



Lao People's Democratic Republic  
Peace Independence Democracy Unity Prosperity

Ministry of Agriculture and Forestry

No. 0204 / MAF. 2003  
Vientiane, 03 / 10 / 2003

**REGULATION ON ESTABLISHMENT AND  
SUSTAINABLE MANAGEMENT OF PRODUCTION FOREST**

- Based on the Law 01-96 of 11 October 1996 on Forests;
- Based on the Prime Minister's Decree 59/PM of 22 May 2002 on Sustainable Management of Production Forest Areas.
- Based on the Prime Minister's Decree 89/PM of 22 June 1999 on Organization and Administration of Ministry of Agriculture and Forestry.

**The Minister of Agriculture & Forestry issues the following regulation:**

***PART I***  
**GENERAL PROVISIONS**

**Article 1      Objectives**

This Regulation focuses on sustainable management and use of forest, NTFPs and forest land within Production Forest Areas (PFA) with participation of local authorities and villagers in order to provide the need for supply of raw timber and NTFPs for national socio-economic development without negative impact on the environment and ensure that the management, conservation and use of production forest throughout the country will be implemented according to GOL policy, legislation and technical guidelines.

**Article 2      Scope**

This regulation covers the principles and procedures for establishment and sustainable management of Production Forest Areas throughout the country. The principles and procedures for establishment of PFA may be applicable for all forest areas and forestland that have potential to be PFA. The principles and procedures for sustainable management shall be applicable only in the forest and forestland areas established as PFAs. Forest activities that occur within an area proposed for establishment as a PFA shall be consistent with the objectives of PFA management and other relevant legislation.

**Article 3      Definitions**

1. Production Forest – Production Forests are forest and forestlands, which are separated to provided for the requirements of national socio-economic development and peoples' regular and continual daily living needs in terms of wood and forest derived products, which do not seriously affect the environment.

2. Production Forest Area - refers to a legally established forest area and forest land meeting all criteria in the definition of production forests, consisting of different forest categories designated according to technical guidelines and placed under the sustainable forest management system with participation from villagers.
3. Production Forest Area at Provincial Level – means the forest and forestland area identified within a PFA located within the boundaries of a province, municipality and special zone.
4. Production Forest Area at District Level - means the forest and forestland area identified within a PFA located within the boundaries of a district.
5. Production Forest Area at Village or Group of Villages Level - means the forest and forestland areas identified within a PFA located within one or a group of villages for the purpose of sustainable management and use.
6. Production Forest Management Area – means the forest and forestland area located within a PFA identified for planning of management, use, regeneration, planting and conservation according to the officially approved management plan.
7. Forest Management Unit (FMU) - refers to the state organization under the district’s forestry unit responsible for the sustainable management of production forest areas of the district.
8. Village Forestry Organization (VFO) – refers to an organization of villagers established in a village to participate in the management of forests under the village’s responsibility and chaired by the village chief.
9. Village Forest Management Agreement (VFMA) – means the document on management on PFA written together by FMU and VFO including the rights and responsibilities of each party in implementation, the PFA management activities, conflict resolution and revenue generation in order to achieve sustainable management objectives of the PFA.

## **PART II**

### **ESTABLISHMENT AND MODIFICATION OF A PFA**

#### Article 4 Principles for Identification of a PFA

Based on primary forest inventory data and field surveys, the Department of Forestry (DOF) and PAFO(s) shall coordinate to identify forest and forest land areas to propose for establishment as PFA according to following criteria:

1. Should not be nationally designated protection or conservation forest, not cover land designated for national defense and infrastructure development such as industrial area, permanent agriculture area, road construction and others;
2. Should not cover the forest, forest and agricultural land already allocated to villagers for management and use;
3. Can cover the administrative boundary of more than one village, district and province.
4. It should be located a minimum of 5 km from the national boundaries; and
5. The area shall be a minimum of 5,000 total ha;

#### Article 5 Procedure to Establish a PFA

The Ministry of Agriculture & Forestry shall submit proposals for establishment of a PFA to the Cabinet of the Prime Minister’s Office for consideration and approval. The technical documents certifying the importance of areas to be identified as PFAs include:

1. Report of initial surveys on the geographical and socio-economic characteristics;
2. Maps indicating locations and boundaries based on a minimum scale of 1:50,000;
3. Minutes from consultations with local authorities and organizations concerned with establishment of the PFA.

#### Article 6      Modification of Boundaries in a PFA

In case there is a need to modify the boundaries of a PFA, the provincial, municipal and special zone Agriculture & Forestry Office shall submit the rationales, locations and boundaries that need to be modified with regards to the PFA management plan. At the same time, concurrence is required from the districts and provinces concerned, and a proposal is then submitted to the Ministry of Agriculture & Forestry for consideration and further submission to the approval of the Prime Minister's Office.

### **Part III**

#### **MANAGEMENT OF A PFA**

##### **Chapter 1 – Preparation of PFA Management and Operation Plan**

#### Article 7      Preparation of PFA Management Plan

After official establishment of PFA, PAFO(s) and DAFO(s) shall coordinate with local authorities and villages to conduct field inventories in order to prepare a PFA Management Plan under technical supervision of DOF. The key principles for preparation of a management plan include:

1. The identification of management areas: shall divide the PFA into management areas at provincial, district and village levels based on administrative boundaries. Management areas at provincial and district levels should be located within a single province and district respectively. Management areas at village level may cover the boundaries of one or group of villages based on legislation, technical guidelines, geography and socio-cultural conditions. Apart from management areas, historical, natural and cultural properties with significant value to the country and people shall be clearly identified within a PFA.
2. The identification of boundaries for each forest category in a PFA: forest and forest land areas in a PFA shall be classified and divided based on practical forest conditions of each forest category for specific management: the areas for timber production; the areas for watershed and environmental protection; the areas for conservation and scientific research, natural sites, history, socio-cultural; natural regeneration; and others according to specific legislation.
3. To conduct the forest management inventory: shall be conducted according to technical principles and regulations issued by MAF.

#### Article 8      Approval and Modification of PFA Boundary

1. based on the same procedure as the original PFA management plan.

#### Article 9 Preparation of Operation Plans for a PFA

PAFO shall coordinate with DAFO(s) and VFO(s) in preparation of long-term (10-year), medium-term (5-year) and annual operation plans for a PFA according to legislation, the PFA Management Plan and national and local socio-economic development plans.

#### Article 10 Approval and Modification of Operation Plans for a PFA

1. DAFO shall approve the annual operational plans for management of a PFA at the village or group of village levels. PAFO shall approve the operational plans for management of a PFA at the district level. The operation plans for a PFA at the provincial level and comprehensive operation plan for the entire country shall be approved by MAF.
2. In case of the need to modify any operation plan in a PFA, the forest management organization concerned shall prepare the document to submit for approval by the authorized organization based on the same procedure to approve the operation plan.
3. Prior to approval or modification of any operation plan, at all levels, the effectiveness of implementation of forest activities under previous plans shall be reviewed. The operation plans shall be modified if the results of the mid-term reviews show significant change in the forestry activities and use of the forest resources.

### **Chapter 2 – Management Activities in a PFA**

#### Article 11 Agreement on Management in PFA

Under supervision of PAFO(s), DAFO(s) shall advise FMU(s) and VFO(s) to make an agreement together on implementation of the management activities in a PFA according to approved Management Plan and operation plans. The agreement shall be signed by both the FMU and VFO(s) and certified by DAFO and shall be valid for a minimum term equal to the Management Plan for the PFA and may be amended upon mutual consent of both parties.

#### Article 12 Demarcation within a PFA

After establishment of a PFA and approval of the Management Plan, the FMU and VFO shall conduct field demarcation of the boundaries of the PFA, management use area(s) and each forest category according to data included in the Management Plan in consultation with local authorities and participation of VFO(s).

#### Article 13 Timber Harvesting

1. The FMU in collaboration with VFO(s) shall manage the timber harvest activities in a PFA according to principles of sustainable forest management stated in legislation and guidelines issued by the GOL and MAF.
2. Timber harvesting activities include: pre-harvest inventory, tree selection and marking, preparation of harvesting plan, implementation of harvesting plan, tree list, monitoring of harvesting and post-logging evaluation.
3. The annual allowable harvest of timber for each province shall not exceed the forest growth potential stated in the PFA Management Plan consistent with the annual operation plan(s).

#### Article 14 Tree Plantation and Forest Regeneration

Tree plantations and forest regeneration in a PFA shall be conducted based on collaboration between all concerned parties according to management plans, operation plans, village forest management agreement and relevant contracted parties for these activities under legislation and technical guidelines issued by the GOL.

#### Article 15 Conservation and Protection of Forest Resources

Forest, forest land and forest resources, especially NPAs, wildlife and aquatic species and other biodiversity values within a PFA shall be managed for conservation and flourish according to management plans, operation plans, village forest management agreement and relevant contracted parties for these activities under legislation and technical guidelines issued by the GOL.

#### Article 16 Management of NTFPs

NTFPs and other forest products within a PFA shall be managed, used, conserved and cultivated according to legislation and specific technical guidelines issued by all relevant authorities and include customary use.

### **Chapter 3 – Management of Revenue in PFAs**

#### Article 17 Sale of Timber Harvest in a PFA

1. After GOL approval of the annual harvesting plan for the provinces, municipalities and special zone, PAFO(s) shall coordinate with concerned organizations to conduct buy/sale of timber especially with representation from: Provincial Office of Ministry of Commerce, Provincial Office of Ministry of Finance, FMU and VFOs under the supervision of the Provincial, Municipality and Special Zone Governor(s).
2. Timber buy/sale from a PFA shall be conducted according to regulations issued by the Ministry of Commerce and conducted in a transparent, competitive method for sale to wood-processing factories and parties with business license issued by relevant authorities whereby the second landing shall be the location for calculation of log price. The competitive sale price of logs shall be based on the log royalty, tree plantation fees, harvesting costs and additional revenue resulting from the competitive sale.
3. Based on the annual harvesting plan issued by the GOL and the tree list from the pre-harvest inventory and tree selection for harvesting, the Provincial Commerce Office shall sign the timber buy/sale contract, then PAFO(s) shall issue the harvesting permit for implementation within each PFA.

#### Article 18 Benefit Sharing from Log Sales, Harvesting in PFAs

The log royalty from the competitive sale of timber from a PFA shall be transferred to the GOL national budget. The additional revenue from the competitive sale of timber shall distributed/used according to the **Budget Law** in order to ensure an accurate record of the accounting within the GOL property management sector and divided into two portions:

1. First portion: Thirty percent of the additional revenue transferred to national budget as additional revenue as a natural resource royalty;
2. Second portion: Seventy-percent of the additional revenue shall be shared between the following funds:

- Twenty-percent to the forest development fund, under Forestry Law, Art. 47;
- Twenty-five percent to the operation costs for implementation of annual operation plan;
- Twenty-five percent to the local development fund(s). This fund(s) shall be held in the village or group of villages account for village development activities to develop and improve the livelihoods of local people. These funds shall be spent according to relevant finance regulations and be consistent with development plans established by the village or group of villages and approved by the District Development Committee in coordination with DAFO.

## **Chapter 4 – Monitoring and Control**

### Article 19 Information Center

All information on PFAs and production forest management throughout the country shall be kept in MAF available to assist with monitoring and control and available for review.

### Article 20 Monitoring System

1. The monitoring system for management of a PFA shall be conducted according to provisions of Chapter 2, Part 5 of the Forestry Law and specific regulations and approved Management Plan(s).
2. If STEA proposed to monitor the condition of forest resources in PFA(s), then forest management organizations at each level shall cooperate and facilitate implementation of monitoring.

### Article 21 Monitoring Concept

Monitoring consists of the process to review the implementation of forest management activities such as: Management Plans, operations plans, forest management agreements, other contracts, administrative activities, financial accounts and other activities concerned with the management of a PFA.

### Article 22 Monitoring Report

FMU(s) and VFO(s) shall report on the implementation of practical management of a PFA to DAFO, Provincial Forestry Sections and PAFO to summarize and submit to MAF(DOF) for one-month, three-month, six-month and annual periods. The monitoring report and control shall focus on the following activities:

1. Evaluate the success of implementation of the various plans;
2. Assess the quality of technique of use in PFA management;
3. Assess the local socio-economic development conditions; and
4. Assess the change in forest, environment and biodiversity conditions.

## **Chapter 5 – Organizations, Rights and Responsibilities in Management of PFA**

### **Article 23 Establishment of FMU**

Each DAFO located in a PFA shall establish FMU(s) in a PFA to be the management unit in coordination with VFO(s) to implement sustainable forest management activities in a PFA under the supervision of PAFO.

### **Article 24 Establishment of VFO**

Under the supervision and assistance of DAFO(s), the administrative authority(s) from each village or group of villages located in a PFA shall establish a VFO to represent the villagers in participation for implementation of forest management activities and decision-making based on their level of capacity and responsibility.

### **Article 25 Duties and Responsibilities of DOF**

1. Assist the Ministry of Agriculture & Forestry to prepare and implement the GOL policy and national program in specific projects and plans for PFA management throughout the country.
2. Identify measures to implement the Forestry Law and government orders by preparing regulations, guidelines and manuals on sustainable management of PFAs for submission to higher authority for approval.
3. Responsible for preparing the data on establishment and management of PFAs and modification of boundaries and PFA Management Plan(s) throughout the country for submission to higher authority for approval.
4. Consider and use of scientific-technical information to implement the Code of Practice on Sustainable Management, Conservation and Use of Production Forest.
5. Comment on relevant documents and plans regarding the sustainable management of PFAs for submission to higher authorities for approval.
6. Cooperate with other sectors, local authorities and other concerned organizations in implementation, monitoring and evaluation of forest management activities according to their duties.
7. Train provincial staff on forest inventory, preparation of management and operation plans, implementation of plans, monitoring and evaluations; and
8. Cooperate with international organizations to exchange technical and scientific information in order to improve technical skills in the management of PFAs and obtain funding assistance to conduct sustainable forest management of PFAs throughout the country.

### **Article 26 Rights and Duties of the Provincial, Municipal and Special Zone Forestry Sections**

1. Directly assist DOF and PAFO(s) to prepare plans, monitoring and implementation of macro-level management of the forestry sector in PFA management within their jurisdiction;
2. Coordinate with the parties concerned in their local jurisdiction in order to manage plans, tree planting, regeneration and conservation of forest resources in a PFA;

3. Comment on various issues and documents to PAFO on establishment of FMU(s) and conduct various forest management activities in a PFA based on request by DAFO;
4. Conduct technical training of FMU staff and villagers in implementation of sustainable management of a PFA;
5. Supervise and conduct monitoring and evaluations of various forestry management activities in a PFA; and
6. Cooperate with concerned parties in implementation of duties of those involved.

#### Article 27 Rights and Duties of DAFOs

1. Assist Provincial Forestry Sections and FAFO in preparation of specific rules for management, conservation and use of a PFA consistent with GOL legislation and current conditions of each PFA;
2. Monitor and evaluate the management activities in a PFA;
3. Prepare annual operation plan for management area under their responsibility;
4. Conduct the technical training on sustainable management of a PFA for the staff and villagers;
5. Implement various orders issued by higher authorities on management, conservation and use of a PFA;
6. Report to PAFO on the management and implementation of activities according to their specific rights and duties; and
7. Coordinate with concerned parties in implementation of management of a PFA.

#### Article 28 Rights and Duties of FMUs

1. Are Technical Units to manage, conserve and use production forest under their responsibility.
2. Coordinate with concerned parties to prepare management and operation plans for the areas under their responsibility.
3. Implement the approved management and operation plans with participation of villagers.
4. Conduct the monitoring control and evaluation of implementing activities based on signing contracts.
5. Conduct the training on techniques of sustainable production forest management for villagers within or surrounding villages.
6. Assist villagers to prepare the village' socio-economic development plan.
7. Involve in termination and confiscation of evidences of whom, that violate the laws.
8. Report to the higher levels on the management activities both to the vertical and horizontal lines.
9. Are responsible for all successes and weaknesses in implementation of production forest management plan under their responsibility.

#### Article 28 Rights and Duties of VFOs

1. Implement the resolutions, orders and various legislation issued by higher authorities;
2. Participate in all activities of sustainable forest management of a PFA stated in management plans, conflict resolution resulting from production forest activities;



3. Participate in monitoring and enforcement of violations of legislation that may degrade the forest resources and environment in a PFA;
4. Report the evidence of violations occurring in a PFA to a higher authority; and
5. Manage the customary use of forest resources and other uses of villagers according to relevant legislation.

## **Chapter 6 – Incentives and Measures**

### **Article 29 Prohibited Acts**

It is prohibited to:

1. Modify the PFA boundaries without approval as stated in legislation;
2. Use of forest or forestland in PFA for purpose other than in management and operation plans, except with specific permission issued according to legislation;
3. Conduct any activity not permitted in management and operation plans in a PFA unless with approval from relevant authorities;
4. Violate any legislation, technical guideline covering management, use, regeneration and conservation of a PFA; and
5. Activities that may have a negative impact on forest resources, wildlife and aquatic animals, environment or other resources in a PFA.

### **Article 30 Incentives for Good Practices**

Any individual or organizations that practices, management, protection and sustainable development of forest resources in a PFA or help to protect against violations of the legislation from offenders will be rewarded incentives according to legislation.

### **Article 31 Measures Against Offenders**

Any individual or organization that violates the Forestry Law or other legislation within a PFA shall be subject to Articles 69 – 73 of the Forestry Law and other Laws.

### **Article 32 Conflict Resolution**

1. Any conflict between government organizations, individuals, VFOs or villagers regarding forestry activities or over a forest management agreement concerned with PFA management shall be resolved according to the procedure stated in the relevant agreement or contract signed by the parties;
2. If the conflict remains unresolved at the initial level, either party may request resolution at the next higher level or organization.
3. If the conflict is not resolved by the administrative measure, then either party may submit the complaint to the appropriate judicial or arbitration organization.

## **Part 4 – Final Provisions**

### **Article 33 Implementation**

1. All Ministries, relevant organizations, Provinces, Municipalities and Special Zone(s), and all economic sectors, including individuals and organizations shall acknowledge and jointly encourage the strict implementation of this Regulation.

2. The Department of Forestry, the Provincial, Municipal and Special Zone Agriculture and Forestry Offices, DAFO(s) and village authorities have the duty to disseminate and implement this regulation.

Article 34 Effectiveness

This Regulation is effective from the date it is signed. If any specific articles or statement of any regulation or guidelines issued by MAF that are inconsistent with this Regulation are automatically repealed.

Signed:  
The Minister of MAF

H.E. Dr. Siene Saphangthong