



Lao People Democratic Republic
Peace Independent Democracy Unity Prosperity
ເພື່ອສັນติພາບ ມິດຕະພາບ ສະຫງົບ ສະຫສຽງ

Ministry of Agriculture and Forestry
Department of forestry

Ref. No /DOF

Vientiane Capital, date

Instruction of DOF

On development of a feasibility study of industrial trees and NTFP investment

- Base on an article 74 of the forestry law ref. no 06/ NA date 24/12/2007 on Forest and Forest land concession.
- Base on a MAF regulation No. 0071/MAF, date 30 / 01 / 2009 on the mandate of the Department of foresterie.

The Department of forestry has given an instruction belows:

I Objectives

1. To dessiminate the state laws and regulations relate to industrial tree and NTFP investment management by development of technical guideline for individuals, organisation and investors to develop a feasibility on industry trees and NTFP development.
2. Define the principle on a feasibility on industry trees and NTFP development.

II Out puts

1. Having the principle on a feasibility on industry trees and NTFP development that could help to ensure an effectiveness of the impelementation.
2. Ensuring the effective use of forest land, investment and reduce an impact to environment and social.

III. Contents and scop of use

The instrcuton gives the principle of development of the fesibility study of inductrial tree and NTFP plantation development. **It is used only for investors, companies and individuals that want to lease and concession of forest land based on an article 74 of the forestry law ref. No 06/ NA date 24/12/2007.**

IV. The principle of feasibility report development

The step involment of feasibility study:

1. Investors apply for investment licens to the Minstry of planning and investment (MPI).
2. Fill up an investment form that will be given by the Department of domestict and foreing investment .
3. Holding a signed MOU between a company and the Government of Laos.

4. Conducting a social- economic survey, suitability of natural conditions viz: soil, climate, sealevel, rainfall, water resources, land use rights, local labours, forest and forest resources conditions, etc., The survey shall be conducted accordance with techniques and regulations issued by forest and forest land authorities.
5. Development of a feasibility report approved by forest and forest land authorities and other relevant sectors which mentioned in point 2, an article 74 of the forestry law.

V. The main contain of the feasibility report

- **The report shall address to:** 1) description in details on techniques of industrial trees and NTFPs development such as: techniques of planting, maintenance, growth performances and risks assessments, 2) -assessments of the effectiveness of the investments , Investments cost, net profits and 3) other risks that might cause an failure of the investment .

The feasibility -report shall be comprised with information belows :

Part I . General information of the Project.

This part should focus on:

1. Program, name of project, locations indicates in sketmap, name of the project, benefits that addresses to direct benefit such as what is the state benefit, villagers who lives inside or near by the project site around dependent and investors. Beside that the project should also mentions about indirect benefit, especially, the benefit for environment protection, etc.
2. Back ground information and locations
The back ground information and locations should address to information on topography, especially, land conditions, climate, altitude, rainfall, water resources, forests and forest lands, wildlife and aquatic animal that listed in **the endanger species accordance with the Prime Minister's decree no. 81/PM, date 13 / 08 / 2008.**
3. -Social- economic condition should be addressed to land use conditions, main occupation of villagers, infrastructure developments (road access, health and education).
4. Issues and potentiality:
 - Ecosystem;
 - -Natural conditions (Forests and forest land) should attach with a report that has been approved by concerned authority;
 - Population and Labour condition;
 - --Economic condition both international and regional.
 - Etc.

Part II-. Objective and expected outputs of the investment

1. Objectives
2. Investment plan
3. Market conditions
4. Targets

Part III . References

1. Laws and registrations that use to be referent;
2. Approved Investment licence (if any).

Part IV . Project development (Project implementation)

1. General estimation

1.1 Investment type.

- Selection of the project size
- Estimation of investment cost such as fix cost, variable cost and registry cost
- Funding Source such as self funding, share holders and loans.

1.2 Budget estimation

- Budget for operating costs
- Salary, compensation, promotion and labour cost (detail estimation is needed and attached to this report)
 - Tax and other fees (detail estimation is needed and attached to this report)
 - Land clearing and land preparation (detail estimation is needed and attached to this report)
- Investment cost
 - Construction of office, dormitory, vehicle and office equipments (detail estimation is needed and attached to this report)

1.3 Project management :

- Project's organisation structure (explain roles and responsibility of each unit in details)
- Project's mandate (write in the separate paper and attached to the report)

1.4 Plantation development (result of land survey should be attached)

- Back ground information (explain silviculture character of trees, vegetation, etc. that project want to investment)
Example: (Ruber tree, eagle wood, etc.)
 - Family
 - Benefit
 - silviculture character (explain only important feature).
- Seedling techniques
 - Seed source, nursery production, etc.
- Land preparation and planting
 - Steps involving land preparation
 - Planting techniques
- Maintenance (explain details from first month to one year and from one year up to harvesting)
 - Harvesting period (estimate annual yield production).
 - Summary in a table for expected yield production in each year

1.5 Summary of budget used in the project

- Summary in a table for annual expenditure

1.6 Brief summary on benefit from the project

- Total Investment cost of the project;
- -Total land areas;
- -Project period;
- Average investment cost per hectare;
- Estimations of total income in the end of project;
- Net profit of the project;
- Benefit for the Government;
 - from land tax
 - from income tax

2. Action plan of the project

- -Annual workplan (develop in a table -)
- Environment and social protection measure
- Contributions to local infrastructure development
 - a detailed workplan is needed (activities and budget)
- Progress report of the project implementation

- report to all sectors concerns in the province regularly, quaterly and report to MAF annually.
- Monitoring and evaluation plan of the government sectors in the province and centre
- develop a details plan in a table attached to the report (define a time frame, human resources and budget requirement)

❖ ***Annexes***

All supports documents shall be annexed to the feasibility report as follows;

1. Sket map of the plantation areas.
2. A report on land survey including land quality, water and climate condition in the project site
3. A detail budget plan and use of opearional funds.
 - Salary, lobour cost, etc.
 - Tax and other government fees.
 - Land clearing and site preparation.
4. Investment costs.
 - Cos for any constructions
 - Vehicles
 - Eguipments
5. Project's rules and regulations
6. estimation of out puts
7. planting schedule
8. Sumary of all activities, budget and labour
9. Schedule for monitoring

5.1 *Field monitoring*

If the proposed location of the project is not clear, a technical team of DOF and other sectors concerns shall coconduct a field assessment

VI. Evaluation of a feasibility report

The evaluation of the report shall be conducted accordance with this provision. If the project can not ensure about the profit or high risk, the technical team of DOF will not approval the feasibility report. Therefore, the company will be requested to conduct a small sclae or a pilot project to gain some experiences.

VII This instruction will come into force after signing

DG of DOF