

NON-TIMBER FOREST PRODUCTS AND THE GREEN ECONOMY IN LAO PDR

The Government of Lao PDR is promoting a transition toward Green Agriculture as a foundation for Lao PDR's overall Green Economy and the achievement of related Sustainable Development Goals (SDGs). While current development priorities emphasize large-scale land investments, the promotion of cash crops and agricultural intensification, the sustainable commercialization of endemic Non-Timber Forest Products (NTFPs) may be a preferable alternative, promoting rural development and the conservation of Lao PDR's natural capital.

1. NTFPs in Household Income

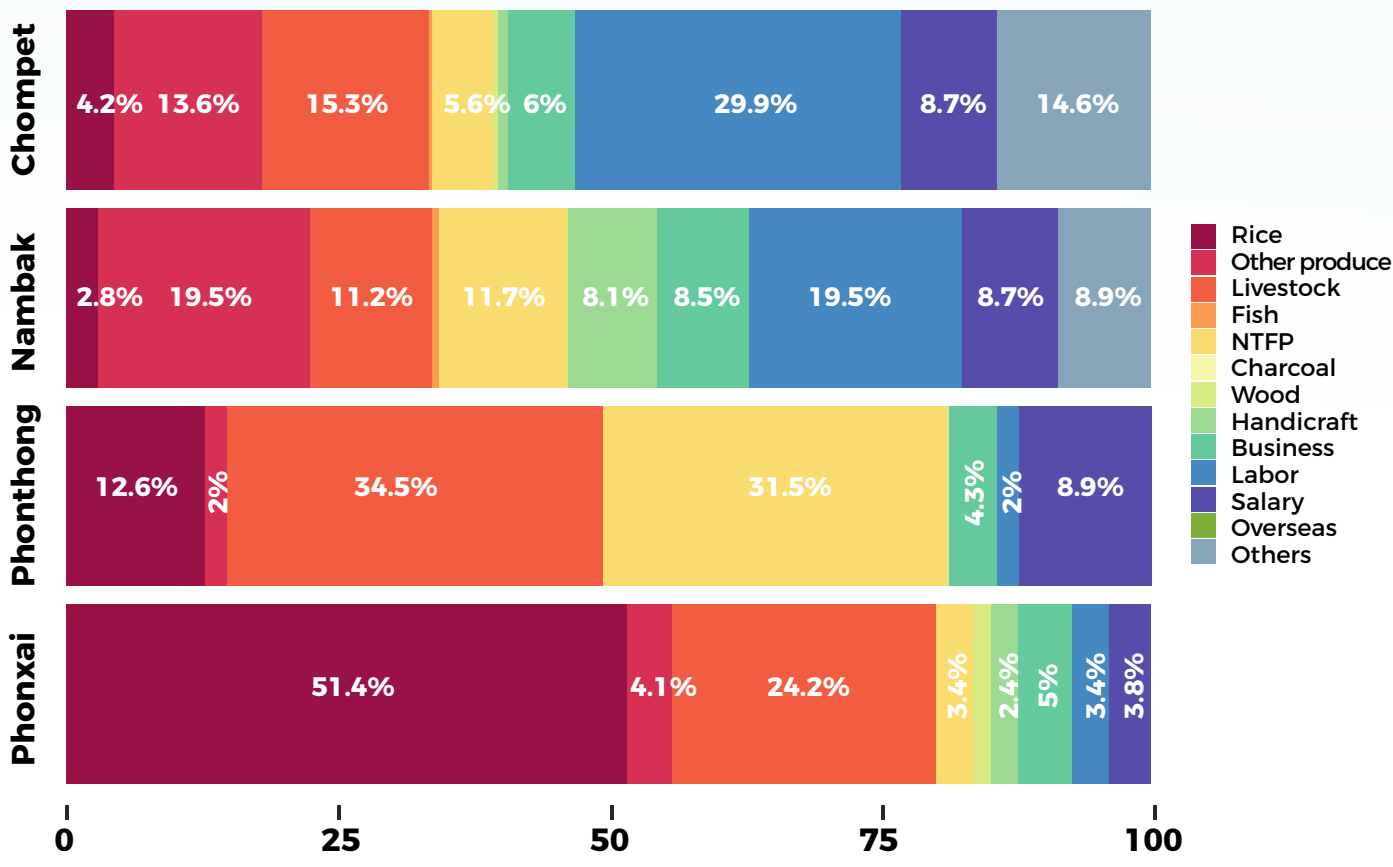


Figure 1. Share of Household Income in selected districts. Source: TABI data 2017

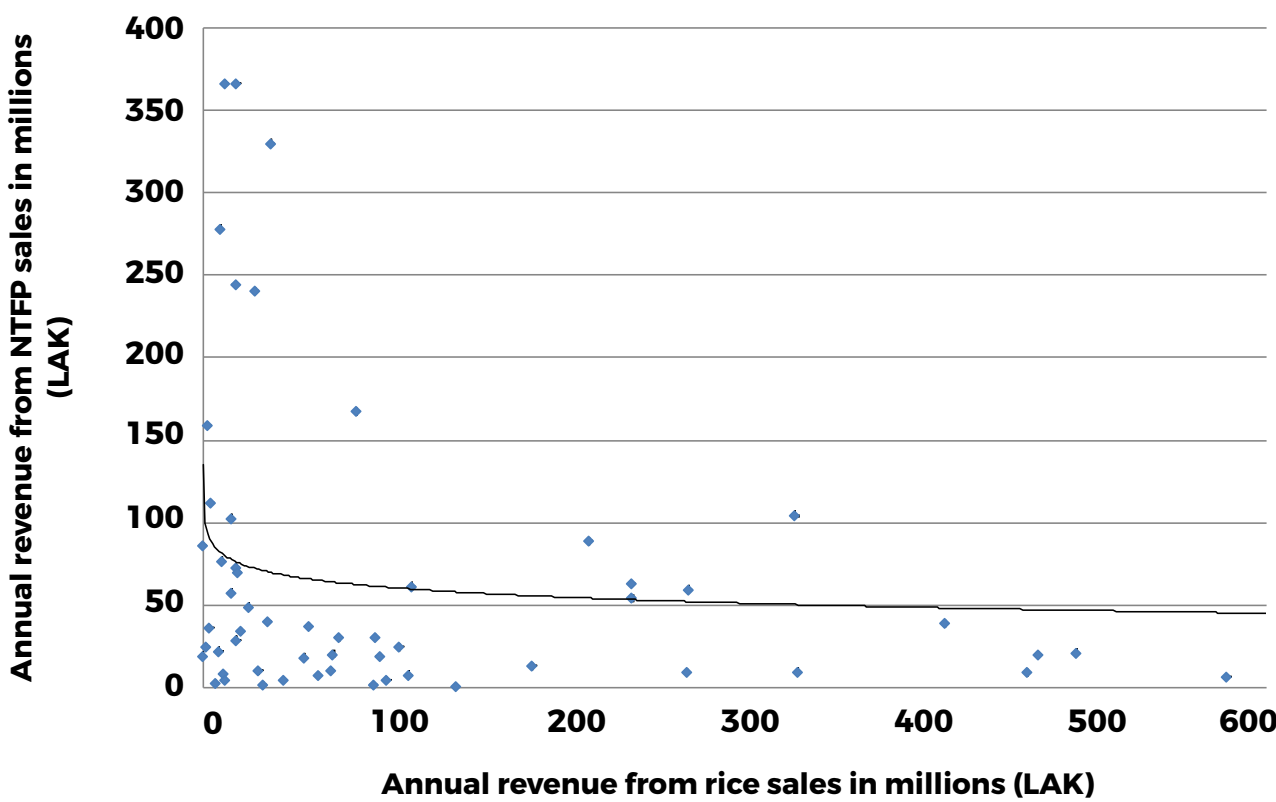


Figure 2. Household sale of rice versus sale of NTFPs, by income. Source: TABI data 2017

3. Land uses and NTFP Sources

By volume, the majority (56%) of NTFPs are harvested from forest areas, while nearly 30% come from shifting cultivation fields and fallows (fig. 5). However, nearly half of all income from NTFP sales comes from shifting cultivation fields and fallows (fig. 6). Forest conservation and agricultural intensification policies that seek to promote the transition from shifting cultivation risk undermining NTFP-based income.

Figure 6. Share of NTFP sale values per land type. Source: TABI data 2018

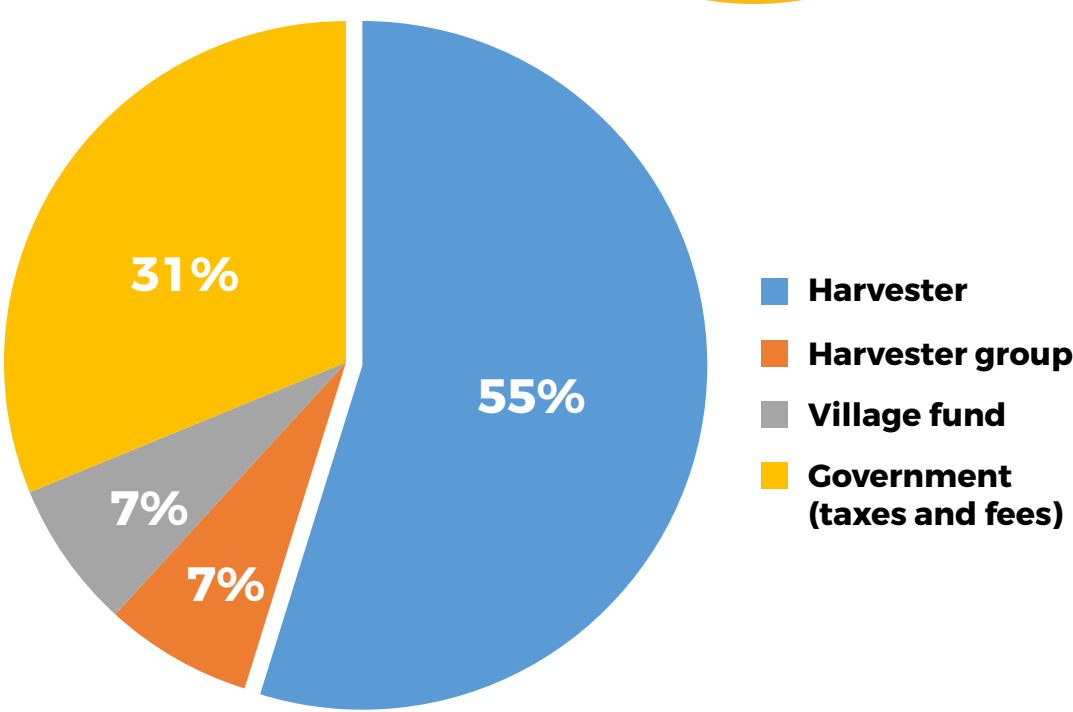
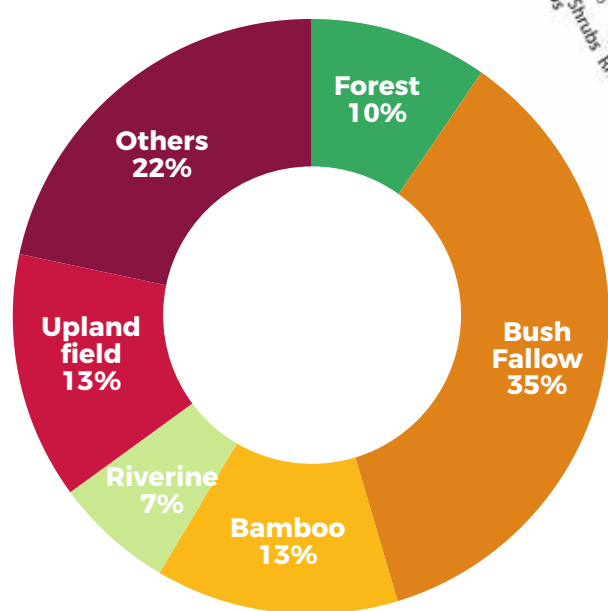
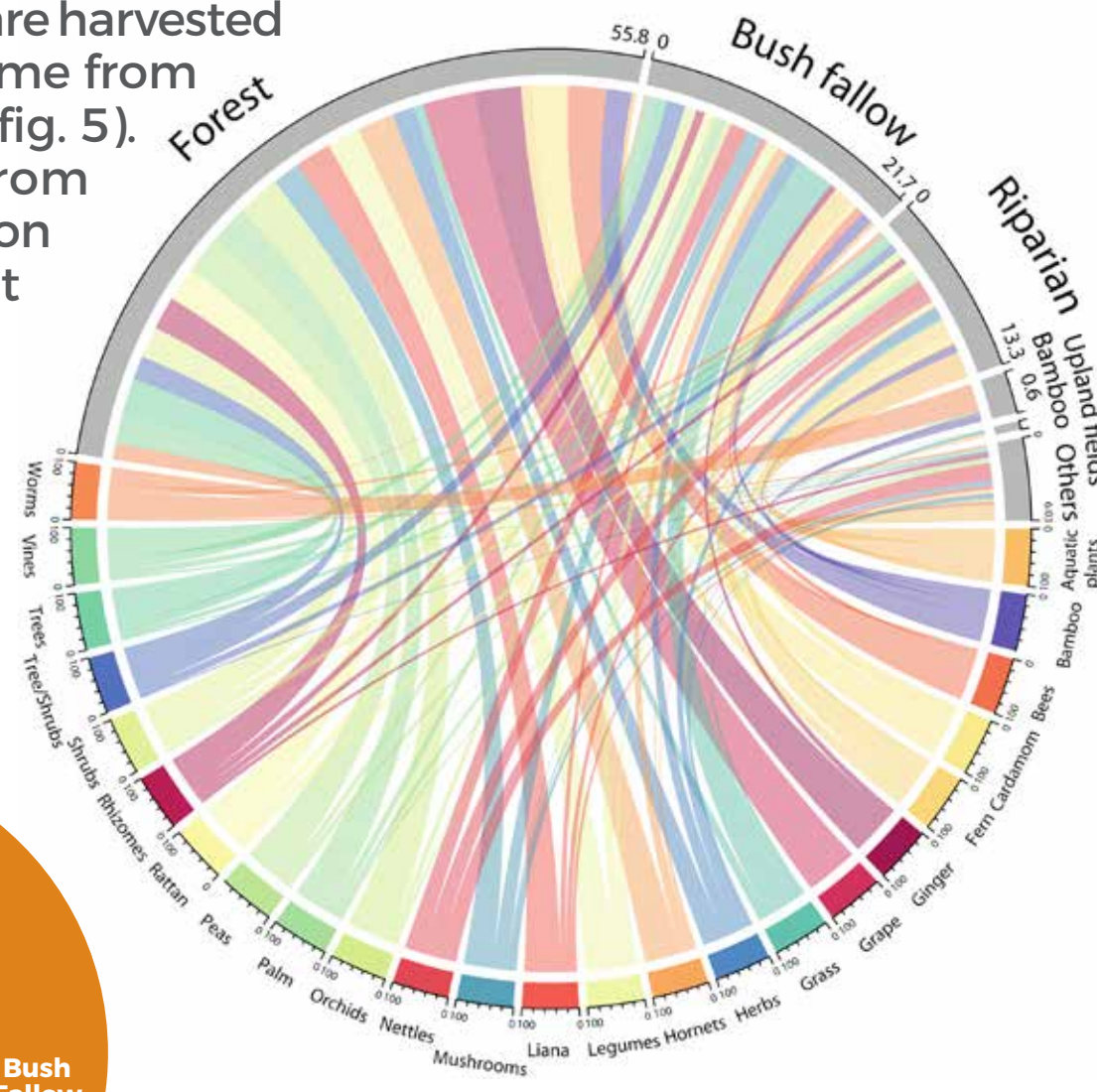


Figure 7. Revenue distribution from rattan sales. Source: WWF case study, 2018

The overall contribution of NTFPs to household income varies greatly. Aggregated to the district level (fig.1), the share of NTFP sales in total income ranges from less than 4% to more than 30%. Generally, there is an inverse relationship between the sale of rice and the sale of NTFPs at the household level (fig. 2), meaning that NTFP sales are an economic replacement for households that produce less rice, commonly due to a lack of land.

Figure 5. Share of NTFPs harvested by volume per land type. Source: TABI data 2018



4. Taxation and quotas

NTFP sales are subject to quotas issued by the Ministry of Agriculture and Forestry and taxes and fees from various government entities. While these play an important role in the regulation of NTFPs, they also pose challenges for local producers. Taxation in particular, which may consume one-third of revenue (fig. 7), significantly reduces the profitability of NTFP sales and limits potential for rural development and poverty alleviation. Reforming taxation and quota processes requires further coordination between relevant government agencies.

Key Messages

1. NTFP sales play a crucial but under-recognized role in the rural economy. The sustainable commercialization of the NTFP economy constitutes a promising alternative to current modes of development.
2. While poorer households may depend more on NTFPs, households of all income levels are involved in the sale of NTFPs. Hmong-Mien groups generate the highest revenue from NTFPs but also utilize the fewest species.
3. While the largest volume of NTFPs are harvested from forest areas, the greatest economic values from sales derive from species collected in shifting cultivation fields and fallows. Policies to eradicate shifting cultivation thus pose a major challenge for the NTFP economy.
4. Taxation and quota systems pose a challenge for the NTFP economy. In the case of rattan, households that gather and sell rattan receive only slightly more than half of total revenue, nearly one-third is lost in taxation.
5. Tenure security over NTFP resources is particularly limited, as these are mostly collected from communal and state forest areas where land concession densities are high and tenure claims difficult to defend.

2. Poverty, Ethnicity and NTFP Income

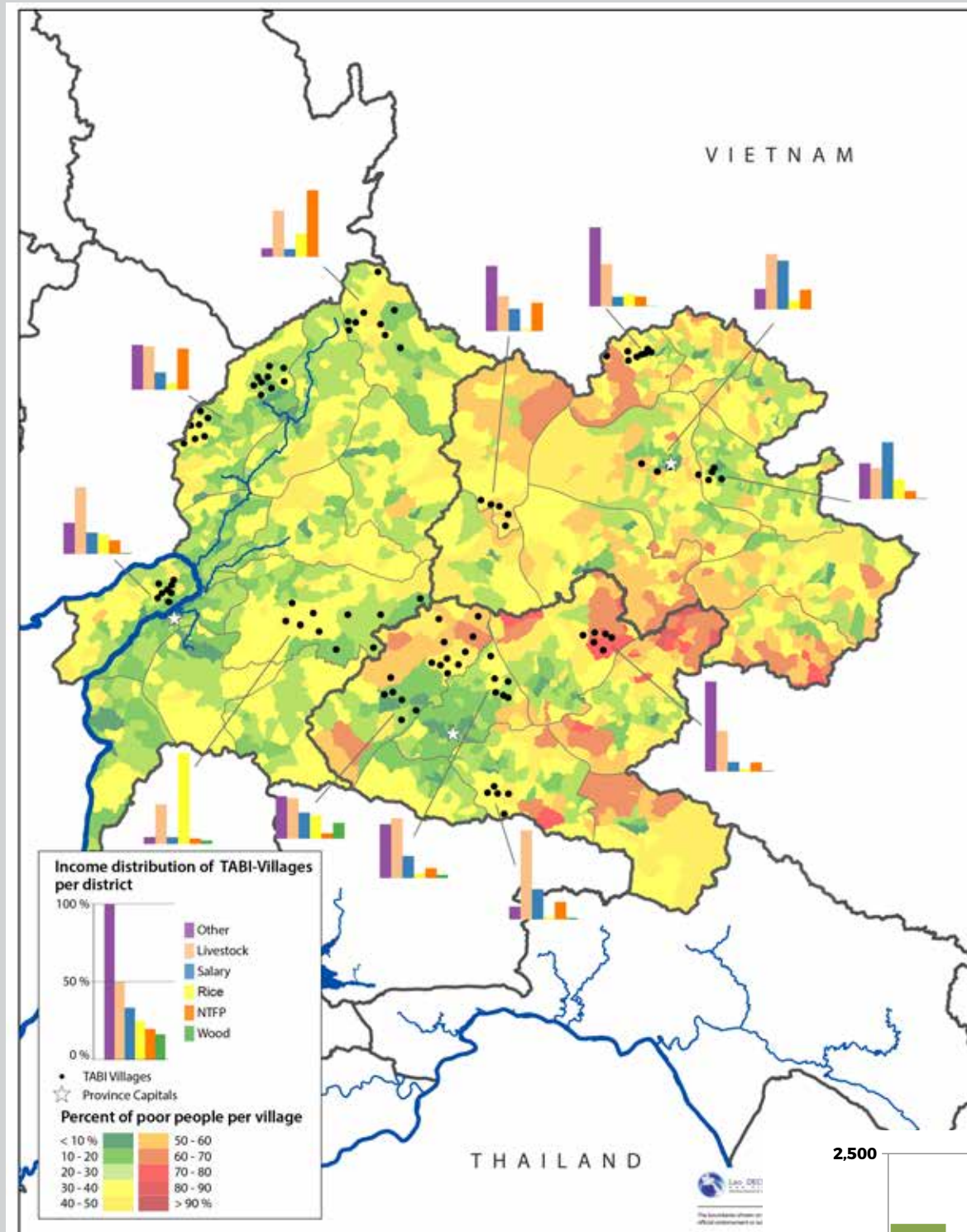
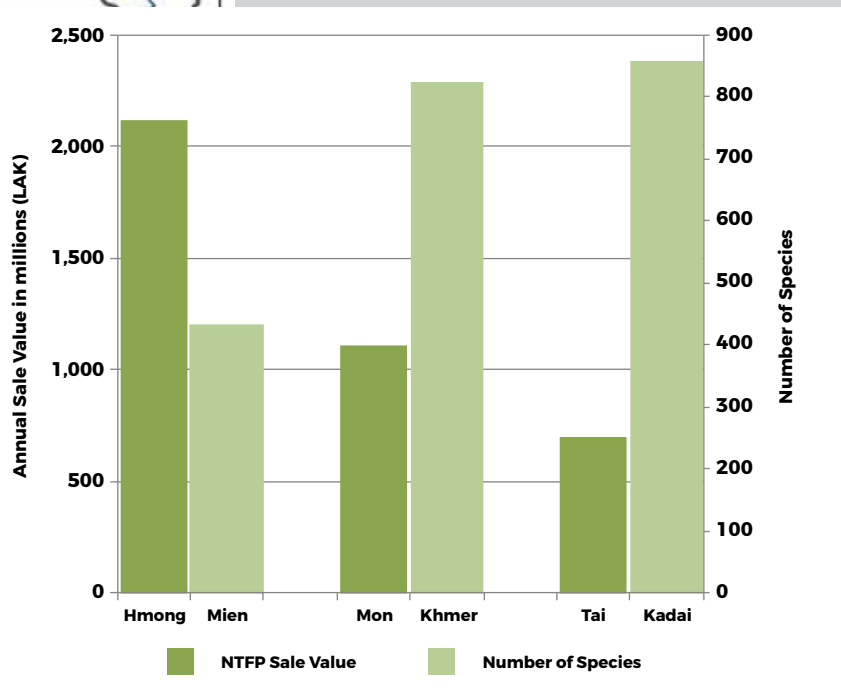


Figure 3. Sources of household income and Village-level poverty rates (2015) in selected provinces. Source: TABI data 2015

Figure 4. NTFP income and species diversity by main ethnic group. Source: TABI data 2016



5. Concessions, Tenure Security and NTFPs

More than 60 percent of the territory of Lao PDR is classified as state forests. Recent legislation has prohibited the issuance of individual land titles in these areas, limiting options for formalizing land claims and enhancing tenure security. These forest areas are by far the most important source of NTFPs. Thus without adequate protection of customary tenure claims, NTFP resources remain at risk. The rapid increase in land concessions—now covering more than 1 million ha under implementation and a further 10 million ha under mineral exploration (fig. 8)—presents particular risks. Due to the perception that shifting cultivation land is under-utilized, land concessions and leases have disproportionately targeted these areas. Because of the important role these areas in play in the provision of NTFP-based incomes, this has significant implications for the rural economy. In fact, areas for NTFP collection were by far the most common land use prior to concessions (fig. 9).

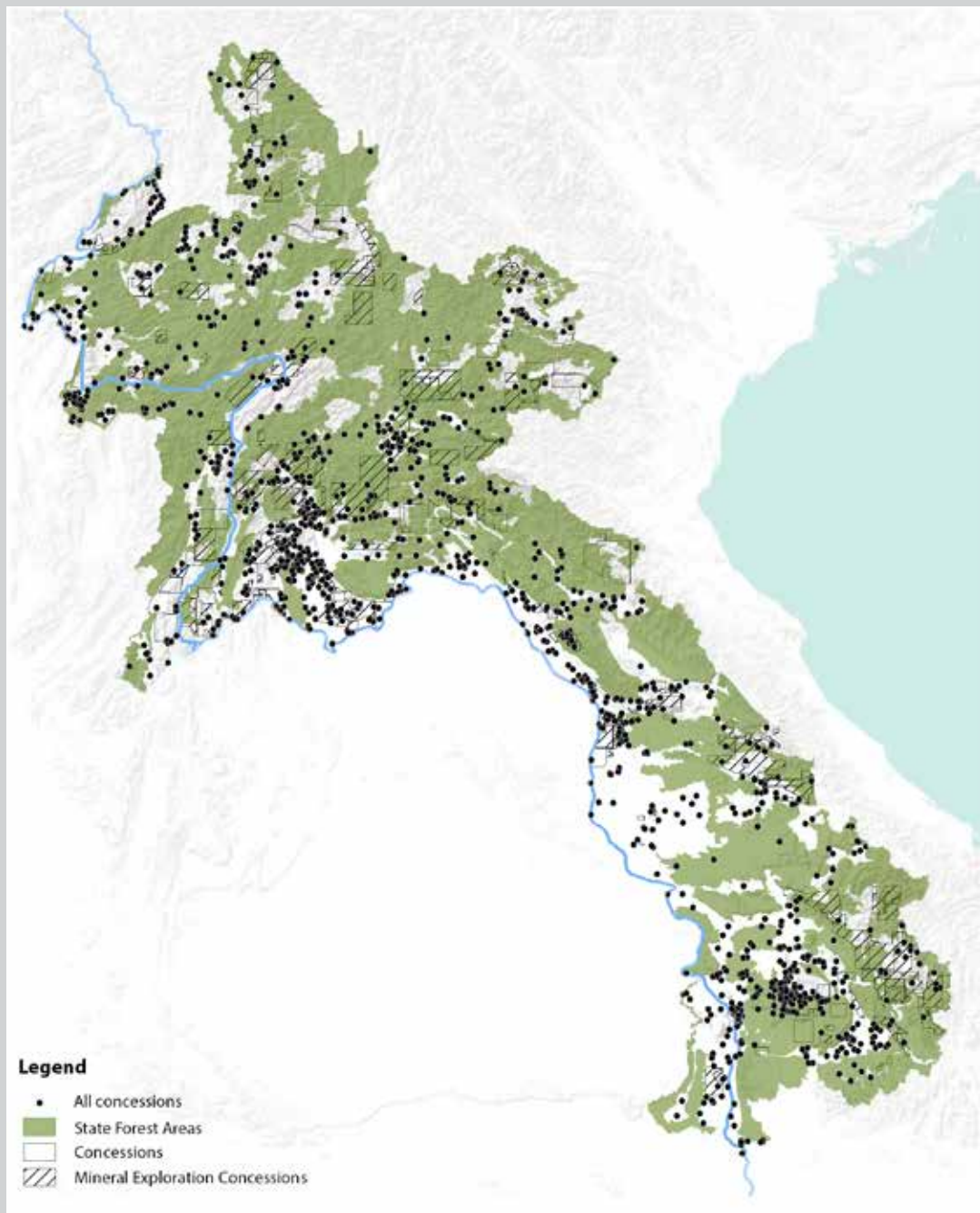


Figure 8. Concessions and state forest areas. Sources: MAF and Hett et al. 2020

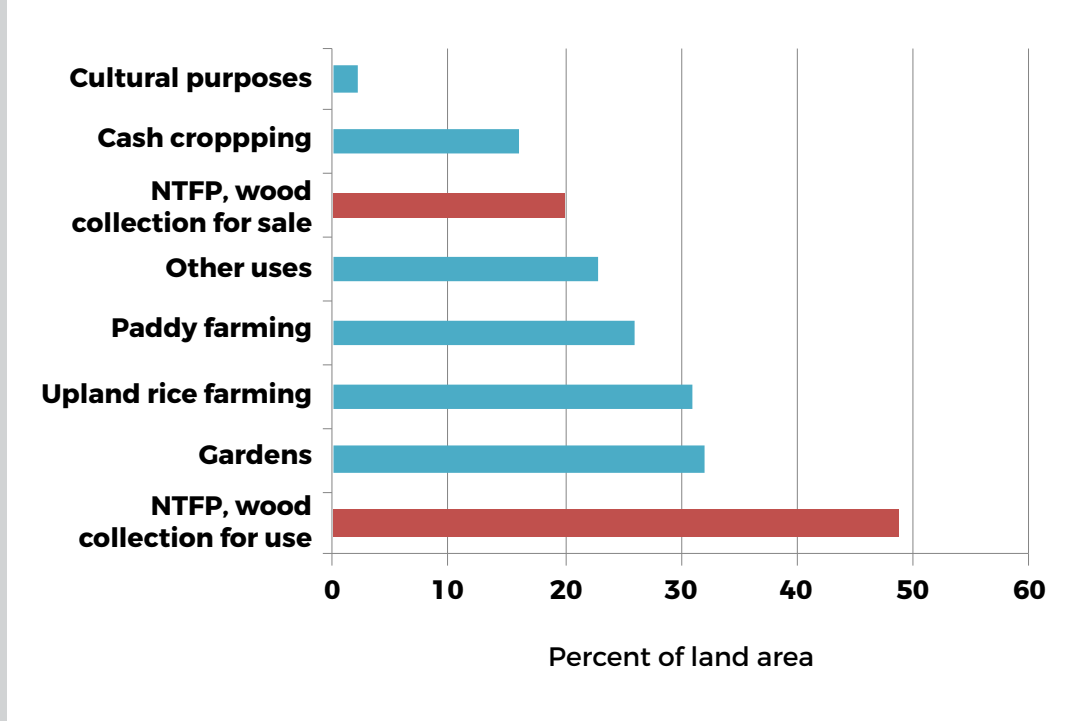


Figure 9. Prior uses of lands given in concessions. Source: Hett et al. 2020