

# **Lao land concessions, development for the people?**

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# Lao land concessions, development for the people?

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On 8 May 2007 Laos' Prime Minister Bouasone Bouphavanh announced a moratorium on the granting of new land concessions of over 100ha. The moratorium is meant to give the government time to review its policies in granting large-scale concessions and to address the shortcomings of its previous land management strategy.

This paper aims to provide policy makers with an analysis of information recently gathered in Laos concerning land concessions, hoping to assist them in their decision making. Part 1 attempts an overview of several aspects of granting land concessions in Laos. Part 2 offers a discussion of these different sides of the issues, while part 3 tries to formulate some conclusions and recommendations. Though this paper uses information gathered for research carried out by CIDSE-Laos for the Lao INGO network<sup>1</sup>, the conclusions and opinions expressed below are those of the author only. They do not necessarily represent conclusions or opinions held by CIDSE-Laos and/or the Lao INGO network.

## Executive summary

In May 2007 Laos' Prime Minister Bouasone Bouphavanh announced a moratorium on the granting of new land concessions in order to give government time to review the existing policies and improve perceived weaknesses. Such a critical review is very welcome. However, most problems seem to be caused not as much by deficient rules as by incorrect implementation of the policies and laws.

Reasons for inadequate implementations of laws and polices are found in a lack of capacity within relevant State institutions and a perceived lack of incentives to correctly implement said rules and regulations by mainly local authorities. A complicating factor is the perceived usefulness of granting land concessions to achieve goals in other stated government policies : eradicating shifting cultivation and relocation of certain categories of settlements of mainly ethnic minority groups. Improving rules alone will therefore not be enough to realize the objectives of the policies; ensuring correct implementation of the agreed rules is essential.

Through granting land concessions, hundreds of thousands of ha of land have been alienated from local communities : they have lost the land, or access to the land, or the right to use it. This has had a negative impact on the livelihoods of especially the poorest communities and the poorest within communities, and it is hampering the government's efforts to reach the Millennium Development Goals and escape Least Developed Nation status by 2020.

Whilst reviewing the land concession policies and regulations, Lao authorities are encouraged to specifically consider the negative impact land concessions have on community livelihoods, and hence the government's stated goals for development in Laos. It is urged to also closely examine alternative policies that may better achieve the stated objectives without having the negative impact associated with land concessions policies not properly applied.

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<sup>1</sup> See : Dwyer, M. (forthcoming). "Turning land into capital -- A review of land concessions research in Lao PDR for the Lao INGO Network."

# Part 1 : Problem Analysis

## Introduction

Laos is one of the poorest countries in SE Asia and counted amongst the Least Developed Countries (LDC). Laos is also one of the neighbourhood's smallest countries population-wise, with about 6 mln. inhabitants. In most poverty rankings it comes above neighbouring Myanmar, but below Cambodia, and way below big neighbours China, Vietnam and Thailand. The Lao government has adopted an action plan to escape LDC status and reach Millennium Development Goals by 2020.

Though incidence of "financial" poverty is high, the population still living in rural settings (about 80%) often still has access to forests, mountains and rivers where villagers fish, hunt and gather food in addition to agricultural production.

One main constraint in developing the country lies in low internal revenues, which provides the authorities with inadequate means to implement policies<sup>2</sup>. This results in a rather weak government, with national authorities having limited possibilities to financially support provincial authorities, which at times have to generate income themselves as best as they can.

A weak central government coupled with insufficient central budgets foster an environment that is plagued by endemic corruption. In spite of government policies (e.g. Law on Corruption, dated 19 May 2005) and campaigns (e.g. in VT of 1 February 2007) to stamp out corruption and nepotism, corrupt practices still frustrate or hamper many attempts at developing living standards for all Lao citizens<sup>3</sup>.

On the 2006 Transparency International corruption ratings list, Laos shares a 111<sup>th</sup> place with neighbour Vietnam (out of 163), but scores better than Myanmar (160) and Cambodia (151). Thailand rates 63, China 70

The Lao government finds itself in a situation described as rich in resources but poor in means, and it is looking increasingly towards its richness in resources to provide the means to further develop the country.

In this, Laos faces a "chicken and egg" dilemma : you need resources to develop resources. Realising this, the Lao Government actively promotes Foreign Direct Investment (FDI) to help develop the country. One of the areas FDI focuses on is natural resources

## 1/ Scope of Land Concessions

Laos' primary forests were the first natural resource to be "developed" systematically. Logging still continues unabated, government policies and regulations to control the activity and protect remaining forests notwithstanding. Tree cover officially still stands at about 40%, but is reducing, with the share of primary forest within the tree cover unclear.

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<sup>2</sup> Low earnings from State land leases and concessions indicate that GoL has not yet fully developed this income source. In 2004-2005, total revenues from state land assets amounted to US\$ 7.2 MLN representing only 0.24% of GDP: Study on State Land Leases and Concessions in Lao P.D.R, Land Policy Study No. 4 under LLTP II

<sup>3</sup> See for example VT 7, the article describes the setting up of a taskforce in the wake of a public scandal over government official's involvement in corruption relating to timber.

Secondly, from the 1990s onwards, there was a big surge in the development of hydropower from Laos' many rivers. Dozens of big dams have been built already, or are in construction or in planning stages: the giant Nam Theung 2 dam currently under construction will be the biggest dam in SE Asia. Most of the power generated is sold to Thailand and Vietnam. Sale of electricity stands at about \$100mln/year (2006 WB figures) currently, but is set to increase dramatically once NT2 and other pipeline hydro projects come on line.

The third area that came under development was the mining sector. Some big gold and copper mines started production in recent years, and many more projects are in the pipeline.

One of them is a giant bauxite mining/aluminium smelting proposal on the Boloven Plateau. Mining accounted for 121 mining concessions and for almost 50 % of exports in 2006, up from only about 10% in 2004 (WB figures), and is expected to further increase significantly in the (near) future.

A final area that has started booming is formed by land concessions for plantations of industrial crops. The process started when big international companies started first to buy up existing Lao concessions for eucalyptus and acacia trees for paper production. Soon after, they started gathering new concessions. OJI company alone is said to have a use concession for 50.000 ha and a further survey concession of 150.000 ha by now.

These concessions were followed closely by sometimes very big concessions being granted to international companies for rubber plantations and anything from Jatropha, to sugarcane, oil and coconut palm, cassava, agar wood, etc. This development was reinforced by the spectacular growth of demand for bio fuels<sup>4</sup>.

Industrial crop plantations usually refer to tree crop plantations but sometimes also other crops are included, like cassava and sugar cane.

## **2/ Objectives of granting land concessions**

### **A/ economic objectives**

Laos feels it needs FDI to develop further and faster, and granting land concessions is one way to obtain such FDI. The FDI is expected to help the Lao economy in a number of ways :

- There is direct income for the government, from the revenues received from the contracts (at present it seems income generated stands at about \$6/ha/year).
- Secondly the government sometimes enters in partnerships or joint ventures and expects to share in the profits generated by the companies awarded the concessions, or gives out land concessions as “payment” for projects.
- Thirdly, there are expectations of direct benefits for local communities : improved infrastructure, jobs and wages, compensation for land lost.

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<sup>4</sup> At present the area under crops for bio fuel are estimated at about 50.000 ha, but there are plans to increase this to 2 million ha of “idle” by 2020 according to Phaxchith Sengmany, Deputy Director of the National Council of Sciences of Lao P.D.R in a paper for the Rapid Trade and environment Assessment project.

Revenues raised by the State from land concessions can be ploughed back into developing the country as a whole, and as such will benefit all Lao citizens and communities.

## **B/ policy objectives**

Granting land concessions is seen as a tool to make un- or underutilized land productive. Further more, the practice of handing out (large) land concession ties in with a number of other government policies :

1/ The Lao government has a stated policy to eradicate shifting and rotation cultivation, which it regards as backwards, damaging and underutilizing the capacity of the land. One way to stop shifting cultivation is to give the lands under shifting cultivation in concession to (usually) foreign companies.

2/ The Lao government has a stated policy of resettling small, far-away and isolated villages and hamlets closer to main roads and in larger units and so called “focus areas”. Arguments for this policy include trying to stop poppy cultivation, increasing national security, enabling government to provide services by having people in easily accessible locations and in large enough settlements, and stopping shifting cultivation as mentioned above<sup>5</sup>.

3/ Thirdly, the people most affected by these policies are ethnic minority groups (making up about half of the population of Laos), which are often looked upon as backward and underdeveloped by the dominant ethnic Lao population. The policies mentioned above are also seen as an attempt to bring these people out of their backward situation and give them a chance to develop (“Civilize them”, as a Government official put it in an informal meeting).

Granting (large) land concessions can be seen as supporting all three of these policies : land under concession can no longer be used for swidden cultivation and hence communities relying on swidden cultivation will be pushed to adopt “modern” production methods and/or move to places where they can benefit from government benefits, infrastructure, etc.etc.

Opponents however see these policies as deliberate attempts to destroy the culture and tradition of ethnic minority groups by taking away the natural resources they depend on for their livelihoods, under a hidden agenda of “Lao-fying” the areas concerned.

## **3/ legal aspects of granting land concessions**

A lot can be said about definitions of land concessions appropriate for Lao conditions, but without wanting to go into too much detail, a definition of land concessions would contain at least three elements:

- A. the land in question usually is “State Land”, and falls under the authority of the State
- B. the acreages involved are usually large (as opposite to leases)
- C. the concession involves handing over certain land (use) rights for a certain (usually longish) period for an agreed upon fee and under well defined conditions.

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<sup>5</sup> See for greater detail : Baird, Ian G. and Bruce Shoemaker. 2005. *Aiding or Abetting? Internal Resettlement and International Aid Agencies in the Lao PDR*. Probe International, Toronto, Canada.

## **A/ State Land**

Although in theory the definition for State Land is quite simple, in practice things are not that clear cut. Simplified, there are three categories of land : individually held lands, communal lands (mostly village land) and State land.

The first category includes land with title deeds, but also land with recognized land rights, e.g. because a user has been paying taxes over a certain parcel of land.

The second category includes community land : land used commonly by that community, but also land controlled by a community but given into use to individuals or families.

The big wooden signs erected in many villages in Laos showing a village map give an overview of the communal land belonging to that village, which, to complicate things further, might include private land, communal land and even state land.

The third category includes mostly everything else, from specifically designated land like roads and army facilities to land that is just not covered by other categories. State land might be further categorized into land controlled by local (district) authorities, by provincial authorities or directly by national authorities.

Disagreements (and conflicts) concerning State land often involve lands used by communities for upland cultivation, mostly in shifting cultivation. Communities would claim such land as village lands by user rights and (often) old traditional rights, while the State would qualify such lands as unused or degraded lands, available for land concessions.

## **B/ Large acreages**

Some companies reportedly were granted concessions of 50.000, or 100.000 ha or more. They will always try to get most of that concession in continuous blocks, which is a problem if there happens to be villages in the concession area, and their usually will be. Companies may try to convince communities to cede their land for compensation, or government may decide to designate village land for concessions, or even resettle the village and allocate all of the village land for concession. The problem here mostly lies in the question of State authority over non-State land : The State decides to infringe on recognized individual or communal rights, and has put in place a legal framework to compensate people affected by such decisions<sup>6</sup>. But how is proper implication of this legal framework ensured?

## **C/ handing over land rights/land use rights for a long period.**

Companies about to invest in Laos will want a guarantee that their investment will return a profit, and especially in case of tree planting this means that they will need a long period to recoup their investment. Concessions are typically for thirty years or more, some times up to 99 years. When giving away land rights for such long periods, it should be clear which rights exactly are concerned. For example, will local communities still be able to forage the land for NTFP? What obligations do the concession holders have to keep control of their concessions, e.g. do they need to fence their concessions in to protect it against free ranging animals? And huge concessions seldom can be put cultivated all at the same time, so what rules apply when concessions are not (directly) utilized?

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<sup>6</sup> See also decree 192/PM (7July 2005) on compensation and resettlement of the development project and the regulations on it, printed in 2006 by STEA

And, importantly, under what conditions do concession holders have a right to transfer their concession to others : loose regulations or practices can lead to land speculation. Other concerns are about what will happen when concession holders do not fulfil their obligations?<sup>7</sup>

A further legal issue are the criteria the State employs for deciding which land is suitable for what specific industrial crops, if any at all, and how this is regulated, who are the watchdogs looking after correct implementation of rules and regulations, and what grievance redress mechanisms are in place.

#### **4/ Impact of Land concessions on local communities**

The impact of the land concessions on local communities is firstly decided by its scale and continuing expansion : if all plans and proposals reported in the Vientiane Times over the past 18 months have become reality, to date well over 1 million ha of land (about 4 % of Laos' land area) must be given out in concessions.

Secondly, the impact of land concessions on local communities is defined by what it exactly means for those communities. One extreme of the spectre is formed by individuals and communities that actually lose all of their land and are being resettled elsewhere. At the other extreme are individuals that “only” lose access to State lands outside their own private or communal lands. In between are most affected people, who lose part of their private or communal lands, usually as well as access to (some) State land<sup>8</sup>.

Overall, large numbers of people have lost access to (some of) the entire spectrum of livelihood resources: upland rice, grazing land, NTFPs, wildlife, construction materials, traditional medicines. There are implications for food security, income, cultural practices, social relations and spiritual health. What we are seeing might be called a transformation of historical significance, one that is creating poverty as often - or more often - than it is alleviating it.

Thirdly, the impact of land concessions can be measured in benefits it brings to communities, local economies, concession holders and the State. Benefits for local communities often mentioned include jobs and wages for local people, improved infrastructure that also benefits local communities and compensation given to local communities for their lands. Activities initiated by concession holders are also expected to stimulate local economies by using un- and underused natural resources more productively and by pumping money into local economies.

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<sup>7</sup> At the RECOFTC conference in Bangkok in September 2007, Dr. Parisak, Director General at the Lao MOFA explained that even though initially often very large land concessions had been granted, the actual implementation of the concessions in practice often involved much smaller acreages.

<sup>8</sup> See also e.g : Barney, Keith 2007. Power, progress & impoverishment: Plantations, Hydropower, Ecological Change and Community Transformation in Hinboun District, Lao PDR: A field report

#### Case study 1

K. Barney quotes a Village Headman in a case study in his presentation : "Land concessions in Mekong Countries" as saying : When clearing the land, the company cut down all the trees. Then the Government officials came and took away all the good trees. There was nothing we could do

#### Case study 2

During a recent field trip to Atsaphone District in Savannaketh province, the author spend half a day driving around part of CIDSE-Laos' project area and encountered two sites where rubber was being planted, reported to measure 3500 ha together, as well an area being cleared for sugar cane, said to be part of a 1500 ha plot, and an area cleared for Jatropha plantation, said to be also going to be 1500 ha. This is 6500 ha being cleared and planted (during the moratorium..) out of the about 150.000 ha of land the district has (just over 4%). Most of it seemed to have been mature forest (although also some paddy lands were reportedly taken) and it is unclear what other plantations might be in progress or planning in the district...

## Part 2 : Discussion

### 1/ Scope of Land Concessions

The problems surrounding land concessions were becoming increasingly clear, but it was the actual scope and exponential growth of the problem that galvanised the government into calling a moratorium. Most vocal in this was the newly established National Land Management Authority, which mandate it is to handle all land management issues.

The organisation is new, small and has few resources. It was rather overwhelmed by the developments in land concessions, especially since existing regulations were neither very clear nor generally being followed. Furthermore it was not clear how responsibilities were to be shared with the Ministry of Agriculture and Forestry and other authorities who in many cases were signing off on land concession contracts.

Officially, the power of provinces to authorise State land leases and concession contracts is limited to up to 100 ha of State forest land (districts < 3 ha), while GoL (MAF) has the authority to approve up to 10,000 ha. An area exceeding 10,000 ha goes to the National Assembly for approval. These regulations however seem to be largely ignored, with some concessions of thousands of ha granted by provincial authorities. These authorities can not be expected to support strict implementation of the rules if that means that authority over, and benefits from, large land concessions will be taken out of their hands and managed by authorities at national level<sup>9</sup>.

Large scale flouting of the rules was one of the reasons why the NLMA pushed for a moratorium<sup>10</sup>. In an interview in the Vientiane Times, April 9th 2007 (page 3), NLMA officials State that they expect that in the new decree the authority to grant concessions between 100 and 10.000 ha will be given to the NLMA. The problem here is where as MAF has plenty staff at national, provincial and district levels, NLMA has only a few at National level. So who is going to ensure implementation of the new decree, seeing that already the old one was not being implemented?

More concern was voiced by senior government officials about the fact that very little of the income supposedly generated by land concessions actually ended up in State coffers. This also points to a failure to correctly implement existing rules, more than to a lack of rules.

Finally there was a growing stream of reports of negative impacts of land concessions, and the Prime Minister quoted an example where a land concession for a coconut plantation was used as a front to log primary forest on concession lands. That was also when it became clear at the highest levels that the nature of the problem was simultaneously social, economical and ecological<sup>11</sup>, and that existing legislation and policies were inadequate and behind developments in the field. Therefore a moratorium was called to give concerned authorities a chance to catch up. However, so far the GoL has not announced any steps to improve the implementation of policies and rules and regulations.

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<sup>9</sup> “Too restrictive ceilings like the rule on permissible land size for leases and concessions induce provinces to exceed their powers”, conclusion in : GTZ: (Schumann et al) 2006 Land policy Study 4: Study on State Land Leases and Concessions in Lao P.D.R, under LLTP II

<sup>10</sup> Dr. Parisak explained at the RECOFT Conference in September 2007 how Provincial Authorities had managed to circumvent the rules for granting land concessions by –incorrectly- referring to the Investment Law which states that provinces are allowed to sign contracts with foreign companies for up to 4 million dollars.

<sup>11</sup> See also the VT article : Discussions over rubber dispute to continue in Champassak. 10 May.

Further concerns were voiced during the workshop on tree plantations organized by MAF and NLMA in February 2007<sup>12</sup> : government officials were asking where future generations of Lao citizens were to live and work when at present such huge amounts of land were being handed over to foreign companies for such long periods. Specific concern was voiced over fertile lands suitable for (small holder) agriculture that are being signed away for very long periods.

There were also worries from Lao entrepreneurs who felt being left out because the concessions are mainly being given to foreign companies using FDI. Lao companies felt they could not compete in this sector now, and would not be able to compete in future if all land was given out to foreigners already..

All in all, one may conclude there was a general feeling that the explosive growth in the granting of land concessions was quickly getting out of control, with increasingly negative impact reported on local communities and not enough revenue being raised for (central) government. This feeling was strong enough to accomplish the calling of a (temporary) moratorium on the granting of further large scale land concessions

## **2/ Objectives of granting land concessions**

### **A/ economic objectives**

One reason for calling a moratorium, cropping up in almost every discussion on land concessions, is finance. State revenues from land concessions for industrial crops are almost always disappointing. One reason is the very low average price of \$6 per ha/year being generally charged. This compares to prices of reportedly around \$20/ha/year in Vietnam and up to \$50/ha/year in China. The land being so cheap, and considering the big demand for raw products in the booming economies surrounding Laos, it is no wonder there is a huge demand for land concessions from international investors.

The prices charged for land concessions are now under review, with ideas for a tiered system likely to be incorporated : high quality soils with good water and infrastructure and access would be a much more expensive class of concession than poor soils in inaccessible places (Dr Parisak explained that instead of the range from \$1-10/ha in place now, prices of up to \$100,-/ha for prime locations were being considered).

The low prices commanded for land however is just one of the reasons for low State income. Others include massive tax holidays etc. granted to companies to entice them to invest, failure to collect land leases due, and failure by local authorities to send revenues collected to national level.<sup>13</sup> Other problems mentioned are imprecise contracts, granting of too big concessions that companies cannot manage, and cancellations of contracts by investors.

Another reason why projected income for the government is seldom realized is that investors keen to obtain big land concessions produce plans involving huge amounts of investments,

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<sup>12</sup> See :Workshop Notes on Land Use for Commercial Tree Plantations, Feb 2007, Paulo N. Pasicolan

<sup>13</sup> See also : GTZ (Chanthasay et al.) 2005. Land policy study 2: Land markets in urban and rural areas of Lao P.D.R

which in practice rarely materialize once the concessions have been granted. This is another problem resulting from the State not being able to closely monitor contractual obligations.

All this leads to the conclusion that even if government raises the lease prices, this by itself will not necessarily increase realized revenue from concessions: contracts need to be universal and legally proof, with financial guarantees from the contractors that they will pay up, contracts need to be enforced properly, and the revenues collected need to be forward to national level. Government also should better control the granting of tax exemptions for e.g. importing machineries and other fiscal incentives which can lead to losses of income elsewhere.

However, as mentioned above, the biggest weakness lays not so much in inadequate regulations as in not correctly implementing those rules and regulations. The government will need to put in sufficient resources in enforcing its policies in order to guarantee the flow of revenue it would like to see. Local authorities will not want to invest its own scarce resources in drumming up income for the national government, so national government will have to make these resources available itself. This seems not yet to be the case at present.

Another problem is formed by joint ventures or other partnerships between the State, State controlled institutions and organisations or State endorsed individuals and foreign companies. Land concessions granted under these conditions are even more prone to direct revenues not being paid or not being paid sufficiently, because the State-related parties now have a direct interest in maximizing profits of the company, rather than paying correct fees to the State. Also it is much more difficult to ensure that profits realized flow into State coffers.

Provincial authorities are encouraged by the authorities at national level to seek their own income to supplement revenues received from State coffers. Provinces may be forced to use income from land concessions to finance their running costs (e.g. make up for payroll deficiencies), and thus have a direct financial interest in granting land concessions.

Similarly, land concessions given out in “payment” for projects (like 1000 ha of land close to Vientiane reportedly granted as payment for the construction of a National Stadium for the next ASEAN games) are unlikely to raise revenue apart from the direct contracted project. Often the direct gains realized (the stadium) do not compare favourably with future income from the land now forfeited: the price for projects paid by government in this kind of construction often is very high.

Generally speaking the economic objectives of granting (large) land concessions so far have been disappointing for (central) government, and this was on of the reasons to call a moratorium and review procedures.

Benefits for local communities are dealt with in the section on impact on local communities.

## **B/ policy objectives**

It is important to note that the government of Laos, just as many supporting partner organisations concerned with macro-economical developments, tends to believe that all resources should be developed for national advantage. The focus is firmly on developing “national interests”. Where land concessions for industrial crops are concerned, it is

important to note that it is the Ministry of Forestry and Agriculture is in charge. As most Forestry Ministries the world all over, MOFA's mental framework is about logging (of state forests) primarily, not about people, even though in the end all is done in the name of developing the country, and its people.

Where the interests of local communities are negatively affected by those developments, this often is seen as a technical, and minor, detail to be addressed by mechanisms to award adequate compensation. "Social" projects like SUFORD are still working within this logging mindset, even though their aim is to target the improvement of community livelihoods.

There is also an underlying assumption that most of the land at present is un-or under utilized and that traditional land management systems like rotational cropping and fallow cultivation are "backward". There is also little recognition of the fact that development works better if local communities have a say themselves in the development of their own resources.

Another assumption is that land concessions for "modern" industrial plantation crops will make the land more productive, generating more benefits for local population and more income for the State which will use it to further develop all of the country for all Lao citizens. These assumptions are not generally shared, but discussion whether all (or any) of these assumptions are justified lies outside the scope of this paper. However, the assumption that granting of land concessions would promote "development" as foreseen depends a lot on land concessions actually generating sufficient revenues for the State, for the companies, and for the local economies. Above we already saw that one reason for calling a moratorium was the realization that this was not happening: the existing policy is under review because there was not enough rise in productivity from these lands as translated into income for the government.

The policy has definitely failed to make these lands more profitable for local communities, since they now no longer have access to this resource.

Whether the policy has resulted in higher productivity for the companies concerned in any legal way (there are documented cases where concessions were just a front to log the land, after which the companies left<sup>14</sup>) remains to be seen : most bona fide plantations are still just starting and returns from their investments will come only after some years.

Experience from the past, in Laos and elsewhere, however do not always show good results : from 1993 to 2003, the ADB ran a US\$11.2 million Industrial Tree Plantation Project in Laos. According to the ADB's project completion report, the project was "unsuccessful" and the ADB's performance was "unsatisfactory". The project created and increased poverty and indebtedness. It replaced forests important to the livelihoods of local communities with eucalyptus plantations that then failed. Loan funds went missing and the Bank is investing allegations of corruption.<sup>15</sup>

The policy not did only generate inadequate revenue from land concessions, it also failed to make "un-or under utilized lands" more productive : many reports shows that much of the land allocated in concessions is not the un- or underutilized lands land that the policies target

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<sup>14</sup> See also : Hunt, Glenn 2006. Large scale plantations in Pakkading district: Report from a visit to Pakkading Integrated Rural Development Project, 23 March

<sup>15</sup> See also : The expansion of industrial tree plantations in Cambodia and Laos, By Chris Lang. Published in : Focus Asien, December 2006.

for plantations. There seems to be some confusion about the criteria themselves, but at least it is sure that agricultural lands, primary forests, watersheds and other protected areas were not eligible to be given out in concessions for industrial crops.

“Previously, once an agreement was signed for industrial tree plantations, investors would start cutting down trees straight away, but this was something that had to change”, The Prime Minister, Mr Bouasone, said when announcing the moratorium. Officials should first carry out proper surveys to determine how many hectares of the land were owned by locals, or lay in protected or watershed areas, and report the findings to the government for consideration. "We should consider the value of natural forests in balance with the value of plantations," he said. "This is something we need to look at more in developing our strategy." He also stated that "We also need to start calculating in detail how much villagers will actually earn from (rubber) plantations."

In a VT interview of 2 august 2007 the Director-General of the Policy and Inspection Department of the NLMA states that tree plantation projects would only be approved on bare or tree-less lands or lands where forest could not regenerate on its own account. Dr. Parisak at the RECOFTC conference explained that the land concessions policy for industrial trees had been aimed at the denuded uplands in the North of the country. The explosive, and unintended implementation of the policy in the forests in the South of the country had taken the GoL by surprise.

The Permanent Secretary of the Prime Minister Office reminded in an announcement # 1373 dated September 8, 2006 and addressed to Ministers and Governors that Forest Law stipulates that “Plantation is allowed in area of degraded forest, empty land, bare hills and the area that allowed exporting trees which is not planned to use in other purposes” and that “land approval for the commodity plantation promotion must be based mainly on the private land. Investors must make contracts with the people”.

The ministry of Forestry and Agriculture has a plan to increase forest cover from 40% now to 70% in 2020, involving planting over 1 million ha of bare land with industrial tree crops, also indicating that plantation are seen by policy makers as a tool to reforest treeless lands.

Still, many reports indicate that villager’s paddy fields, village primary forests and tree plantations as well as spirit forests and secondary forest (long-fallowed land in shifting cultivation) have been taken for plantations. As NLMA Minister Kham Ouane Bhoupaha put it at the NLMA- and MAF-sponsored Tree Plantation Workshop in February 2007, land concessions deserve special scrutiny because they so often “cover” villagers’ lands.

Government officials mention in many reports, interviews, policies and statements that the well being of local communities should be at the heart of any government policy, that the interests of local communities should always be protected, and that damage to these interests always should be compensated. There are plenty of rules in place to avoid causing damage or compensating unavoidable damage, but as mentioned before, they are not being implemented, or in some cases they are in conflict with other rules.

For example, Decree 192 and its explanation mention that reports like Initial Social Assessment/Land and Asset Acquisition assessment; Social Impact Assessment, and Ethnic Minority Development Plan amongst others (for projects that involve relocation of people) must be presented with applications for land concessions.

However, the President of the CPI declared in an interview in the VT of July 26, 2007, on one-stop service, that in future companies would get a decision on their application within 15 days, or within 60 days if it involved relocation of people. However, Dr Parisak explained that the MOFA will push for a more realistic period of 3 to 6 months in cases where relocation of people/communities is involved.

Reports on plantations on State lands (contested or not), show many instances where the tree plantation story was just a cover for logging (primary) forests on the concession lands, with the company involved folding up as soon as all trees are harvested and sold, sometimes leaving heavy logging equipment behind on site (as well presumably as unpaid bills to the government). Pictures of an example of one of these cases prompted the prime Minister to finally call the moratorium.

The NLMA wants to further refine existing rules, grading each land concession for suitability against a Land Use Planning classification based on soil types, vegetation, watershed, etc etc. Concession will only be allowed to plant industrial crops deemed suitable for that particular parcel of land and only if it is not prohibited by other land use qualifications.

This is a good development, but lack of regulations did not seem to be the main problem with concessions : it is the ineffectiveness of authorities in implementing stated policies that caused much of the turmoil that led to the calling of the moratorium. So far there have been no clear signs that these deficiencies within the State apparatus are being addressed on an adequate scale.

It is very likely that demand for land concessions would drop considerably if existing and proposed regulations about which type of lands are allowable for which tree plantations would be strictly enforced. Bona fide companies are looking for the best possible quality land for planting their crops, and would not be interested in the worst quality that can no longer support forest cover on its own account. And “predator” companies are mainly interested in logging, (or in speculation with land rights), so they will not pay for concessions that don't offer them these opportunities.

There is a further complication on the policy level, since granting land concessions seems to be seen as an effective tool in supporting other policies, like stamping out shifting cultivation, resettlement of “unviable” villages and breaking ethnic minorities out of their traditional surroundings. In combination with the direct income and benefits concessions provide especially at provincial and district levels, many local authorities still see many short term advantages in granting land concessions and do not show great political will to enforce the moratorium or support strict controls on the granting of land concessions.

So coupled to a general lack of capacity to implement relevant policies, there also seems to be a lack of incentive for some sections of government to implement them.

Whether, or under which conditions, policies of eradicating shifting cultivation, resettlement and breaking minority groups out of their traditional situation, and the use of land concessions in support of those, are conducive to the general development of Laos is a different and more principled discussion all together.

In my view it is a discussion that needs to be conducted urgently and openly by all stakeholders in Lao society. It is hoped that the discussions surrounding the land concessions issues will also take issues around these other policies in account.

One other policy aspect that probably will have a significant impact on land concessions concerns logging in Laos : logging and land concessions influence each other like communicating vessels, with pressure on the logging industry pushing companies into land concessions to continue (illegal) logging, while pressure on land concessions will push people into (illegal) logging. Recently announced tough measures on the logging industry (no more exporting of raw timber) if enforced might well increase the pressure to log on land concessions for industrial crops.

### **3/ legal aspects of granting land concessions**

#### **A/ State Land**

In principle, the answer to many of the problems with the legal aspects of giving out land concessions on (uncontested) State land is probably very straight forward : the criteria in place are pretty stringent already. Further proposals for obligatory environmental and social impact studies are being studied by the NLMA, as well as a system that would ensure classification into appropriate land use types for all land considered for concessions. However, proposals for ensuring proper enforcement of these policies would have to be part of the package for the new policies to become more viable.

With regard to the category of “contested” State lands, land concessions seem to be caught up in a process where in some cases the State is trying to establish control over areas that were not previously acknowledged, or claimed, as State lands, and this ties in with the “subsidiary” policy objectives mentioned above.

The zeal to establish State control over such lands can be seen by in the employment of government officers (e.g. in Savannaketh province), whose sole responsibility it is to identify (and acquire?) suitable land that can be offered to (foreign) companies seeking land concessions. These officers work closely together with their counterparts employed by companies like Oji Paper who search the districts with the same objective<sup>16</sup>.

In their zeal, State officials do not always adhere to the criteria put down in e.g. decree 192, and also acquire lands that do not qualify for land concessions for industrial crop plantations. And neither do they always follow the rule for compensation stipulated in the decree : one District official was recorded saying “you never paid tax for this land, so you have no rights on it” to a village head complaining about village lands, including paddy fields, being destroyed for rubber plantations (in a CIDSE-Laos case study on rubber plantations in Atsaphone district).

The Director of the Champassak Agriculture and Forestry department, Mr. Vilakone Volasan, interviewed in the VT accepted that concessions had taken over local production areas. He

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<sup>16</sup> See also Hunt, Glenn 2005. SSNC BGA plantation visit Khammouane: Field report 4 April

also accepted that “there will be some problems with villagers initially, but if we do not change today from local production to industrial production, when will we do it?”<sup>17</sup>

Still, if also in the cases of contested State lands regulations would be strictly implemented and if also contract conditions are tightened, there will be no more incentives for predatory companies to take out concessions : when they no longer are given concessions with trees worthwhile logging, are no longer allowed to log their concessions or sell the logs that come from their concessions and if they have to pay realistic market prices for the land they lease, and if they are made to actually pay these fees, without too many tax holidays and other incentives, and if they are made to show that they actively use their concession in the manner agreed, only bona fide and serious investors will remain that will generate real income for State coffers and demand for land concessions will slow down considerably.

If the regulations are strictly followed, very few of the contested lands would actually be eligible for land concessions and State authorities would have no incentives to go through the trouble of claiming them, and hence a lot of pressure over these claims would be removed.

The more problematic legal areas, then, are those of enforcement, of enforcers, of mechanisms to address grievance and of watchdogs to keep an eye on all this.

With incentives actually working the other way, and with the economical interests for many actors in the field so big, and with enforcement powers of State agencies so weak, it is not very likely that strict enforcement of strict regulations is a realistic option under present conditions. For State authorities to strictly enforce rules and regulations regarding land concession policies, these policies most probably would have to hold incentives for proper implementation : higher benefits should follow better implementation.

Hopefully the authorities reviewing land concession policies will take this point into account.

### **B/ Large acreages**

The scale of the concessions being granted in Laos offers a whole range of problems by itself. It is almost impossible, even for well-willing companies, not to get into trouble over land use rights in a country where the State’s presence on the land is very light, whilst hundreds of thousands of hectares are involved.

Secondly, it is proving a major problem for many companies to fully utilize the concessions they have been granted : it seems that often companies try for the maximum amount of land they can obtain, rather than for the optimal amount, and as result at times get in troubles and have to cancel concessions.

A further problem is that companies that have negotiated huge land concessions often are just too powerful to be adequately handled by local authorities. International companies that have signed up to “best practice” covenants can be called upon to fulfil their pledges, but others just seem to be able to take what they want and do as they feel like with no force able to control them at present.

Furthermore, in any given province it is very difficult to find say 100.000 ha of land more suitable for eucalyptus plantations than for any other crop, or even just suitable... trying to acquire such acreages inevitably means concession holders will run into other interests.

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<sup>17</sup> See VT 4 : discussions on rubber concessions in Champassak to continue

There is for example the well documented case of a rubber concession in the north of Laos where a concession holder sued local communities for damage done to saplings by free ranging animals. In the end local villagers were forced to sell or slaughter their livestock.

Another example of problematic large concession areas is the case of Luang Namtha where people pressing for more rubber plantations have come up against other groups with interests in eco-tourism, and therefore in undisturbed forest lands<sup>18</sup>. Big concessions just create big (management) problems, both for concession holders and for State authorities involved and for the local communities affected. Smaller concessions generally create smaller problems...

### **C/ handing over land rights/land use rights for a long period.**

Where the State hands over concession rights for very long periods, it creates potential future problems : Policies may change, new insights may come along, social-economical conditions may vary and any or all might lead to different perspectives on land concessions. However, if these have been granted for 30 or 50 years or even longer, it will prove to be very difficult to revoke them. It would be much more prudent to put a maximum (of e.g. 30 years) to any concession, with the option to extend when all conditions prevailing at the time of expiring can be met. It is also important to formulate strict conditions to which concession holders must continue to adhere in order to continue the existing land rights. And of course this adherence must be strictly monitored and evaluated too...

Another very important issue is that of the exact rights that go with a concession. When those rights are exclusive the impact on local communities over a long period can be devastating : if people are denied the right to forage, hunt and fish on lands where they enjoyed these rights previously, the long term effects will be more likely to negatively impact that community than when they can continue those rights, even if the resource itself is greatly depleted.

Do concessions have the right to clear their concession in preparation for planting, even though the land concession covers land that is not authorized for logging (or for industrial plantation, as in the case of agricultural lands)? If concession rights supersede other rights/regulations, the impact for local communities over a long period is going to be much harsher than when those other rights/regulations remain in place and are being respected.

Finally it is very important to note whether concession rights are transferable (this is e.g. the way in which OJI Paper first acquired land concessions in Laos) If it is, it is more likely that the alienation period will be the actual period covered in the lease contract even when the concession holder is no longer able or willing to fulfil his obligations : he is able to freely transfer concessions rights to some other company, without outside control. This opens up the possibility for all kinds of land speculation (as cases reported in Thailand and Cambodia).

In short, the longer the period of concession is, the more stringent should be the criteria and conditions for granting the concession, and the stricter the monitoring and evaluation of adherence to these criteria.

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<sup>18</sup> See also the article in the VT times of 30 July 2007

#### **4/ Impact of land concessions on local communities**

Exact information is very hard to come by in Laos : not all that much is written (especially on issues that are considered to be “sensitive”), and much of what is written and reported remains restricted or simply unknown, or is only accessible in Lao.

The National Land Management Authority is presently compiling figures for all land concessions actually given out to date in Laos and may publish some of its findings later this year. However, it is already clear that the direct impact of the new activity of granting concessions will impact a bigger land area, and the communities that live on them, than any of the other developments focussing on natural resources in Laos, apart from maybe logging.

Even though hard figures on numbers of people affected, of ha alienated, and compensation received and in what form are missing, it will be obvious that hundreds of thousands of ha of land given out in concessions were not un (or under) utilized : it means that communities and individuals have lost that land, the access to it or the use user right over it, and this is negatively affecting their livelihoods. Or, as one representative of company seeking land concessions put it : “when someone gains land, someone else invariably loses it”<sup>19</sup>.

In a country with over 30% of the population earning less than the equivalent of 1\$/day, losing access to essential resources often is the straw that breaks the camel’s back...

A GTZ research report (GTZ (Seidel et al.) 2007. Land policy study 6: Communal land registration in Lao PDR) concludes : “Rethinking the priorities (for land titling) in Lao PDR is needed in order to stop the current trend toward conversion of communal lands to other uses, mainly agricultural and tree plantations.” Key findings include: (1) communal land use spans the country’s diverse ethnic landscape; and (2) in every community visited, “land held in common by a community or user group plays a crucial role” in the community’s wellbeing, making communal land certification “well in line with national goals of poverty reduction and sustainable use of land and natural resources.

Another consultant concludes that : “Land for concession plantation and agriculture is appropriated from village territories, and is mostly common land from which rice farmers harvest 20-40% of their food and income”, and “Pressure on swidden farmers from shortened fallows results in higher rates of harvesting from common land, which in turn affects all other users of common land”.

This is mentioned as one of the trends increasing the risk of shortages in locally produced rice. The author recommends a review of the processes guiding FDI, “in order to ensure that private external capital investment does not lead to net internal impoverishment and exacerbated economic inequalities”.

Another study (IUCN, 2003, Field Study on the Nam Et and Phou Loei National Biodiversity Protection Areas) concludes that villagers earn around \$300 per year/per family from NTFP collected in common or traditional village lands.

A World Bank report concludes : “There are a range of land uses (in particular those associated with shifting cultivation, other forms of relatively impermanent upland cultivation, and collection of forest products) *for which the legitimacy of compensation is not recognized either in law or in practice.*” World Bank 2001 (emphasis in original).

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<sup>19</sup> Hunt, Glenn 2005. SSNC BGA plantation visit Khammouane: Field report 4 April

Some reports show that land allocation for a concession was done in accordance with the law, and that the local community received community developments projects in payment (though the village headman reportedly stated that the village had little or no ability to negotiate when company representatives brought district officials with them)<sup>20</sup>. Many other reports however show that communities received only very minor compensations or no compensation at all<sup>21</sup>.

One other issue reported, but not yet sufficiently researched, is the fact that when pressure on land resources starts to mount, the richest and most adaptable members of the community are the ones who first find alternatives, “voluntarily” moving somewhere else or finding alternative means to make a living. The poorest groups that rely the most on access to natural resources are the ones hardest hit when they lose their traditional land use rights. Land concessions in this way appear to aggravate problems for the poorest and most vulnerable groups of society, and to increase inequality within traditionally more egalitarian societies

In addition there are also the cases of communities being completely resettled to make room for land concessions, or being resettled under other policies, and whose original lands are consequently granted as land concessions, sometimes with no compensation offered at all.

Apart from the direct economical links local communities have to the lands they live on, social, cultural and religious ties to the land have a big, sometimes critical, impact on people’s wellbeing which is seldom accounted for in economics. Cutting these links, in relocating people away from their ancestral lands, cutting down spirit forests, or simple alienating user rights, can and usually will deeply affect those communities.

Other, less researched, impacts on local communities include possible negative environmental impacts of monoculture plantations. There is the obvious detrimental effect on bio-diversity, as well as negative influence of increased use of agrochemicals (like paraquat on rubber in Luang Namtha) and chemical fertilizers that harm. Any impoverishment of the natural environment for many communities translates directly in reduced income and benefits from that environment, and hence impoverished livelihoods.

On the other hand there are also reports that communities appreciate short term benefits and opportunities to gain an income from clearing land and planting trees, even if this land they now work for a company used to be their own. In some cases there is also the promise of future employment, though how much and under which conditions often remains unclear.

There are also reports from Luang Namtha where local communities backed by ecotourism companies (or maybe rather where ecotourism companies backed by local communities) managed to convince provincial authorities that there was more benefit in keeping certain forest areas for eco tourism than converting them into rubber plantations.

Concluding one might say that even though in some cases requests for more land concessions have been turned down with a view towards other interests, and in some other cases communities concerned have received some form of compensation for the loss of their resources, in many cases communities have lost (access to) vital natural land resources in varying degrees without adequate compensation.

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<sup>20</sup> ibid

<sup>21</sup> See also : Hunt, Glenn 2006. Large scale plantations in Pakkading district: Report from a visit to Pakkading Integrated Rural Development Project, 23 March

Especially for the most vulnerable communities and the most vulnerable groups within these communities, this loss can mean the destruction of livelihoods. In this way, the effects of the granting large scale concessions is negatively impacting the government's efforts to reach the Millennium Development Goals and escape Least developed Country status by 2020 and the GoL is urged to take these effects in account whilst reviewing the present land concession policies and legal frame work

## **5/ possible alternatives to land concessions for industrial crops**

Land concessions in Laos are being promoted as a means to better utilize un-or under utilized land, employing FDI to create income for the State and improving living conditions for local communities. From the above it can be gleaned that even though land concessions do attract FDI, they do not seem effective in making more productive use of un-or underutilized land, and neither do they contribute significantly to the State's coffers. Therefore a moratorium was called and existing policies are being revised.

In addition to trying to improve deficient policies, one could also try to look to other possible policies that would better achieve the envisioned results.

One such alternative is being promoted in some provinces, especially in the North of Laos. In Luang Namtha the authorities promote the planting of rubber trees under what is known the 2+3 scheme. Under this scheme farmers plant rubber trees on their own land and using their own labour (2). A company using FDI provides inputs (including credit and extension), processing facilities and marketing (3). Farmer and company then share the profits in proportion to their inputs. The State enters the scene as a regulator, ensuring contracts are fair and obligations by all parties are fulfilled. Reportedly, under the scheme already over 10.000 ha have been planted and the province envisions at least 20.000 ha more.

When announcing the moratorium, the Prime Minister, Mr Bouasone emphasised that his government would strongly promote the "2+3" policy - which divided benefits between investors and villagers- to ensure that all investment projects had the potential to benefit local people. However, to date the use of this system seems to be limited mainly to some districts in the North.

Of course this system also has its drawbacks : for one it saddles the farmer with a need to invest, and with many risks associated with that investment, many of them he might not be able to oversee. Producing for the market makes production vulnerable to market conditions (in Thailand big fluctuations in natural rubber price have been reported). Even though farmers enter into contracts, these contracts do not shelter them from all risks : the failed ADB tree planting program made farmers enter contracts they could in the end not fulfil, thus losing their investments and ending up with debts they were not being able to pay back.

Added to this is the fact that it takes up to 8 years before a rubber tree actually can be tapped and starts generating profits. This adds more risk for farmers: fire, diseases and adverse weather conditions might wipe out plantations before they mature, planting stock might turn out to be sub-optimal and there is no actual guarantee that the eventual benefits will cover investments and inputs. The company might turn out to be less than fully trustworthy and the State could prove to be a less than capable regulator, etc.

Still, the system seems to be potentially able to achieve its goals. On top of that, it addresses (or circumvents) a number of problems associated with large scale land concessions :

- 1/ the only land the company needs is for building its processing and storage facilities. Farmers and communities keep their own land, but enter into contracts to plant some of that land (the guideline is one ha/family) with rubber trees. Consequently communities face none of the hardships related to losing access to their resources, and planting rubber on small parts of their land does not deplete their natural resources in the massive way land concessions do.
- 2/ The company does not have to invest big amounts in acquiring land, and neither does it get into conflict with local communities over land rights.
- 3/ the company does not need to invest heavily in production costs, in clearing, planting and maintaining land, and eventually in tapping the latex : these things are all done by farmers.
- 4/ the State can look forward to high revenues from taxes on rubber production and from taxing farmer's rubber plantations. These revenues can be collected relatively easily, and don't involve the land conflicts associated with the concession system. The system actually provides incentives for State officials and authorities to try and make it work well.
- 5/ Farmers working their own land are expected to be more efficient than hired labour, as long as returns are good. It also prevents potential problems with importing outside labour known from some land concessions.

There are other contract farming and out-grower schemes one could think of, with varying degrees of sharing risks, inputs and profits, but all of them would in principle protect or improve land rights of small holders and local communities, at the same raising productivity of the land, strengthening the local economy and generating revenues for the State. Or one could think of assisting and strengthening local producer groups in processing and marketing their products, eliminating the need for FDI and freeing it up for other sectors.

In short, land concessions do not seem to be the only or even the best method to increase production in rural Laos, and it might pay for decision makers to look into all alternatives before setting out (again) on this road.

### **Part 3 : Conclusions and recommendations**

The GoL has worked out many plans to guide the development of Laos, with as one objective reaching Millennium Development Goals and escaping Least Developed Country status by 2020. Because Laos generates very little State revenues, it tries to attract Foreign Direct Investment to help reach these goals.

In recent years the realm of natural resources has seen a sudden and huge increase in the granting of land concessions for industrial crop plantations. These land concessions are being promoted as a means to employ FDI to better utilize un-or under utilized land, creating revenues for the State and improving living conditions for local communities.

However, increasingly people and organisations started to voice concerns about the land concessions and the rate they were being granted.

For one there were concerns on the exponential growth of the granting of land concession, with the feeling that the government had lost control of the process. Secondly there were many reports of conflicts with land concessions infringing on existing land (use) rights and alienating land from local communities. And finally there was concern that not enough revenues from these burgeoning land concessions were ending up in (central) State coffers.

In May 2007 the Prime Minister announced a moratorium on the further granting of large scale land concessions, citing a number of problems associated with them and giving the GoL time to improve legislation and policies concerning land concessions.

A critical analysis shows that there are indeed weaknesses with legislation on land concessions in Laos, among them regulations on mechanisms for addressing grievances and watchdogs to monitor implementation of regulations. It is expected that the moratorium will be used to improve some of the perceived weaknesses.

However, the bigger problem seems to lie in the poor implementation of existing policies, rules and regulations and guidelines. This poor implementation is partly due to a lack of capacity within the responsible State organisations to implement and monitor its policies. In the case of land concessions there is also a perceived lack of incentives to implement the policies correctly, mainly among provincial and district authorities.

This lack of incentives to implement the policies to the letter apparently has two main causes, apart from the reluctance to commit scarce own resources to this goal:

Firstly, with many companies doing deals directly at provincial levels, there are direct benefits to be had for local authorities not being supplied with adequate funding by the national authorities. Strict implementation of all the rules concerning land concessions could result in a big drop of companies requesting them and/or the transfer of management of these concessions to national levels. In both cases the benefits associated with granting land concessions could stop flowing to local authorities.

These problems become more pronounced where State organisations or agents become direct partners, and hence beneficiaries, of companies receiving land concessions. Such partnerships can be through joint ventures where the State provides the land as its part in the partnership.

Secondly, the granting of land concessions is perceived as an effective tool to achieve goals formulated in other policies, especially policies on fighting shifting cultivation and relocation of some categories of mostly ethnic minority settlements. So even though land concessions may not be very effective in reaching stated goals, they are still regarded as useful instruments in other regards.

One result from the unfettered granting of land concessions is that hundreds of thousands of ha of land, or the access to it, or the land use rights over it, are being alienated from the local communities that traditionally hold these rights. For the poorest of these communities and the poorest within these communities, who are to a large degree depending on these land resources to provide a livelihood, the impact is likely to be most dramatic.

Now that the moratorium is in place, it is hoped that the authorities will use it to remedy the negative impact the land concessions are having on large swaths of rural Lao communities, and on the negative impact they are having on the State's efforts to eradicate poverty in all of Laos by 2020.

Amongst others, it can do this firstly by setting conditions for better concessions:

- enforce existing rules/regulations
- ensure rights awareness for rural people
- monitor separation of govt functions (identification, approval, monitoring)
- establish transparent national land concession register/database

Secondly GoL can establish new rules and ensure :

- smaller sizes/ shorter periods for land concessions
- higher indicative rates (\$/ha)
- high standards for corporate responsibility , and their implementation

Thirdly GoL should focus on :

- protection of community interests
- participation in decision making
- monitoring of compensation
- independent conflict resolution

While reviewing the land concession policies and legal frameworks, the authorities are encouraged to also look at alternative policies that might better achieve the stated objectives, and with less negative impact to the most vulnerable groups in society.

Possibilities here include, but are not restricted :

- alternatives to concessions
- Alternative business models
- contract farming
- mixed ownership, eg. nucleus estates
- Alternative livelihood systems
- Agro forestry
- Eco-tourism

## **Abbreviations**

ADB :	Asian development Bank
CIDSE-Laos :	CIDSE country program in Laos
CPI :	Committee for planning and Investment
FDI :	Foreign Direct Investment (FDI)
GoL :	Government of Laos
GTZ :	Deutsche Gesellschaft für Technische Zusammenarbeit
LDC :	Least Developed Country.
MAF :	Ministry of Agriculture and Forestry
NLMA :	National Land Management Authority
NT 2 :	Nam Theung 2 hydro power project
NTFP :	Non Timber Forest Products
STEA ;	Science, Technology and Environment Agency
SUFORD :	Sustainable Forestry and Rural Development Project (GoL, Finland, WB)
VT :	Vientiane Times
WB :	World Bank

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