plan (SMMP). These reports are then discussed at the village level with communities affected by the project. The reports are then revised based on these discussions and disseminated to the community.</p> <p>Further clarification with regard to the roles, responsibilities, obligations and requirements of social and environmental impact assessments are outlined under the following legislation: the Environmental Protection Law (Revised), No. 29/ NA, dated 18 December 2012; the Ministerial Agreement on Endorsement and Promulgation of a List of Investment Projects and Activities Required for Conducting Initial Environmental Examination or Environmental Impact Assessment, No. 8056/MONRE, 17 December 2013; the Ministerial Instruction on Initial Environmental Examination of the Investment Projects and Activities, No. 8029/MONRE, dated 17 December 2013; and the Ministerial Instruction on Environmental and Social Impact Assessment of the Investment Projects and Activities, No. 8030/MONRE, 17 December 2013.</p> <p>To what extent these procedures are followed is difficult to ascertain. However, the government has been reviewing many concessions, enforcing obligations and sometimes revoking concessions or halting the issuance of new ones.</p>

⁹ <https://www.laoofficialgazette.gov.la/kcfinder/upload/files/Environmental%20Protection%20%20Law.pdf>

Transparency in resource allocation, management & enforcement	Does policy exist? (0-2)	Quality of design (1-5)	Level of implementation (1-5)	Justification or additional qualitative explanation
16. Do policies, laws or regulations contain provisions designed to ensure that information on enforcement activities is publicly available?				
<i>a. Do policies, laws or regulations stipulate that data is published on forest crimes including success rates on detection, interdiction, prosecution and conviction including fines levied and fines paid and volumes seized?</i>	2013: 0 2018: 0	2013: n/a 2018: n/a	2013: 1 2018: 2	No such stipulations exist. However, reports are prepared for the National Assembly and are often reported by the media. Some reports are also published, indicating some progress in this area.
<i>b. Do policies, laws and regulations stipulate that information on disposals of confiscated wood or results of public auctions of confiscated wood or other kinds of public bidding are publicly available?</i>	2013: 0 2018: 0	2013: n/a 2018: n/a	2013: n/a 2018: 2	No such stipulations exist. However, media reports of this issue are common, as well as on social media.

Information & data management	Does policy exist? (0-2)	Quality of design (1-5)	Level of implementation (1-5)	Justification or additional qualitative explanation
<p>17. Is there an up-to-date, accurate information management system in place through which relevant government agencies can access data related to forest enforcement and management?</p> <p><i>This information management system could include elements such as forest inventories, remote sensing imagery and harvest permits and licenses, forest management plans, centralized repository of maps, transportation documents and processing licenses and records.</i></p>	<p>2013: 1 2018: 1</p>	<p>2013: 2 2018: 2</p>	<p>2013: 2 2018: 2</p>	<p>No such system exists, however, the DoF in MAF keeps a record of the timber harvest quotas allocated each year including any special quotas. However, this only includes data on the amount of timber that can be harvested from each province and not how much has actually been harvested or where it has come from.</p> <p>There are some tools that support enforcement actions, for example, the DoFI has an information management team and officials use a smart-phone based reporting system that centralizes information and supports analysis.</p> <p>However, many agencies have not developed or implemented such tools, and where they do use them, their use varies in quality and frequency and is often uncoordinated.</p>
<p>18. Is there an up-to-date, accurate information system in place to gather data on employment in the forest sector? <i>(Question added in 2018)</i></p>	<p>2013: - 2018: 0</p>	<p>2013: - 2018: n/a</p>	<p>2013: - 2018: n/a</p>	<p>No such system exists.</p>

Financial management	Does policy exist? (0-2)	Quality of design (1-5)	Level of implementation (1-5)	Justification or additional qualitative explanation
19. Is there an effective financial management system in place for the forest sector?				
<i>a. Does the forest administration have a system for monitoring revenue collected from utilization of forest resources against revenue owed as well as a procedure for investigating discrepancies?</i>	2013: 2 2018: 2	2013: 1 2018: 1	2013: 1 2018: 1	<p>The provincial finance departments must report all revenue collected to the Department of Forestry at the national level, however, this only applies to revenue from timber harvesting – not other forest resources. (The 2019 Forestry Law refers to both timber and NTFPs.) There is little information on whether the information gathered is complete and accurate, furthermore, it is unlikely that discrepancies are investigated even if they were known.</p> <p>Guidance on the calculation of costs, royalties and taxes from different sources is set out in the law. Under Article 4.6 of the Guideline No. 0092/MOF (managing the collection of revenue from the sale of Timber and NTFPs, 2009) 50 per cent of the revenue from the sale of confiscated timber is allocated to the central budget and 50 per cent is allocated to the local budget. Fees from fines are allocated to the local budget after expenses have been deducted. Under Article 3.4 of this same guideline, violators are not permitted to participate in an auction of seized timber. Furthermore, under Article 3.7, the POF must create a record for monitoring and inspecting the implementation of contracts at log landing 2 in collaboration with the POIC.</p>
<i>b. Is there an audit of the forest administration whose findings are publicly available?</i>	2013: 0 2018: 0	2013: n/a 2018: n/a	2013: n/a 2018: n/a	<p>The findings of forest administration audits are not publicly available. The State Audit Organization (SAO) has the mandate of auditing state institutions that manage or use state funds through planned audits, audits by request and spontaneous audits. The SAO has published audit results for various ministries for different periods on its website, most recently in 2015, however, the MAF is not among these ministries.¹⁰</p>
20. Does the country report on its forest sector to the EITI? <i>(Question added in 2018)</i>	2013: - 2018: 0	2013: - 2018: n/a	2013: - 2018: n/a	<p>Lao PDR is not a member of EITI and does not report on its forest sector.</p>

¹⁰ The SAO website was offline in late 2019.

Rule of Law

Checks and balances	Does policy exist? (0-2)	Quality of design (1-5)	Level of implementation (1-5)	Justification or additional qualitative explanation
21. Are mechanisms (checks and balances) in place to ensure government fully applies forest law and regulations?				
<i>a. Does the law make provisions for protecting the rights of the public to mount legal challenges against forest management decisions/practices and failure by the government to apply forest law?</i>	2013: 0 2018: 1		2013: n/a 2018: 2	There have been some improvements in this area although the legal system is not readily available to individuals. The National Assembly now provides a hotline for reporting discriminatory or unfair policy decisions and these are followed up. There are also provisions for the establishment of Village Mediation Committees and management plans with 32 village management plans already approved.
<i>b. Does the law stipulate penalties for staff for corruption?</i>	2013: 2 2018: 2	2013: 3 2018: 3	2013: 2 2018: 3	<p>Corruption in the forestry sector in Lao PDR is widespread.</p> <p>Maximum penalties for corruption are moderately dissuasive with the worst cases penalized by demotion or loss of position. The punitive measures do not seem proportionate to the offences and there is little information on how effectively the law is implemented although there have been a handful of public cases of demotion or loss of position due to corruption.</p> <p>The government is taking action to tackle corruption and illegal logging. The State Inspection and Anti-Corruption Authority has the mandate to prevent and counter corruption and operates under the authority of the Law on Anti-Corruption (No.03/NA 2005) which also defines principles, rules and measures that can be taken. This authority has demonstrated an enhanced capacity to tackle corruption and illegal logging and is directly supported by the prime minister whose policies are directed at reigning in corruption. In July 2017, state inspection authorities seized more than 24 trucks after they were found to be carrying illegally harvested timber, reportedly owned by the wife of the governor of Attapeu province, that was intended for sale across the border in Vietnam.¹¹ In addition, since the first half of 2017, two governors have been dismissed for their involvement in illegal logging. However, they were not prosecuted and have been re-posted to other positions within the government.</p> <p>Lao PDR remains low on Transparency International's Corruption Perception Index: in 2017 it dropped to 135 (out of 180 countries/territories) from 123 in 2016 (out of 176 countries and territories).</p>
<i>c. Does the law include clear limits to the power of forest ministers or equivalent or other senior government officials to override forest-related laws, regulations and procedures e.g. concession allocation procedures? Does the law limit discretionary powers?</i>	2013: 1 2018: 1		2013: 3 2018: 3	<p>The law does not include clear limits. For example, special forest quotas are allowed to be allocated in any given year as needed.</p> <p>The Forestry Law (2007) does give broad authority for government agencies to approve concessions although there are some checks on these powers. For example, the conversion of protection forest to conservation forest or production forest, or the conversion of conservation forest to production forest, requires approval from the National Assembly's Standing Committee based on proposals made by the government (i.e. MAF). The National Assembly must also approve annual logging plans for PFAs based on proposals made by the government and approve the conversion of degraded forests (15,000 hectares and more) that are under concessions.</p>
<i>d. Does a parliamentary committee, or equivalent, have formal oversight over the national government forest service and associated agencies?</i>	2013: 0 2018: 1	2013: n/a 2018: 2	2013: n/a 2018: 2	<p>The National Assembly reviews ministerial activities and there are also processes in place for government agencies to report to the National Assembly.</p> <p>Since 2013, the National Assembly has transformed from a 'rubber stamp' institute to one that has an effective role of review and has directly influenced policy change providing a level of accountability for officials. It is difficult to assess how significant this change is and how broad National Assembly Committee Members' powers and influence are. However, ministers do generally respond when a committee member requests an explanation or action on these issues.</p>

¹¹ <https://www.rfa.org/english/news/laos/logging-06282017155220.html>

Checks and balances	Does policy exist? (0-2)	Quality of design (1-5)	Level of implementation (1-5)	Justification or additional qualitative explanation
<i>e. Is there a system in place through which relevant government departments and agencies carry out self-monitoring of their performance and internal corruption investigation. (This could be carried out by an internal or external inspectorate which includes making the findings public.)</i>	2013: 0 2018: 2	2013: n/a 2018: 3	2013: n/a 2018: 2	The government Inspection and Anti-Corruption Authority can carry out investigations of government agencies when there is robust information that corruption exists. There are now processes in place for financial auditing with each ministry having an independent 'State Inspection' section responsible for monitoring and investigating illegal or corrupt practices. These sections have been particularly active under the current prime minister Thongloun Sisoulith and their actions are both investigative and responsive. ¹²
<i>f. Is there an independent national forest monitoring system in place?</i>	2013: 0 2018: 0	2013: n/a 2018: n/a	2013: n/a 2018: n/a	The forest monitoring system in Lao PDR is the responsibility of the Forest Inspection Department (DoFI) (part of the MAF) and cannot be considered independent. However, it is notable that while the DoFI is under the MAF, it does act independently of the DoF with regular conflicts as their enforcement actions often expose failings by forestry officials within the DoF. A National Forest Monitoring System is being developed in the context of the REDD+ program but is not yet operational. There is little information on the design of the system for monitoring illegal logging but the Lao PDR Emission Reductions Program Document (ERPD) states that the system will use remote sensing satellites, field-based monitoring and law enforcement. Some activities are underway and training manuals and equipment have been provided to a number of stakeholders.
22. Is customs specifically mandated to check that timber consignments meet the country's forestry-specific legal export requirements?	2013: 2 2018: 2		2013: 2 2018: 3	Customs are mandated to check whether timber exports have the proper legal documentation and are also required to issue a notification that the timber is permitted for export according to No. 1324/CD (2010). While customs do implement this mandate, there are known cases of corruption at the border. PMO 15 was introduced in part to tackle this type of corruption and mandates that all checkpoints along the border are prohibited to approve or facilitate the export of logs and timber from natural forests. Following the dismissal of all customs staff in one province, there is now greater diligence on this issue. The issuing of PMO 5 in May 2018 also directs agencies to enforce CITES provisions.

¹² See for example: <https://jclao.com/1285-people-involved-in-corruption-with-999-billion-kip-lost/>

Timber tracking & chain of custody	Does policy exist? (0-2)	Quality of design (1-5)	Level of implementation (1-5)	Justification or additional qualitative explanation
23. Are there effective mechanisms in place to detect instances of illegal timber entering the supply chain?				
<i>a. Is there a system in place designed to verify the origin of timber i.e. forest management unit in transport, transfer and delivery?</i>	2013: 1 2018: 1	2013: 1 2018: 1	2013: 1 2018: 1	<p>There is no system specifically designed to verify the origin of timber.</p> <p>There is a system in place for the valuation of fee payments, royalties and taxes and there are a number of requirements for transporting timber within the country and across the borders. Under Articles 19 and 21 of MAF Regulation No. 0112/2008, forestry officers supervising logging activities in logging zones are required to record information at log landing 1 including the species, number of trees, number of logs and the log markings which indicate the logging site. This information is used as a transport document to transfer the logs to log landing 2 where all logs are measured and graded by the Provincial Agriculture and Forestry Office (PAFO) and the District Agriculture and Forestry Office (DAFO) under Forestry Law (2007) Article 21.</p> <p>To transfer logs from log landing 2, a log transport permit is required and issued by the PAFO. Logs are marked with a hammer-stamp with different markings for domestic use and for export. The responsibility for issuing log transport permits has been transferred between agencies several times which has caused uncertainty amongst stakeholders.</p> <p>Logs and other wood products must be transported on pre-determined routes with weighing stations and can only be transported during certain seasons and at certain times. Declarations are also required at prescribed checkpoints. Each timber consignment must have the following documentation issued by the relevant authority: sales contract, calculation of royalties registered by the Ministry of Finance, receipt of sale and collection of revenue by the Ministry of Finance and permit to remove the timber from log landing 2 and transport permits, both from the PAFO.</p> <p>However, these processes are paper-based with no provision for centralizing the information or sharing access between agencies and provinces. Reports suggest that implementation of these regulations is weak.¹³</p>
<i>b. Does the system design include the following components?</i>	2013: 0 2018: 0	2013: n/a 2018: n/a	2013: n/a 2018: n/a	
<i>i. Independent monitoring procedures by independent government body or third party?</i>	2013: 0 2018: 0	2013: n/a 2018: n/a	2013: n/a 2018: n/a	<p>The monitoring agency, the DoFI, established under the MAF in 2007, has a mandate to inspect and investigate across all parts of the timber supply chain from forest areas (standing and log landings 1,2 and 3), to export points (with officers stationed at key border crossings). The DoFI is not independent as it is part of the MAF. However, it does have the mandate to make inspections and report on the findings, regardless of which government body it is inspecting. It is independent to the extent that it has an independent reporting system.</p> <p>The DoFI is mandated to prevent, detect and reduce forest and wildlife crime across all forest areas, resources and supply chains. However, it does not include monitoring timber sourcing in the supply chain. At log landing 2, department staff inspect inventory materials and perform reconciliation checks of harvested timber with inventory materials. At the facility, each log is marked with special chalk and paint and the information recorded on them includes place of harvest, species and the facility for storage. The staff are also in charge of scheduled and unscheduled inspections of timber processors where they assess the incoming and outgoing information about the log and review the composition of raw materials and supporting documents. However, reports suggest this is not usually practised.</p>
<i>ii. Reconciliation systems</i>	2013: 0 2018: 0	2013: n/a 2018: n/a	2013: n/a 2018: n/a	No such reconciliation systems exist.

¹³ See for example: Fern, 2016, Improving forest governance in Laos. Briefing note, November 2016. <https://loggingoff.info/wp-content/uploads/2017/11/Improving-forest-governance-in-Laos.pdf>

Timber tracking & chain of custody	Does policy exist? (0-2)	Quality of design (1-5)	Level of implementation (1-5)	Justification or additional qualitative explanation
<i>iii. Tamper-resistant documentation procedures</i>	2013: 0 2018: 0	2013: n/a 2018: n/a	2013: n/a 2018: n/a	No such procedures exist. Paper-based documentation is used and there is no evidence that this is tamper-resistant.
<i>iv. Computerized systems</i>	2013: 0 2018: 0	2013: n/a 2018: n/a	2013: n/a 2018: n/a	No such systems are used.
<i>c. Does the system also cover timber for the domestic market as compared to systems explicitly targeting exports? (Question added in 2018)</i>	2013: 0 2018: 0	2013: n/a 2018: n/a	2013: n/a 2018: n/a	No such system is in place.

Law enforcement	Does policy exist? (0-2)	Quality of design (1-5)	Level of implementation (1-5)	Justification or additional qualitative explanation
24. Do policies, laws, regulations and procedures facilitate and promote effective law enforcement?				
<i>a. Are penalties and sanctions against illegal logging and forest-related crime proportionate and dissuasive?</i>				
<i>i. For legislation on domestic production and trade</i>	2013: 2 2018: 2	2013: 2 2018: 2	2013: 3 2018: 3	<p>Penalties do not seem to be entirely proportionate and dissuasive. Under Article 127 of the Forestry Law (2007), illegal logging is punishable as per Articles 139 and 143 of the new Penal Code (No. 13/2017), enacted in 2018¹⁴, which prescribes a punishment of three months to one year imprisonment and, in cases where substantial damage is caused, there is a penalty of one to five years' imprisonment as well as the imposition of fines. However, since most timber comes from conversion areas with a high risk of illegality it would appear that the penalties are not sufficiently dissuasive to curb this. The reduction in logging (legal or illegal) appears to be more as a result of moratoria, restrictions on movement from log landing 1 to 2 and the enforced export ban than due to the penalties.</p> <p>Based upon evidence from the media, fines have been given in a number of cases. In 2016, 45,300 m3 of illegal timber was seized and USD \$ 500,000 of fines were issued.¹⁵</p>
<i>ii. For legislation to prevent the import of illegal timber if in place</i>	2013: - 2018: 4	2013: - 2018: 4	2013: - 2018: 2	<p>PMO 15 does not specify penalties for non-compliance with the provisions on the import of illegal timber. On the other hand, Articles 311 and 312 of the 2017 Penal Code provide clear penalties for illegally importing, selling, transporting and manufacturing products from illegal timber and prohibited goods. (Timber that requires a certificate is a prohibited good in the absence of such a certificate).</p> <p>Under Article 311 of the Penal Code, any person who breaches the regulations on forest exploitation and protection by illegally exploiting, exploring, transporting or trading wood, timber, sawnwood or processed wood shall be punished with six months to two years' imprisonment and shall be fined from 10 to 50 million KIP. Where such an offence is performed on a regular basis, as part of an organized group or causes serious damages, the offender shall be punished with one to five years imprisonment and shall be fined from 50 to 100 million KIP. Other punishments for forestry-related crimes prescribed under the code also seem proportionate.</p> <p>The crack down on illegal timber reported in the media indicates implementation of the relevant laws. However, it is not yet clear if the new punishments prescribed in the amended Penal Code will be sufficiently enforced by the courts given that corruption risks in the judiciary remain.</p>
<i>b. Are there systems in place to ensure coordination between relevant ministries and agencies on illegal logging cases?</i>	2013: 2 2018: 2	2013: 3 2018: 4	2013: 4 2018: 4	<p>PMO 15 assigns the MAF in collaboration with the Ministry of National Defence and other relevant sectors to patrol and monitor high-risk areas including: timber harvesting areas, timber transportation roads, log landings, log warehouses, sawmills, wood processing and furniture factories, other factories using timber as a main source of energy and other relevant locations.</p> <p>Multi-agency investigations are now common and these are formalized under the Laos PDR Wildlife Enforcement Network (Lao-WEN) structures and allow for different agencies to take lead roles depending on the strength of evidence. These arrangements also negate any corrupt influence that may be used to prevent investigations undertaken by a single agency.</p>

¹⁴ https://www.ilo.org/dyn/natlex/natlex4.detail?p_lang=en&p_isn=107516

¹⁵ Bolondi, Arturo. 2019. A Case Study of the Lao PDR Forest Investment Program : SUFORD-SU Project (English). Washington, D.C.: World Bank Group. <http://documents.worldbank.org/curated/en/701081563953173013/SUFORD-SU-Project>

Law enforcement	Does policy exist? (0-2)	Quality of design (1-5)	Level of implementation (1-5)	Justification or additional qualitative explanation
25. Do government institutions and agencies have sufficient capacity and resources to monitor forest areas and detect and suppress forest crime?				
<i>a. Are forest officials/law enforcement staff sufficiently resourced for monitoring and enforcement? (Relevant resources include budgets, numbers of staff, communications, transport, equipment, salaries as well as training in understanding of regulatory framework and knowledge of techniques for monitoring and enforcement.)</i>		2013: 2 2018: 2	2013: n/a 2018: 2	<p>Limited resources are provided to forestry officials and law enforcement staff for monitoring, inspections and enforcement in the sector which in part explains the high level of corruption. While PFAs are prioritized in enforcement budgets, other forest areas that are at high risk of illegal logging are not.</p> <p>The collective skills across government agencies have increased resulting in a higher level of law enforcement activity but there is still room for improvement in terms of their effectiveness and competency.</p> <p>There is a need for improved coordination and collaboration to avoid duplicated effort. Funding for operational activities is insufficient to support effective law enforcement outcomes. In addition, equipment is usually rudimentary, insufficient or poorly maintained. Many vehicles are privately owned with government support only for reimbursement of fuel.</p>
<i>b. Are the following non-forest sector officials who are involved in forest enforcement, trained and kept up to date in relevant forest sector issues?</i>				
<i>i. Judges and prosecutors</i>	2013: 1 2018: 2			While judges are not specifically trained, there has been some work in engaging with, and training, public prosecutors who now actively support investigations and prosecutions.
<i>ii. Customs officials</i>	2013: 1 2018: 1			There are some capacity development programmes for customs officials but their focus is not on timber-related topics.
26. Do government agencies systematically use appropriate information gathering tools in order to identify illegal activities?				
<i>a. Are remote sensing systems used for this purpose such as satellite imagery and/or aerial surveillance?</i>			2013: 1 2018: 1	Such systems are being developed including trials and training to improve skills and capacity in this area, however, these are not systematic.
<i>b. Are in-the-field investigatory tools used for this purpose such as confidential diagnostic surveys, informants and NGOs?</i>			2013: 1 2018: 3	<p>Laos PDR agencies have access to a number of such tools to support enforcement actions. However, their use varies in quality and frequency.</p> <p>DoFI has an information management team and officials use a smart-phone based reporting system that centralizes information and supports analysis.</p>
<i>c. Are material flow analyses used for this purpose such as wood input/output estimates and comparison of import/export data?</i>			2013: 1 2018: 1	There are no such systems in place.
<i>d. Are log tracking and check point systems used for this purpose?</i>			2013: 1 2018: 1	Such systems are being developed within the VPA process and they have been trialled in one province. However, log marking and tracking between log landing sites and harvest sites is only currently used for the purpose of calculating royalties and taxes.