



2.3 Linking REDD+ and FLEGT in Lao PDR

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Introduction

Lao People's Democratic Republic (Lao PDR) is a socialist state in the lower Mekong region with rich water, mineral and forest resources. Although it has one of the highest forest cover rates (41.5%) in mainland Southeast Asia, when this is compared to an estimated forest cover of 70% in the mid-1960s it means that forests have diminished dramatically over the last half century (Government of Lao PDR 2005). The reasons for this extensive forest loss are mainly large-scale conversions for agriculture, industrial tree plantation, mining, land clearing for hydro dams, infrastructure and urban expansion as well as unsustainable logging practices (Phanvilay and van Tuyll 2012).

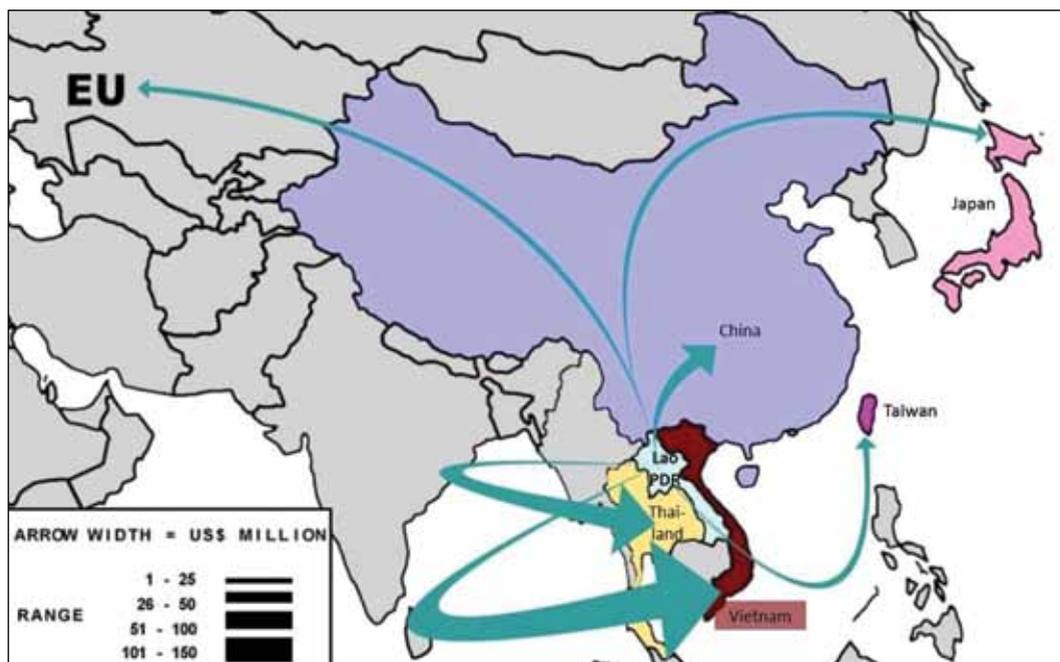
In recent years deforestation has declined, although forest degradation through illegal logging and shifting cultivation continues to be a serious issue (FCPF 2010). Timber is primarily exported to neighbouring countries Vietnam, Thailand and China (Figure 1). Although these countries have started to implement stricter controls over logging within their own borders, their strong demand for timber is increasingly met by timber imported from Lao PDR. For example, timber from Lao PDR is estimated to account for 16–25% of Vietnam's annual wood imports. The majority of logs smuggled across the border to Vietnam are processed into wooden products and exported, mainly to the US and EU (EIA 2011).

Over the past decade Lao PDR has developed new national regulations and policies (e.g., the Forestry Strategy 2020 and the Forest Law Enforcement Action Plan) to protect its natural forests and shift toward sustainable forest management. However, in addition to the high pressure from its neighbours, weak forest governance — characterized by corruption, non-transparent timber trade and capacity gaps — results in high rates of forest degradation and illegally traded timber (EFI EU FLEGT Facility 2011 and 2012).



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Figure 1. Lao PDR's forest product exports by value (US\$ million), 2008

Source: European Forestry Institute data (modified: http://news.efi.int/files/attachments/timber_trade_flow_maps_ft.pdf)

The German Development Cooperation (financed through the Federal Ministry for Economic Cooperation and Development, or BMZ) supports Lao PDR in its REDD+ readiness phase through the Climate Protection through Avoided Deforestation (CliPAD) programme. It will also provide technical assistance for the FLEGT process through a recently initiated ProFLEGT project.

Support for the REDD+ readiness process at the national and sub-national level over the past four years within the CliPAD programme brought valuable experience and revealed specific challenges for the implementation of REDD+ in the Lao context. This article is based on this experience and reflects insights gained by GIZ staff. It focuses on the potential synergies between the REDD+ and FLEGT processes.

FLEGT in Lao PDR

At the beginning of 2012 the Lao government made a formal request to negotiate a Voluntary Partnership Agreement (VPA) with the EU. Prior to this, a consensus-building process took place in Lao PDR, accompanied by fact-finding missions to neighbouring countries. VPA negotiations are expected to start in early 2014.

In May 2012 Germany pledged funds to support the FLEGT process and shortly afterward designed the ProFLEGT project. This initiative aims to support coordination among all stakeholders (government, private sector, civil society, local communities) and to provide

technical assistance for negotiations with the EU. Since REDD+ and FLEGT have common goals in terms of improved forest governance and sustainable forest management practices (e.g., avoided illegal logging), linking the two processes may lead to common benefits. Thus, one aim of the ProFLEGT project is to establish synergies between the two processes.

The lead agency for the FLEGT process is the Department of Forest Inspection (DOFI) within the Ministry of Agriculture and Forestry (MAF). The Ministry of Industry and Commerce is responsible for national and international regulations on transport, processing and export of timber and wood products. The Ministry of Natural Resources and the Environment (MONRE) is the coordinating partner for other cross-sector issues, such as national protected areas (NPAs) and national forest policy (e.g., legality definition and forestry law).

Preparations for the FLEGT process are currently underway and include the set-up of a FLEGT committee, FLEGT office and technical working groups to coordinate the process at the national level. The development of a Timber Legality Assurance System (TLAS) and pilot activities at the provincial and district level will follow once the negotiations have started.

REDD+ in Lao PDR

Lao PDR has participated in the international REDD+ negotiations under the UNFCCC for several years. In 2008, it became one of the first member countries of the Forest Carbon Partnership Facility (FCPF). Its REDD+ readiness preparation proposal (R-PP) was submitted in late 2010 (DOF-MAF 2010) and accepted by the FCPF Secretariat. Since then, however, implementation has been put on hold. The responsibilities of MAF's Department of Forestry (DOF) and the newly established MONRE's Department of Forest Resource Management (DFRM) needed to be clarified.

Lao PDR is also a pilot country of the Forest Investment Program (FIP) and receives technical and financial support for REDD+ from several bilateral and multilateral donor programmes. In addition to the donor-driven REDD+ readiness process, several private-sector entities are preparing REDD+ projects.

The bilateral Lao-German CliPAD programme has two elements: a technical component implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH; and a financial component financed by KfW Development Bank. Since 2009 CliPAD has provided policy advice and capacity development to support the preparation of the national REDD+ framework, the establishment of REDD+ planning processes, pro-poor REDD+ mechanisms in selected pilot areas and the development of sustainable financing models. A number of outputs resulted from these activities with regard to national and sub-national MRV systems, environmental awareness raising, institutional structures and legal frameworks (e.g., revision of the forestry law). They also included REDD+ relevant land-use plans and conservation contracts for alternative livelihoods for local communities at the village level.

Implications for the upcoming FLEGT process

Institutional setting

REDD+ progress and lessons learned

The establishment of a ministry (MONRE) in July 2011 resulted in a major hold-up in the REDD+ readiness process. Responsibilities for REDD+ have been unclear for a long time due to the fact that they were divided among various ministries. At the moment, most REDD+ tasks have been shifted to MONRE. MONRE has the official mandate for REDD+ policies at the national level and is the lead on REDD+ implementation in conservation and protection forests; MAF is still responsible for REDD+ implementation in production forests.

The REDD+ Task Force chaired by DOF is being restructured and will be shifted to MONRE. The task force is responsible for coordinating, facilitating and promoting all REDD+ activities in the country. Both DOF and DFRM have their own REDD+ offices to manage their respective activities. It is unclear how these offices will be linked with a national REDD+ office responsible for implementing, coordinating and monitoring national REDD+ activities. The establishment of such office is outlined in the R-PP (Figure 2).

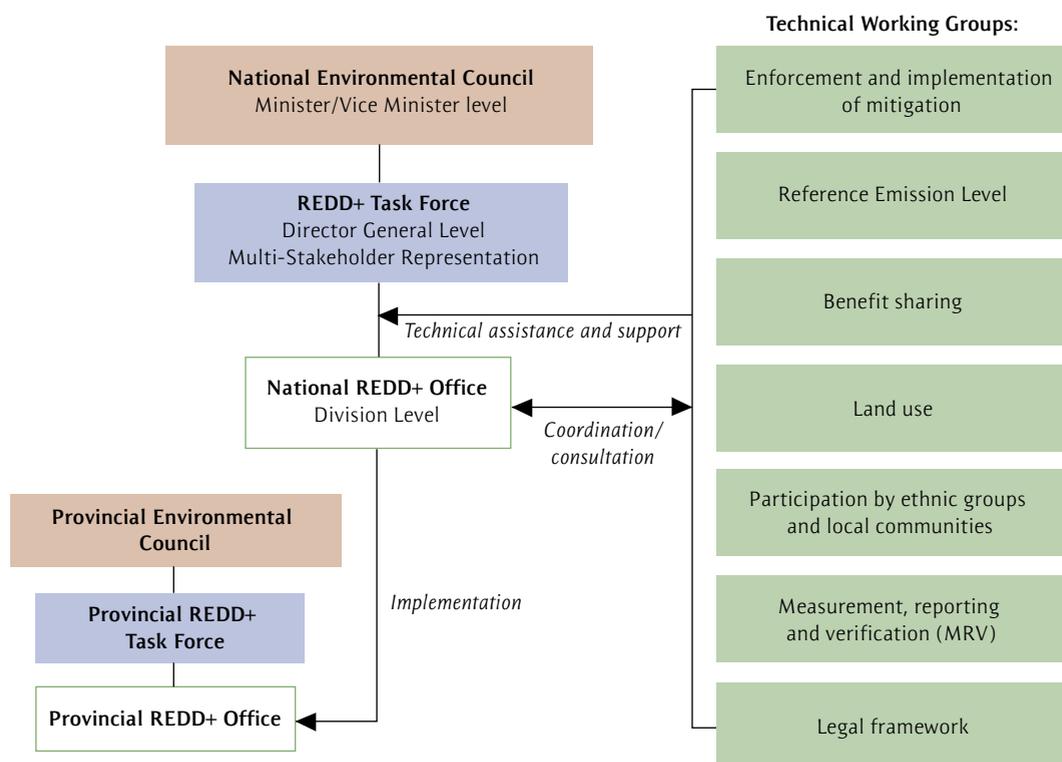
In June 2013 it was decided that DOF would manage FCPF implementation until DFRM has the required capacities. Once the task force has been reorganized, institutional arrangements, roles and responsibilities will become clearer. However, during this reorganization process REDD+ implementation may be delayed.

Inherent in this institutional restructuring is the lack of capacity, especially in MONRE and its provincial and district structures. The REDD+ process and a capacity-needs assessment in the forestry sector have shown that the central government has only recently started to transfer some responsibility to the province through the new *Sam Sang* ("Three Builds") decentralization process (GFA 2013). Capacities and structures are very weak and further development is needed to cope with the upcoming tasks. At the provincial and district level in particular the lack of financial resources is leading to a strong dependency on national and international funding sources to implement activities.

Implications for FLEGT

Communication and coordination structures related to forestry issues for REDD+ and FLEGT need to be developed between the involved ministries (mainly MONRE and MAF) and departments. Implementation on the ground, such as law enforcement, requires particularly strong coordination between line ministries and provincial and district authorities.

Since the FLEGT process has just been initiated in Lao PDR, the ongoing revision of the REDD+ organizational structure constitutes an opportunity to link both processes. Identifying institutional and thematic overlaps at an early stage may lead to a more efficient use of financial and technical resources and to mutual benefits.

Figure 2. Proposed national REDD+ organizational structure in Lao PDR

Source: World Bank. 2013. Readiness Preparation Proposal Assessment Note.

Note: The final organizational structure for REDD+ is yet to be discussed and agreed to by the REDD+ Task Force.

On-the-ground implementation

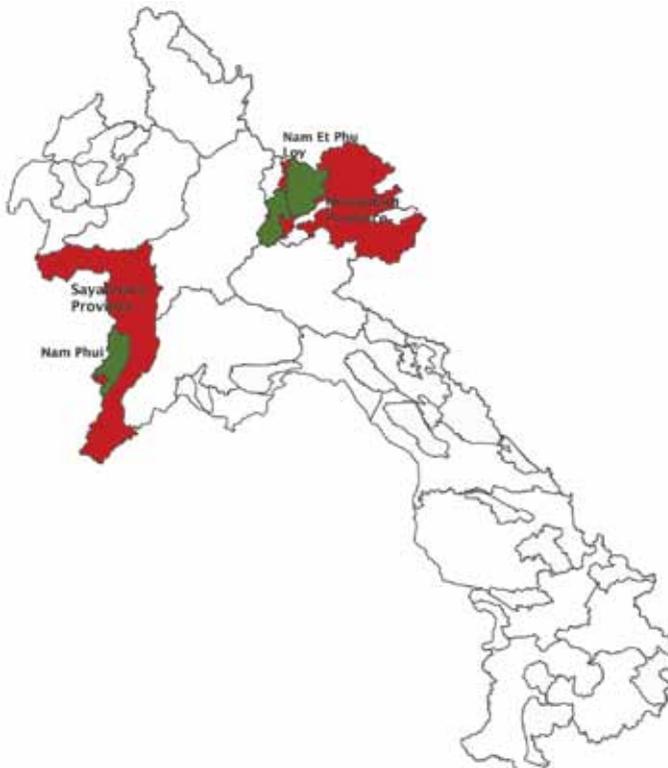
REDD+ progress and lessons learned

To address the drivers of deforestation and forest degradation, the CliPAD programme supports mitigation activities in selected pilot areas. The Nam Phui NPA in Sayaboury province and Nam Et Phou Loy NPA in Houaphan province were selected as pilot sites (Figure 3). In March 2012, however, just after implementation began in Nam Phui, all project activities in the area came to a sudden halt due to the enforcement by the military of a newly formulated Prime Minister's decree on the establishment of National Strategic Defense Zones. This closed most parts of the park to any project activities. As a consequence, REDD+ pilot activities are now about to shift to other parts of the country and scale up the focus to jurisdictional level (i.e., implemented within provincial borders).

Even though implementation in the NPA stopped, it was still possible to initiate capacity-building measures for government staff on forest law enforcement at the provincial level. The Provincial Office for Forest Inspection (POFI) in Sayaboury continued to be supported to establish institutional structures and capacities to combat illegal timber harvest and trade in the province. Although the restrictions on access to the NPA show that forestry

is a politically sensitive issue, the continued support for enforcement in the province was possible due to the good relationships with counterparts in the Lao government at the local level.

Figure 3. Location of CliPAD pilot provinces and NPAs in Lao PDR



Source: GIZ-CliPAD

Implications for FLEGT

Addressing illegal logging on the ground, developing a TLAS and ensuring its implementation will be the main focus of implementing FLEGT at the sub-national level. Experience has been gained through the support of forest law enforcement in the context of REDD+, including institutional support and the formulation of strategies. It will be vital to build on this experience and on existing institutional capacities from the beginning of the FLEGT process in order to avoid delays and facilitate effective implementation.

Experience has shown that forest law enforcement, especially in border areas, is politically sensitive and requires the involvement of all relevant stakeholders, even in the planning phase. For the FLEGT process it will be particularly important to acknowledge the presence of military restricted areas and incorporate them in the FLEGT negotiations. The limited access to these areas and the resulting lack of independent monitoring of the timber harvest and trade raises questions about how timber from military zones is traded. For the FLEGT process in Lao PDR to succeed it is essential to find ways to track and

record crime data on illegal logging and to deal with the limited cooperation of neighbouring provinces and other countries on this issue.

Stakeholder participation

REDD+ progress and lessons learned

Meaningful stakeholder participation is key to the REDD+ process; a multi-stakeholder dialogue is needed at all levels. The involvement of civil society is particularly challenging in Lao PDR due to the fact that very few non-profit associations are recognized (by the government) and access to local communities and ethnic minorities is difficult.

According to the R-PP a stakeholder participation and consultation plan (SPCP) is to be established; it provides the framework for including key stakeholder groups — from the local to the national level — in implementation. A technical working group will be established under the national REDD+ office that supports the implementation of the SPCP. Several consultation workshops have been conducted during recent years to support indigenous and community participation in FIP programmes, private sector engagement in REDD+ in Lao PDR, and the revision of the forestry legal framework for implementing REDD+.

At the national level, the process of revising the forest law appears to be a positive precedent for broader stakeholder engagement in legal drafting procedures. Multi-stakeholder consultation workshops have been organized across sectors to discuss relevant issues for the revisions. This type of participatory process had never been conducted in Lao PDR. Experience from GIZ and advisors has shown that consistent external support is needed in the long term. It must be based on a rapport between the advisor and the government institutions so that all parties and their different views can be brought together and all stakeholders can gain a sound understanding of the issues. This latter achievement is vital for stakeholders to develop ownership of the process and its implications.

At the local level, donors are following various approaches for stakeholder engagement and awareness building. One is the Free, Prior and Informed Consent (FPIC) approach, which has been piloted within the CliPAD programme. The Lao Biodiversity Association (LBA), a non-profit association with work experience, good relationships with and access to local communities, conducted the FPIC process in eight villages in Sayaboury.



The REDD+ process stimulated the involvement of a non-profit association and laid the foundation for its collaboration with the Lao government. This was a positive step toward broader stakeholder engagement and strengthening of the association. The FPIC approach was later integrated in strategic documents of DOF and several donor programmes, thus incorporating FPIC in the wider Lao context. As a result of the broader

discussions on stakeholder engagement the importance of public involvement in planning procedures relevant to the environment is mentioned in the new Environmental Protection law. In addition, in May 2013 the Lao Front for National Construction issued *Guidelines on Consultations with Ethnic Groups affected by Public and Private Development Projects*.

Implications for FLEGT

The two years of experience with stakeholder participation in the forest law revision process may have a positive impact on other legal initiatives and on the participatory approach to defining timber legality. The appropriate set-up and implementation of timely stakeholder consultations will be decisive in the FLEGT process. Making good use of resource people, capacities and knowledge already developed among relevant stakeholders in the REDD+ process may result in a timely start for FLEGT and create a widespread understanding of the linkages between REDD+ and FLEGT. Supporting the non-profit associations that work on forest governance in Lao PDR during FLEGT stakeholder meetings and bringing them together with representatives from the government, private sector, and local communities will require sensitive interactions by coordinators or facilitators of the stakeholder process.

Conclusions

Adapting the international forest policy discussion — and its expectations and regional aspects (e.g., the Association of Southeast Asian Nations) — to the national level is a challenge. It requires new and unfamiliar ways of thinking and working. The new dimension of policy incentives through REDD+ (performance-based payments for climate change mitigation) and FLEGT (support for forest governance and possible market access) are examples. Linking the two processes provides a great opportunity to strengthen the technical inputs needed in the national forest policy framework in Lao PDR. Furthermore, sharing experience with other countries in the region through study tours, communication networks and capacity-building events provides the chance to tackle the issue of illegal logging on a broader scale.

The efforts to identify thematic and institutional intersections of REDD+ and FLEGT at an early stage of the processes in the Lao context is a good precondition to establishing platforms to share experiences and promote synergies between the two processes during the coming years. This should eventually lead to a common approach to improved forest governance in Lao PDR. One of these efforts is an ongoing stakeholder mapping exercise coordinated by GIZ, which brings representatives from the FLEGT and REDD+ process together to discuss potential synergies of both processes.

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