

Presentation on TLD1 “Production Forest (V4.2)”

TWG Meeting, Vientiane Plaza Hotel, 29 January 2017

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1. Background of revision of TLD1 since first face-to-face negotiation

1. After the first face-to-face negotiation, core expert team, TEG, TWG have revised the TLD1 from version 3.1 to version 4.0
2. FLEGT Standing Office sent the revised TLD 1 “Version 4.0” to EU for comments
3. The core expert team has revised the TLD1 “Version 4.0 To version 4.1, 4.2” based on the detailed comments made by EU.
4. TEG presents the revised TLD1 “Version 4.2” to TWG meeting.

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2. Major changes TLD1 v.4.0 to v.4.1

Major changes in TLD1:

- Added one more principle “1.6 Conflict resolution” to TLD 1 as cross-cutting principle to address all conflict resolutions occurring at point in time from forest management planning to post-harvesting operation.
- Added some indicators and verifiers in the TLD 1 to make it clear.
- Proposed to revise Decision 0182/MAF (2009) to make the role of harvesting unit and harvesting enterprise clear in harvesting operation.
- Changed wording of indicators from passive form to active form
- Include introduction, glossary and acronym to the TLD1.

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3. TLD1 "Production Forest"

PRINCIPLE 1.1 FOREST MANGEMENT PLAN		
Criterion 1.1.1 Forest management plan for the FMU shall be established		
Indicators	Verifiers	Legal references
1.1.1.1 PAFO and DAFO with the participation of villages have prepared the production forest management plan and DOF has endorsed it. In case of a revision of an existing plan, the revision shall be latest after 15 years.	1.1.1.1.1 Production Forest management plan	<ul style="list-style-type: none"> • Law 06/NA (2007), article 14 • Decree 59/PM (2002), article 7 • Regulation 0204/MAF (2003), article 7 • Guideline 2156/DOF (2006), section III (3.2), chapter 4 (4.3, 4.4, 4.5 and 4.6) • Decision 0108/MAF (2005), article 9 and 10
	<u>1.1.1.1.2 Village forest management agreement</u>	<ul style="list-style-type: none"> • <u>Regulation 0204/MAF (2003), articles 3 (9) and 11</u>
1.1.1.2 The management plan defines the sustainable annual allowable cut and logging compartments (annual cutting areas) <u>for the planning cycle of 15 years.</u>	1.1.1.2.1 Annual allowable cut in Production forest management plan	<ul style="list-style-type: none"> • Law 06/NA (2007), article 18(1) • Guideline 2156/DOF (2006), article 6
	1.1.1.2.2 Map of the annual harvesting compartments	<ul style="list-style-type: none"> • Law 06/NA (2007), article 18(1) • Guideline 2156/DOF (2006), article 6

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PRINCIPLE 1.2 HARVESTING OPERATIONS		
Criterion 1.2.1 Harvesting plan shall be prepared for the FMU and the annual timber harvesting plan is approved by the Government.		
Indicators	Verifiers	Legal references
1.2.1.1 DAFO has prepared a harvesting plan based on the results of a pre-harvest inventory and PAFO has certified it.	1.2.1.1.1 Pre-harvest inventory report.	<ul style="list-style-type: none"> • Law 06/NA (2007), article 15. • Regulation 0204/ MAF (2003), article 13 • Guideline 2155/DOF (2006), chapter 5.
	1.2.1.1.2 Harvesting plan for FMU with harvesting map	<ul style="list-style-type: none"> • Regulation 0204/ MAF (2003), article 13 • Guideline 2157/DOF (2006), chapter 4
1.2.1.2 PAFO has prepared the <u>annual operation plan for the province, including annual timber harvesting plan and submitted to MAF.</u>	<u>1.2.1.2.1 Provincial annual operation plan, including annual timber harvesting plan</u>	<ul style="list-style-type: none"> • <u>Order 17/PM (2008), article 4</u> • <u>Guideline 2157/DOF (2006), chapter 5 (1)</u>

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Indicators	Verifiers	Legal references
1.2.1.3 The Government has approved an annual timber harvesting plan and submitted the provincial operation plan to PAFO.	1.2.1.3.1 Notification Letter on Annual timber harvesting plan of Prime Minister Office	<ul style="list-style-type: none"> • Law 06/NA (2007), article 18(4) • Order 17/PM (2008), article 4 • Guideline 2157/DOF (2006), chapter 4
	1.2.1.3.2 Notification Letter on annual timber harvesting plan of MAF	<ul style="list-style-type: none"> • Law 06/NA (2007), article 18 (4). • Guideline 2157/DOF (2006), chapter 4
1.2.1.4 PAFO has issued the harvesting permit for the FMU.	1.2.1.4.1 Harvesting permit issued by PAFO	<ul style="list-style-type: none"> • Law 06/NA (2007), article 49 (3) • Guideline 2157/DOF (2006), chapter 5(4)

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Criterion 1.2.2 Harvesting operation shall be in compliance with harvesting principles		
Indicators	Verifiers	Legal references
1.2.2.1 PAFO has signed a contract with an officially established Timber Harvesting Unit or Timber Harvest Enterprise (F1).	1.2.2.1.1 Signed harvesting contract	<ul style="list-style-type: none"> • Decision 0182/ MAF (2009), articles 7(1), 15(3)
	1.2.2.1.2 Harvesting Unit/ enterprise establishment permit issued by MAF	<ul style="list-style-type: none"> • Law 06/NA (2007), article 49 (2) • Decision 0182/ MAF (2009), article 23
	1.2.2.1.3 Harvesting enterprise registration from POIC	<ul style="list-style-type: none"> • Law 06/NA (2007), article 49 (2) • Decision 0182/ MAF (2009), article 24
	1.2.2.1.4 Vehicles utilization permit	<ul style="list-style-type: none"> • Law 06/NA (2007), article 49 (2) • Decision 0182/ MAF (2009), article 15(4)
	1.2.2.1.5 Chainsaw utilization permit	<ul style="list-style-type: none"> • Law 06/NA (2007), article 49 (2) • Decision 0080/ MAF (2012), article 8 • Decision 0182/ MAF (2009), article 11(4)

1 Decision 0182/MAF 2009 determines the basic principles on establishment and management of timber harvest units and enterprises. However, the definitions for enterprises are unclear, especially the distinction between state enterprises or private companies and there are existing inconsistencies to be addressed, e.g. why should the timber harvesting unit under PAFO, controlled by PFS enter into a contract for each harvesting operation (art. 5)? It is advised to amend the decision.

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3. TLD1 “Production Forest”

Criterion 1.2.2 Harvesting operation shall be in compliance with harvesting principles		
Indicators	Verifiers	Legal references
1.2.2.2 Timber Harvesting Unit or Timber Harvesting Enterprise has prepared logging facilities (including forest roads, logging units’ camp and log landing) according to existing guidelines and timber harvesting plan.	1.2.2.2.1 Harvesting maps indicating all logging facilities	<ul style="list-style-type: none"> Guideline 2157/DOF (2006), chapters 4, 6-9.
1.2.2.3 Timber Harvesting Unit or Timber Harvesting Enterprise has implemented logging operations according to existing guidelines .	1.2.2.3.1 Standing tree map. Monitoring reports during logging by DAFO and PAFO. 1.2.2.3.2 List of selected standing trees (Form I).	<ul style="list-style-type: none"> Law 06/NA (2007), article 49 (4 - 6). Guideline 2157/DOF (2006), chapter 10
1.2.2.4 The harvesting operator has recorded all logs after cross-cutting at felling site or log landing 1.	1.2.2.4.1 Selected tree list with records for felled trees and logs from cross-cutting (Form I)	<ul style="list-style-type: none"> Guidelines 0962/DOF (2010). Chapter 4 (4.1, 4.2).
1.2.2.5 At log landing 2, PAFO , DFU and VFO(s) have prepared log list, measure, and mark logs with paint, scale and grade the logs according to existing guidelines.	1.2.2.5.1 Log lists from the LL II (Form IV).	<ul style="list-style-type: none"> Guidelines 0962/DOF (2010). Chapter 4 (4.4-4.6). Decision 116/MAF (2007), parts I – II

3. TLD1 “Production Forest”

PRINCIPLE 1.3 TIMBER SALES		
Criterion 1.3.1 Timber auction shall be in compliance with regulations		
Indicators	Verifiers	Legal references
1.3.1.1 Bidding committee has been established at the provincial level from three concerned sectors Agriculture and Forestry, Industrial and Commerce and Finance including FMU and village forestry organizations.	1.3.1.1.1 Letter of appointment of bidding committee by the provincial Governor	<ul style="list-style-type: none"> Order 17/PM (2008), article 6 (2) Regulation 1726/ MOIC (2012), chapter 4. Regulation 0204/MAF (2002), article 17
1.3.1.2 The bidding committee has conducted sales of timber from official log lists through transparent auction.	1.3.1.2.1 Log lists (Form IV) registration into state assets	<ul style="list-style-type: none"> Decree 59/PM (2002), article 11. Instruction 3211/ MOF (2015), article 2
	1.3.1.2.2 Established individual batches for auction (Form V) ¹	<ul style="list-style-type: none"> Gaps “Guidelines 0962/DOF. (2010) COC” Gap “Regulation 1726/ MOIC (2012)”
	1.3.1.2.3 Letter of invitation for bidding	<ul style="list-style-type: none"> Regulation 1726/ MOIC (2012) Chapter 2 (1.1)

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PRINCIPLE 1.3 TIMBER SALES		
Criterion 1.3.1 Timber auction shall be in compliance with regulations		
Indicators	Verifiers	Legal references
1.3.1.2 The bidding committee has conducted sales of timber from official log lists through transparent auction.	1.3.1.2.4 Minutes of results of bidding including list of bidding committee members	<ul style="list-style-type: none"> Regulation 1726/ MOIC (2012), chapter 2 (2) Regulation 0204/MAF (2002), article 17
	1.3.1.2.5 Selling-purchasing contract	<ul style="list-style-type: none"> Law 06/NA (2007), article 11 (1) Regulation 1726/ MOIC (2012), chapter 3 (1)
	1.3.1.2.6 Receipt of royalty payment from timber buyer	<ul style="list-style-type: none"> Law 06/NA (2007), article 11 (1) Regulation 1726/ MOIC (2012), chapter 3 (2)
	1.3.1.2.7 Certificate of deletion of log lists from state assets	<ul style="list-style-type: none"> Law 06/NA (2007), article 11 (1) Instruction 3211/ MOF (2015), article 6

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PRINCIPLE 1.3 TIMBER SALES		
Criterion 1.3.2 Benefit sharing from timber sale shall comply with regulations		
Indicators	Verifiers	Legal references
1.3.2.1 The Timber Harvesting Unit and POIC have ensured that information of expenditures (harvesting cost) and income (auction price) are transparent and accountable.	1.3.2.1.1 Approved invoice from the Harvesting Unit based on the harvesting contract	<ul style="list-style-type: none"> Regulation 0182/MAF (2009), article 7 (7.7) Gap Notification 0167/ MOIC.DIMEX (2010)- needs to be updated
	1.3.2.1.2 Income balance from timber auction	<ul style="list-style-type: none"> Gap: Revision of PO 001 /PO (2012) to include access to expenditure of harvesting
1.3.2.2 The Provincial finance sector has divided total revenue of timber sale into 70% to state budget and 30% to forest management and development and village development.	1.3.2.2.1 Deposit order issued by State asset sector	<ul style="list-style-type: none"> PO 001 /PO (2012), articles 4 and 6
	1.3.2.2.2 Money transfer receipt to the provincial treasury	<ul style="list-style-type: none"> PO 001 /PO 001(2012), articles 7
	1.3.2.2.3 Money transfer receipt of 12% of the total revenue to the bank account of the village	<ul style="list-style-type: none"> PO 001 /PO 001(2012), articles 7

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PRINCIPLE 1.4 TIMBER TRANSPORTATION		
Criterion 1.4.1 Compliance with transport requirements from cutting area to log landing II		
Indicators	Verifiers	Legal references
1.4.1.1 The harvesting operator has recorded in COC forms the transport of timber from cutting area to log landing II. The forestry officer supervising logging activities (F4) has recorded transportation of logs from cutting area to log landing II in transport slips and in the log registry of log landing II.	1.4.1.1.1 Transport slip (Forms II) and Registry at log landing II (Form III).	<ul style="list-style-type: none"> • Law 06/NA (2007), article 49 (7) • Guideline 2157/DOF, chapter 10, (4.4) • Guideline 0962/ DOF (2010), section 5 (4.3)
	1.4.1.1.2 Registry at log landing II (Form III)	<ul style="list-style-type: none"> • <u>Guideline 0962/ DOF (2010), section 5 (4.4)</u>

4 The wording in Guideline 2157/DOF (2006) and Guideline 0962/DOF 2010 is not clear regarding responsibilities. This inconsistency should be addressed by DOF during the planned amendment of 0962.

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Criteria 1.4.2 Compliance with the transport requirements from log landing II to log landing III		
Indicators	Verifiers	Legal references
1.4.2.1 The timber buyer has in place of all transport documents before timber movement.	1.4.2.1.1 Receipt of timber sales	<ul style="list-style-type: none"> • Law 06/NA (2007), article 53 • Order 17/PM (2008), article 15
	1.4.2.1.2 Cancellation letter of log lists from state assets register	<ul style="list-style-type: none"> • Order 57/PM (2014) • Instruction 3211 /MOF (2015), article 6
	1.4.2.1.3 Log list (Form V)	<ul style="list-style-type: none"> • Law 06/NA (2007), article 53
	1.4.2.1.4 Transport permit from PAFO	<ul style="list-style-type: none"> • Law 06/NA (2007), article 53 • Decree 32/PM (2012), article 5 (7) • Guideline 0962/DOF (2010), section 5.2

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PRINCIPLE 1.5 POST-HARVESTING OPERATIONS		
Criterion 1.5.1 Post-harvest assessment shall be conducted		
Indicators	Verifiers	Legal references
1.5.1.1 The PFS, DFU and VFO(s) have conducted assessment of logging performance and logging impacts .	1.5.1.1.1 Post-harvest assessment report.	<ul style="list-style-type: none"> • Law 06/NA (2007), article 49 (8 and 9) • Guideline 2157/DOF (2006), chapter 10 (3) • Guideline 1036/DOF (2010), section 6 • PSFM Operational manual DOF (2013), sections 8.5.2
Criteria 1.5.2 The results of post-harvesting operation shall be implemented		
1.5.2.1 The Harvesting Unit/ Enterprise has mitigated and implemented issues and impacts recommended by PFS, the FMU and the VFO(s).	1.5.2.1.1 Impact mitigation and implementation report.	<ul style="list-style-type: none"> • Guideline 2157/DOF (2006), chapter 12 • PSFM Operational manual DOF (2013), sections 8.5.2

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PRINCIPLE 1.6 CONFLICT RESOLUTIONS		
Criterion 1.6.1 Conflicts between stakeholders occurring during the implementation of PSFM shall be resolved		
Indicators	Verifiers	Legal references
1.6.1.1 The FMU and VFO(s) have resolved any conflict between government organizations, individuals, VFOs or villagers regarding forestry activities or over a forest management agreement concerned with PFA management according to the procedure stated in the relevant agreement or contract signed by the parties.	1.6.1.1.1 Minutes of conflict resolution.	<ul style="list-style-type: none"> • Regulation 0204/MAF (2002), article and 33. • PSFM Operation Manual/DOF (2013), section 8.5.5

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4. Next Steps

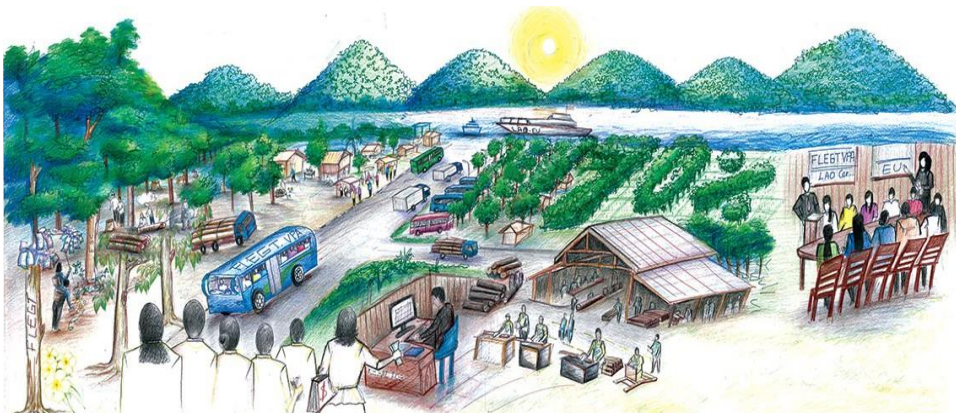
- Finalize the TLD1 by **FLEGT Standing**, including comments from **TWG (V.4.2 to V.5.0)**
- Submit the revised TLD1, **V.5.0** to EU for comments
- Prepare the **Negotiation Team on TLD1** for second face-to-face negotiation with EU in March 2018.

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Thank You



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