

Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

Ministry of Agriculture and Forestry

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Vientiane, 9 / 11 / 1995

Directive
of the Minister of Agriculture and Forestry
regarding the management of plantation and planted forest

- To:
- The heads of Provincial, Vientiane municipal and Special zone Agriculture and Forestry Offices;
 - The provincial and district local authorities throughout the country.

After the policy of land use planning and land allocation (LUP-LA) launched, and with a view to promote the planting of trees based on the Prime Minister's Decree No. 186/PM, dated 12 / 10 / 1994, the involvement of individuals, smallholders, organizations and businesses in planting trees has been vigorously and widely expanded in every province throughout the country which is worthy of congratulations. Nevertheless, in parallel with the good remarks and active participation, we still could see the shortcomings and weaknesses, such as the use of land for planting trees and the selection of timber species are not suitable for the realistic conditions of the locality and do not meet the target, as well as a lack of regulations for managing the plantations and planted forests.

Therefore, the Ministry of Agriculture and Forestry hereby issues this Directive, with the aim of using it as reference for implementation in the whole country.

I. Purpose of tree planting

Generally, there are three purposes: planting trees for commercial purposes and consumption by the individuals, households, organizations and businesses; for research and experiment; and for environmental protection.

Planting trees for commercial commodities must take into consideration how to select tree species to meet the needs, markets and climatic conditions of each locality.

Planting trees for research and experiment shall be carried out only by the pilot stations and research centers that belonged to the government at central level, provinces, schools and some enterprises, which mainly subsidized by the government for the purpose of conducting research and experiment for acquiring data and information to create technical documents.

As for planting trees for environmental protection, the purpose is to protect the water sources and prevent soil erosions. This planting is normally carried out in compliance with the government's plan, and tree species are usually of long-term and native variety having its origins in the locality, namely May Dou (*Pterocarpus macrocarpus* sp.), May Tae Kha (*Afzelia xylocarpa*), May Nyang (*Dipterocarpus alatus*), May Khaen (*Hopea ferrea*), etc.

Labor employed in the above planting activities should be focused on farmers who still practice traditional slash-and-burn farming in order for them to be able to change from shifting cultivation to have more stable and permanent job as to grow trees for commercial purposes. At the same time, encourage the households who have capability and sufficient capital to engage in the promotion of nursery to be established in their village, with a view to supply tree growers in the vicinity with saplings of various species which are in great demand for planting activities.

II. Land for tree planting

Land for planting trees consists of two types as follows:

1. Land owned by individuals, organizations and businesses

The State allows the individuals, organizations and businesses to plant trees on the land which owned by them, provided that there are supporting legal documents certified by village and district local authorities, but trying to avoid using the land which is prioritized for agricultural production, for instance, land appropriate for farming, paddy field for growing rice and grassland for animal husbandry.

2. Degraded forestland, barren land which belonged to the State

The State encourages and promotes tree planting on its degraded forestlands, including barren land, fallow forestland, dry dip carp forestland and others that no longer have timber of commercial values, and which may not be able to regenerate naturally or become a rich forest again. But, before using the land for planting tree, the concerned individuals, organizations or businesses shall have the said land inspected in order to get certification and authorization from the LUP-LA committee (Land Use Planning and Land Allocation Committee) at provincial and district levels. This type of land is prohibited to reserve, allocate, transfer and/or sell without the recognition of the government organizations who have authority. It is prohibited to make allocation or approve for land clearing and/or destroy, for replacing with plantations, the already existed natural forest such as dry dip carp forestland that still can be regenerated naturally, old fallow forest or old fallow land that still have high density of trees of commercial values and that can generate naturally. Likewise, watershed forestland and water reservoir areas shall have to be permanently protected as natural forests.

III. Procedures for management of planted forest

A. Procedures to be completed before planting tree

① Individuals, households and organizations who plan to plant trees on their own land of less than 5 hectares

1.1 Using own funds: Persons who wish to plant trees on their own land by using their own funds shall not subject to the preparation of a technical and economic feasibility study for approval from the government authorities, meaning that the planting can be started immediately, but it is requested, upon completion of the plantation, to prepare relevant documents for submission to village forestry unit, village head and District Agriculture and Forestry Office in order for them to inspect and certify, and to facilitate the monitoring, management and as evidence for land tax exemption, as well as forest restoration and forest resource fees at the time of harvesting for consumption and/or sale. Documents that tree growers need to prepare shall consist of an application for planting tree for village forestry unit and District Agriculture and Forestry Office to check and certify that the trees are planted in his/her own land, in which, it is necessary to declare the size of land, area, species and number of trees planted, as well as spacing between trees, i.e. 2 x 2 m, 3 x 3 m,....., land certificate and sketch showing the location of the land.

1.2 Using bank loan: Persons who wish to plant trees on their own land by using bank loans shall have to submit the following documents: land certificate together with its sketch showing size and location, application for bank loan for tree planting in compliance with the bank terms and conditions, and a technical and economic feasibility study.

The technical and economic feasibility study shall consist of:

1. Tree species to be planted: tree species to be planted is to be mainly based on the objective and climatic conditions of the locality as important factors.
2. Soil preparation: to be based on the actual situation of the planting site. If the site is flat land and there are no other trees, it is necessary to first till the earth and after that making hole for planting, and if it is on slope and there are other trees, it is necessary to keep the trees and no need to till, just clear the site and make hole for planting. Distance between trees is depending on each tree species and objective of the planting, for instance, planting tree for environmental protection should be narrower like 2 x 2 m. Mostly, it is recommended not to disturb the soil conditions – in other words, not to turn over the soil if the native hardwood species are to be planted as it will cause changes in the ecology.

3. Fencing: the purpose of fencing is to prevent the young trees from being disturbed or damaged by animals such as cattle, buffalo, goat and others, as well as wild animals. It is, therefore, necessary to fence the plantation and the fence type is depending on the budget and characteristics of the locality. In the area where plantation is not disturbed and damaged by domestic or wild animals, it is not necessary to fence, but must fix the location and clearly mark the boundaries.
 4. Maintenance of the plantation: trees which have been planted can be grown healthily depend on care taken and maintenance during the early years. In general, maintenance operations must be closely done until the trees reach 3-4 years old, particularly weeding, preventing diseases and pest attacks that may damage the young trees, i.e. weeds, climbers and other plants and shrubs which are not the target of tree planting. Weeding, in the first and second year, must be done 2 – 3 times a year: 1st time – two months after planting, 2nd time – end of rainy season, 3rd time – early dry season, and 1 – 2 times in the third year. Besides, thinning and pruning, if necessary, must also be done in order to have healthy trees, and continue to have regular check until the trees matured and can be cut.
 5. Investment cost: means all expenses associated with the inputs for establishing the plantation such as site clearing, soil preparation, saplings, labor for planting, fertilizers, pesticides, maintenance cost, loan interest, taxes and other administrative fees.
 6. Estimate the right timing and volume of timber that can be sold, meaning total time of tree growth from planting to cutting period and how much wood volume can be produced and sold. The said timing is depending on climatic conditions, care and maintenance, tree species and soil fertility.
 7. Marketing: expected products must be carefully planned how to market which include sales for processing, household consumption and export. It would be better if a sale/purchase contract is concluded with reserve price in advance, particularly the fast growing trees.
 8. Balancing income over expenditure: the balancing of income over expenditure is to pre-estimate the profits gained from the investment of tree planting by subtracting the total investment cost from total income from wood sales.
- ② Persons, households, organizations, domestic state and private businesses that wish to invest in tree planting on an area of 5 – 100 ha by using their own money and/or bank loans shall have to prepare all documents related to the land area as provided in above part II so with a technical and economic feasibility study as instructed in part III, point 1.2, and submit to the village forestry unit, District Agriculture and Forestry Office and Provincial Agriculture and Forestry Office for technical study and verification and forward to the Provincial Governor for consideration. Upon the Provincial Governor's approval, the notice will be sent to district and the

District Governor is assigned to issue the license as provided in Article 21 of the Prime Minister's Decree No. 186/PM.

- ③ Persons, households, organizations, domestic state and private businesses that wish to invest in tree planting on an area of 101 – 1,000 ha shall have to submit all documents, same as the aforementioned point ②, and submit to the village forestry unit, District Agriculture and Forestry Office, Provincial Agriculture and Forestry Office, and eventually Ministry of Agriculture and Forestry for consideration. Upon the Minister's approval, the notice will be sent to province and the Provincial Governor is assigned to issue the license as provided in Article 22 of the Prime Minister's Decree No. 186/PM.
- ④ Persons, households, organizations, domestic state and private businesses that wish to invest in tree planting on an area of 1,001 ha up shall have to submit all documents, same as the aforementioned point ③, and submit to the Ministry of Agriculture and Forestry for technical verification and certification, and eventually the Government for consideration. Upon the Government's approval, the notice will be sent to the Ministry of Agriculture and Forestry and the Minister is assigned to issue the license as provided in Article 23 of the Prime Minister's Decree No. 186/PM.
- ⑤ Foreign companies and business people that wish to invest in planting trees in Lao PDR, the Ministry of Agriculture and Forestry shall encourage, promote, cooperate and facilitate under its obligations, but the investor(s) shall have to prepare all necessary documents and first submit to the Committee for Planning and Cooperation, and after that comply with Article 9 of the Prime Minister's Decree No. 186/PM.

B. Procedures for the management and use of farmed timber and planted forest

① Inspection, certification and registration of plantation

Persons, households, organizations, domestic state and private businesses that plant trees on their own land or State land and wish, at the time of harvest for use or sale, to be exempted from land tax, restoration and forest resource fees as provided in Article 16 of the Prime Minister's Decree No. 186/PM shall have to comply with the followings:

- 1.1 Trees must be grown in a plantation with area of 1 *rai* or 1/6 ha and up, average spacing between trees is 3 x 3 m for generic tree species, and with 180 trees over 1 *rai* or 1,100 trees per ha. As for rubber tree and bamboo which planted at a distance of 5 x 5 m must have 65 trees per *rai* or 400 trees per ha. Details of

planting distance shall be based on the conditions of each tree species in accordance with the technical instructions.

Trees that are planted and scattered randomly along roads, rice paddy fields, gardens and in the village, which the said land has been used for growing crops, raising livestock or construction, the Government shall exempt the owner from restoration and forest resource fees only at the time of cutting as per Article 16 of Decree No. 186/PM. As for land tax for the said land shall be calculated and paid in accordance with Article 5 and 6 of the Prime Minister's Decree No. 50/PM, dated 13/3/1993, regarding land tax.

- 1.2 Every year when the planting of trees is finished, the plantation owner shall have to inform the District Agriculture and Forestry Office and Provincial Agriculture and Forestry Office for inspection and certification and refer to the relevant authorities for endorsement based on the actual number of trees planted in conformity with Article 14 of Decree No. 186/PM, which stipulates that inspection must be carried out once a year for the first three years.
- 1.3 The district and provincial land officers in association with bank staff, when deemed necessary, to carry out the inspection for the convenience of implementing the tax policies, and in case of loan borrower to settle the bank loan.

② Transfer of inheriting right, plantation ownership, sale and purchase of standing standing trees from the plantation and logging

- 2.1 The transfer of inheriting right in accordance with Article 17 of Decree No. 186/PM is the transfer or change of name of the plantation owner, between the spouses, children, siblings, parents, grandparents, grandchildren in the family circle, which the Government shall, in this case, regard as the transfer of right of inheriting the possessions as provided in the laws. The transfer documents will then be verified, approved and endorsed by the government authorities without taking any income tax, but the relevant parties have to pay formality fee according to the regulations. Transfer documents shall consist of an application stating the reason of name transfer or transfer of inheriting right to the future recipient, certification of village and district authorities so with the family registration book and ID card for proving that the recipient is a relative of the old plantation owner, as well as the identity of all documents related to the plantation which produced earlier.
- 2.2 The transfer of plantation ownership to the future recipient and to the next persons can be done provided that the recipients must be citizens of the country, and if they are not relatives, a power of attorney, as stipulated in the laws, will be required. In this case, the government authorities shall have to estimate the cost of

establishment of the plantation and collect income tax from the person who makes the transfer. Both the person who transfers and the recipient have to prepare documents which consist of an application stating the reason of the transfer, a written agreement of the transfer stating clearly the value of the plantation, former documents related to the plantation and ID cards of both persons together with 4 pieces of 4 x 6 photo of the recipient and the person who agrees to transfer.

After receiving all relevant documents, the officers in charge from the forestry and finance sections shall together check the documents, inspect the plantation and estimate the value of existing trees and other activities conducted in the plantation area, and calculate the income tax for the plantation owner to pay to the Government in accordance with the regulations. After that, the documents will be submitted to the responsible authorities for an official approval.

2.3 For the sale and purchase of standing trees from the plantation, the Government allows only the standing trees and not the sale and purchase of the land, which may lead to the discrimination between the rich and the poor. In actual practice, the plantation owner shall have to prepare documents which consist of an application stating the reason of the sale of standing trees from his/her plantation and a signed sale/purchase agreement.

Contents of the agreement shall consist of:

- Upon completion of the deal, buyer shall have to cut down all the trees without delay and/or keep the trees for how many years, and as to when to do clear cutting in order for the old plantation owner to carry out the replanting or supplementary planting in case of selective cutting.
- During the period which the trees are not yet cut, who will be responsible for taking care of the trees and the plantation area.
- All former documents of the establishment of the plantation which both parties (buyer and seller) agreed this time.
- After receiving all relevant documents and checking, the officers in charge shall inspect the plantation and calculate the income tax from the sale of standing trees, which the owner or seller has to pay fully to the Government before an official approval is issued.

2.4 Application for cutting trees from the plantation

2.4.1 The cutting of trees in the plantation for domestic sale or export, the owner shall have to prepare documents as follows: an application for cutting trees, sale/purchase contract of the trees to be cut, former documents of the establishment of the plantation, which to be submitted to the District Agriculture and Forestry Office and Provincial Agriculture and Forestry Office.

After completing the checking the documents, the forestry officer shall carry out the measurement of standing trees, assess the overall situation of the plantation and the total volume of timber, and compare with the application for cutting. If correct, the officer will certify and submit to the Head of Provincial Agriculture and Forestry Office for approval and issue the logging permit.

2.4.2 Individuals, households and organizations that wish to cut trees from their plantation for house building or renovation or village infrastructure construction which recognized by the village administration, the Government will not collect any taxes, levies or other fees. Should the cutting not more than five (5) trees for house renovation or other village infrastructures, and those trees are not moved to other districts, no need to apply for a logging permit from the Provincial Agriculture and Forestry Office, but need to inform the village forestry unit and District Agriculture and Forestry Office in advance for monitoring. If more than five trees or move to other districts and provinces, it is necessary to prepare documents together with the plan of renovation for the Provincial Agriculture and Forestry Office to consider and approve.

2.4.3 The pruning and thinning, in compliance with the techniques, for healthy growth in terms of wood volume and quality of the trees, are necessary. The District and Provincial Agriculture and Forestry Offices shall have the duty to give instructions and together with the plantation owner formulate the maintenance plan, including the schedule of pruning and thinning based on the tree species planted. The poor and suppressed stems eliminated from the pruning and thinning that cannot be sold shall not be taxed, and subject to taxation, on the contrary, if they can be sold.

IV. Guidelines and method of implementation

1. Guidelines

To promote tree planting and expand to wider area in a lively manner, the extension officer, in practical implementation, shall have to be highly motivated and creative in carrying out the task with villagers and tree planting investors, particularly not to delay or disturb their time which may cause them a setback and ended in great discouragement. Meanwhile, extension officer must take the principles, procedures, rules and regulations seriously or to perform duty without commitment and responsibility.

The responsible authorities at all levels must be strict and adhere to the rules and regulations, but at the same time flexible and diligent in performing their duty by keeping away from corruption, bribery and injustice.

2. Method of implementation

2.1 The propagation of document: after receiving this Directive, the Provincial and District Agriculture and Forestry Offices shall present to their relative organizations for discussion and dissemination of this document by implementing the following two stages:

Stage 1: organize meeting for learning, particularly forestry and land officers from province and district in order for them to fully understand at first hand.

Stage 2: print and distribute documents and disseminate to reach state and private companies, business people who plant tree and the multi-ethnic people in the locality where the officers or their organizations are responsible in order to have a clear understanding in the whole society.

2.2 The promotion: with a view to promote tree planting activities in a smooth and convenient way, meet the requirements of the general public and tree planting investors and have a good system of management and a common understanding from central to local levels, the Ministry of Agriculture and Forestry assigns the Department of Forestry, Provincial Agriculture and Forestry Office and District Agriculture and Forestry Office to set up a working unit or promotion group responsible for tree planting at each level in order to boost the planting movement. Details of work are as follows:

- Disseminate the policy of tree planting promotion, as well as rules and regulations and the process of planting tree to reach the general public;
- Receive the application submitted by the individuals, households, organizations, business units and investors who intend to plant trees, buy and sell farmed timber and/or transfer of ownership and inherit the plantation;
- Consider and verify the application documents, give advice to make the documents correct and complete;
- Follow up and encourage, on periodical basis, the implementation of policy in association with the bank concerned in case the investor uses a bank loan for planting trees;
- Monitor, make comments and recommendations and certify or approve based on the actual conditions in order to use as reference for the authorities in charge to consider and approve in a proper manner.
- Study how to assist the persons who wish to plant trees but lack of fund, marketing skill and other services.

2.3 Through the implementation of activities in each locality, if there are inconsistencies in this Directive that caused difficulties for the province and district to find solutions to practical problems, it is recommended that the issue should be reported in a timely way to the Ministry of Agriculture and Forestry to consider and take remedial action without delay.

Minister of Agriculture and Forestry

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