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Laos – Forestry

Providing evidence against illegal logging with digital remote sensing and obligation

The government of Laos intends to reform its forest sector comprehensively and to ensure greater transparency and sustainability in forest management. Within a few decades, the quality of the forest in terms of biodiversity and timber supply has declined dramatically. The reasons for this rapid decline are not only large-scale infrastructure projects and illegal logging, but also corruption and legal uncertainty. In order to stop illegal logging, a legality certificate for timber is to be introduced and large areas of forest adjacent to legal forest conversion areas are to be monitored using digital remote sensing systems. This will benefit the legal use of the forest, the economy, the forest ecosystem, the climate, biodiversity - and last but not least the poor population of Laos who largely live off the products of the forest.

Context

Eighty years ago, Laos was still 70% forest. Even though large parts of the country are still officially covered with forest today, the quality of the forest has now declined significantly: Large infrastructure projects to develop hydropower, road and mining, unsustainable logging and shifting cultivation, as well as industrial rubber and banana plantations have accelerated this process.

Particularly in those forest areas bordering on concession areas officially designated for timber use there is a high risk of massive illegal logging. In the forestry sector in Laos systems and controls are lacking to establish that timber has been legally harvested. In 2011/12, for example, in several provinces of the country it was

found that more than half of the exported timber products came from undocumented sources. High-quality tree species were particularly affected.

Project approach

The project "Support to Forest Law Enforcement, Governance and Trade (FLEGT FC)" supports the Laotian Government in making the management and use of forests in Laos more transparent and economically and ecologically sustainable.

Project name	FLEGT FC - Support to Forest Law Enforcement, Governance and Trade
Commissioned by	Federal Ministry for Economic Cooperation and Development (BMZ)
Country/Region	Laos, Asia
Lead executing agency	Ministry of Agriculture and Forestry (MAF) Ministry of Industry and Commerce (MolC)





Mountain rainforest in the Xesap Conservation Area in Laos.
Source: KfW Group, photographer: WWF

FLEGT is an EU initiative and stands for "Forest Law Enforcement, Governance and Trade". At its core are the Voluntary Partnership Agreements (VPA) - voluntary but binding partnership agreements between the EU and governments. Under the VPAs partner countries set up a licensing and authorisation system to ensure that only legally harvested timber is sold and exported to the EU. The EU is currently negotiating a FLEGT agreement with nine countries, including Laos. The central component of the voluntary partnership agreement is the Timber Legality Assurance System (TLAS) - a labelling requirement that applies to all stages of timber processing, from felling and processing to the sale of the respective product. It is designed to ensure that only legally harvested timber is traded and to improve forest protection and management overall. Without this certification, it will no longer be possible to legally harvest, process or trade timber in Laos and export it to the EU.

An important pillar of the project is the digital remote sensing system with around 150 microsattellites. They collect daily relevant data that is so accurate that they can also document the felling of individual, larger trees. The main purpose of the remote sensing system is to monitor over a large area those forest areas that border on the legal forest conversion areas. In the past, these areas have often been illegally cleared. Or illegally logged timber was smuggled in to give the timber a legal stamp.

KfW is supporting the project on behalf of the German federal government and is cooperating closely with the EU Commission and the Gesellschaft für Internationale Zusammenarbeit (GIZ) which is accompanying the political FLEGT process in Laos. Employees in the forestry sector and in the administration will be introduced to the use of digital remote sensing systems, among other things, and will learn to collect, evaluate, and process satellite images and GPS data.

The project will also create a Management Information System (MIS) for documenting and tracking timber along the supply chain. This database will form the basis for generating electronic FLEGT certificates (e-licensing).

Impact

The project builds on the experience with FLEGT in countries such as Indonesia which in 2016 became the first of the 15 tropical timber countries to introduce the required TLAS licences for the EU market. Active monitoring has made it possible to significantly reduce illegal logging and increase the sustainability of timber production.

The electronic procedures helped to remove bureaucratic obstacles and increase transparency by closely following the path the timber takes. In Laos, too, the FLEGT process is providing the impetus to reform and modernise the forestry sector. So far serious international investors have been holding back: they fear the reputational risk if they can be accused of promoting illegal logging with their investments and contributing to the destruction of Laos' forest resources.



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