



ENHANCING KEY ELEMENTS OF THE VALUE CHAIN FOR PLANTATION GROWN WOOD IN LAO PDR

Legal issues and legality barriers for smallholder plantation owners in Lao PDR

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Context

- Lao PDR's timber industry is dependent on native forests, industrial plantations and conversion timber.
- There is pressure to reduce illegal logging - The Government is responding
- Increasing plantation grown timber is one element - 500,000 ha by 2020.
- Smallholder plantations are seen as an important (but small) part of this
- Most timber is (eventually) exported to neighbouring countries
- Certification and Legality Verification are required by some importing countries
- Resulting in Law reform



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Project Objectives

Improve livelihoods for farmers and processing workers, and the international competitiveness of Lao PDR's wood industries.

- Address constraints and inefficiencies in the value chain, from harvest to processor stages, that limit returns to smallholder growers;
- Increase returns to processors and smallholders through improved efficiencies of the primary wood processing sector;
- Improve the value and quality of wood products for domestic and export markets; and
- Enhance the competitiveness and capacity of wood processing industries.



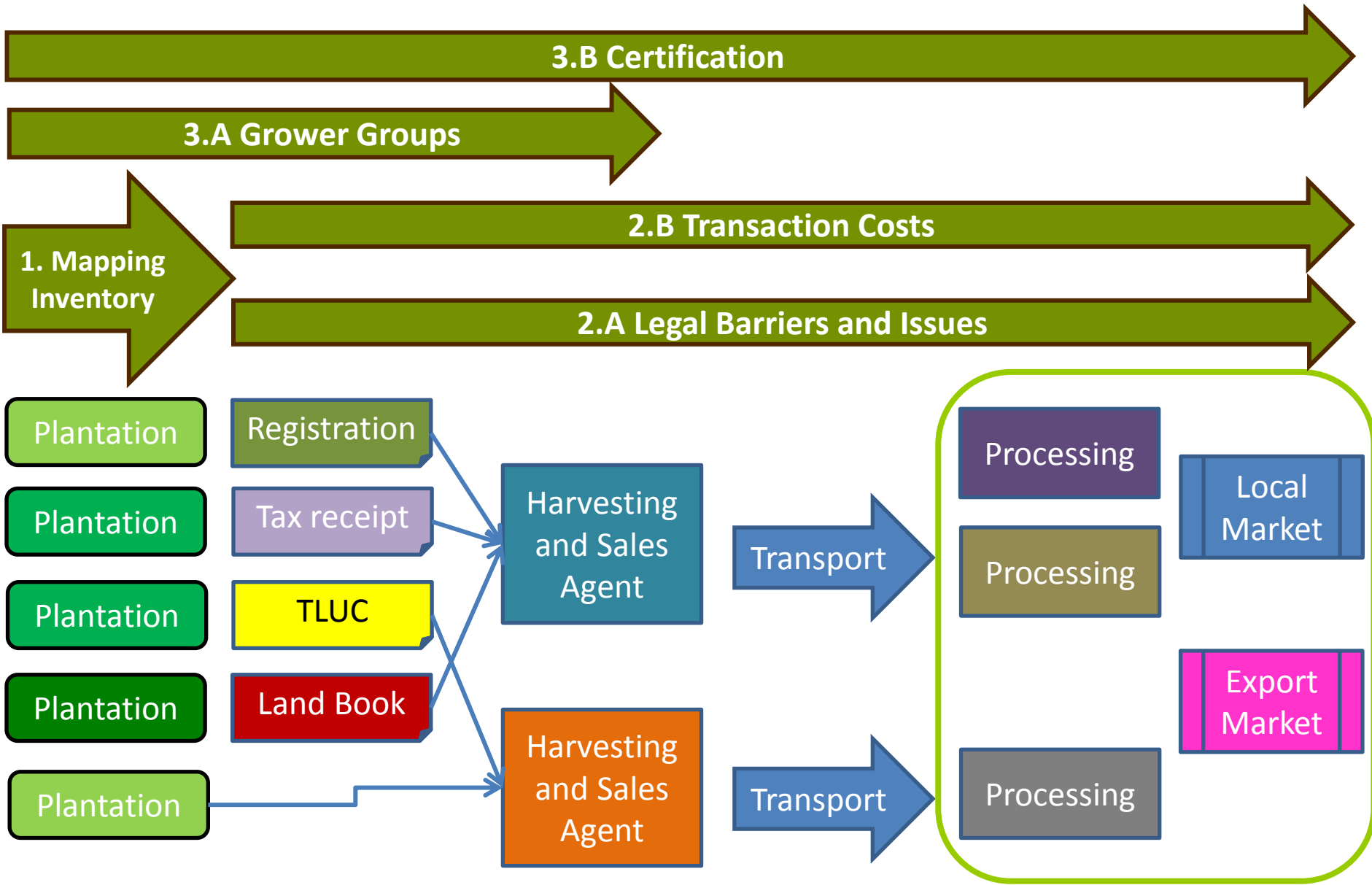
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The Value Chain



Legal Research

The Research Question: How can barriers to legal registration of smallholder planted trees be addressed?

- Registration of smallholder planted trees is a legal requirement for harvesting and selling wood.
- Plantation Registration Certificates (PRCs) are the starting point in the legal chain for tracking the origin of timber.
- Only ~10% of teak smallholder plantations are registered.



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One Big Question

Many Small Questions

- Who are smallholder plantation owners?
- What is the governance structure and policy environment?
- What are the laws?
- What is the legal process - how are the laws applied and understood?
- What are the drivers for legality?
- What are the risks of illegality?
- What are the incentives/disincentives to comply?
- What else is at play: legal pluralism, cultural norms?
- Are laws enforced?



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Research Methods

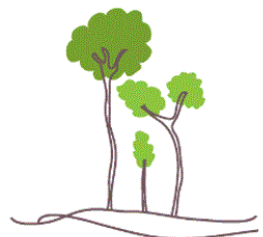
How can barriers to legal registration of smallholder planted trees be addressed?

- Collate and review ~ 300 laws, legal instruments and texts
- Create legal maps of the ‘value chain’
- Interview smallholders
- Discussions with Industry and Government
- Report & Policy Brief
- Recommendations & Solutions



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Legal Mapping

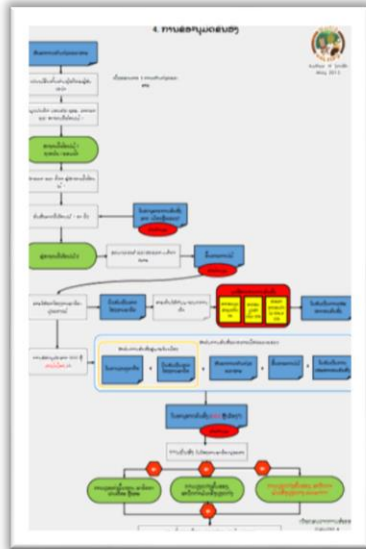
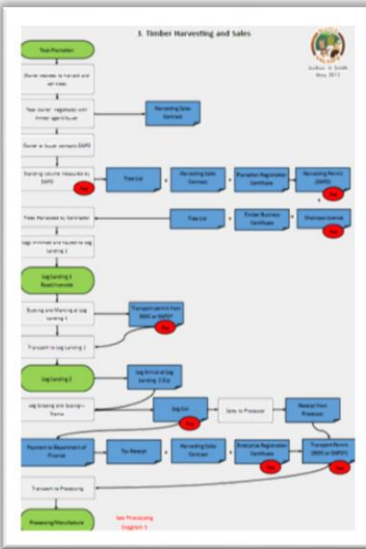
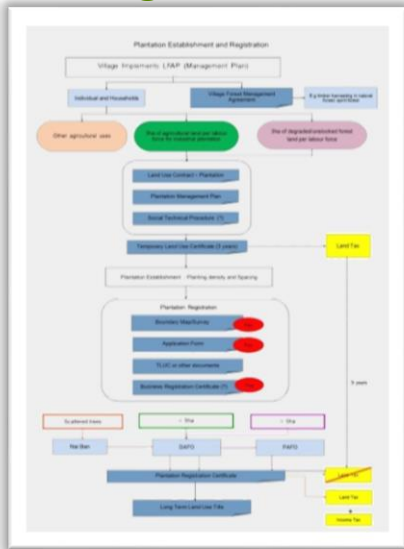
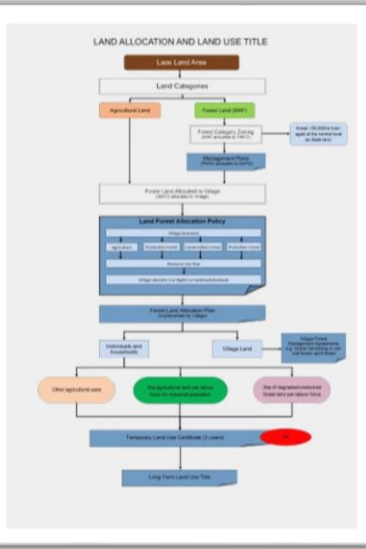


Land Allocation

Plantation Registration

Harvesting & Trading

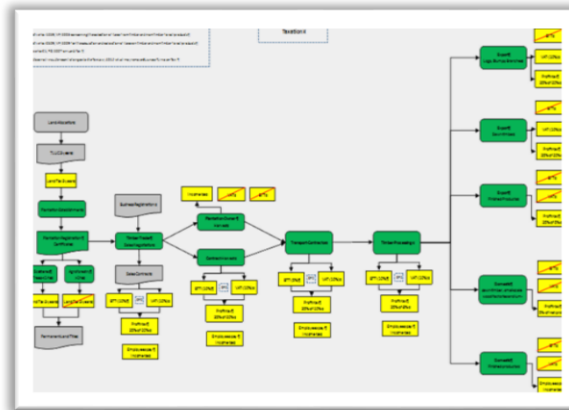
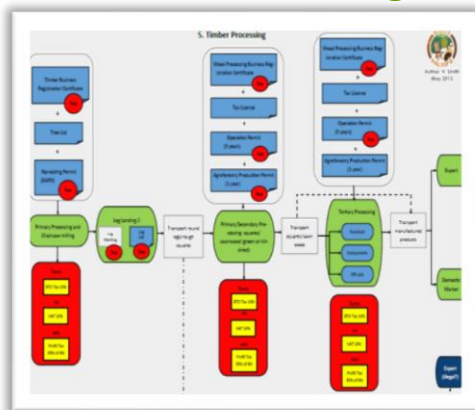
Transport



Wood Processing

Taxes

Export



Gower interviews

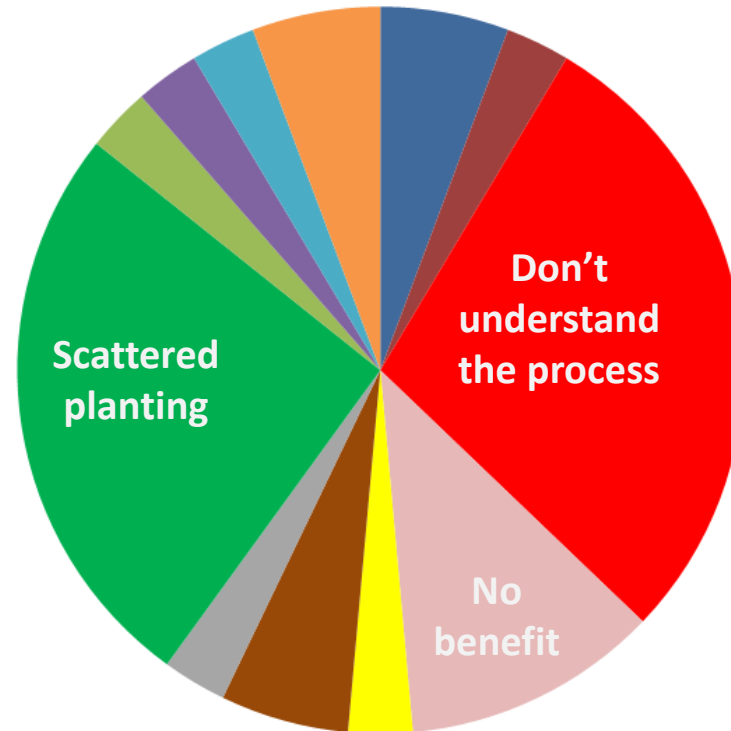
Smallholders with **registered** plantations

Why did you register your plantation?



Smallholders with **un-registered** plantations

Why haven't you registered your plantation?



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Findings....

90% of plantations are NOT registered

- The process is complex, costly and long
- The tax incentives are not enough
- There is no imperative or requirement to register early
- Many remain un-registered until just before harvesting (then PRCs are borrowed)
- Many do not know they need to register
- It does not provide secure tenure
- It does not increase their income
- They can sell their wood without it



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....Findings

This causes problems for Industry & growers

- Timber from smallholder plantations is high quality, industry wants to buy it
- To export, 'legality' must demonstrated
- PRCs are needed to demonstrate 'legality'
- Industry say they will pay more for PRC wood
- But there is not enough PRC wood available
- They do not buy what is available
- Growers do not see the benefit of PRCs
- The timber is sold into non-legal supply chains
- Local industry misses out!



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Next steps...

Revisit the question:

“What are the barriers to legal registration of smallholder plantations?”

Consider:

“Has plantation registration become a barrier to legal smallholder grown wood?”

What are the alternatives?



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THANKYOU

Partners

Faculty of Forestry, National University of Laos, The University of Melbourne, Australia, The Australian National University, Australia, Luang Prabang Teak Program (LPTP), Souphanouvong University, Pakpasack Technical College, Lao Furniture Industry Association, Lao Department of Industry , Ministry of Industry and Commerce, The Forests Trust/ Lao Forests & Trade Platform, Northern Agriculture and Forestry Research Centre, Lao National Wood Industry Association, Lao Department of Forestry, Lao Department of Forest Inspection



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