

Policy research for plantations in Lao PDR and Vietnam

Results and recommendations

Presenter Dr Hilary Smith, Forest Policy and Governance Researcher Consultant and Visiting Senior Lecturer ANU

20th Anniversary of the National Agriculture and Forestry Research Institute, 26th April 2019



Three ACIAR Plantation Projects

- 1. Improving policies for forest plantations to balance smallholder, industry and environmental needs in Lao PDR and Vietnam (LVPPP)**
2. Advancing enhanced wood manufacturing industries in Laos and Australia (VALTIP 1, VALTIP2 and VALTIP3)
3. Lao Australia Teak Agroforestry Research Project (LATARP)

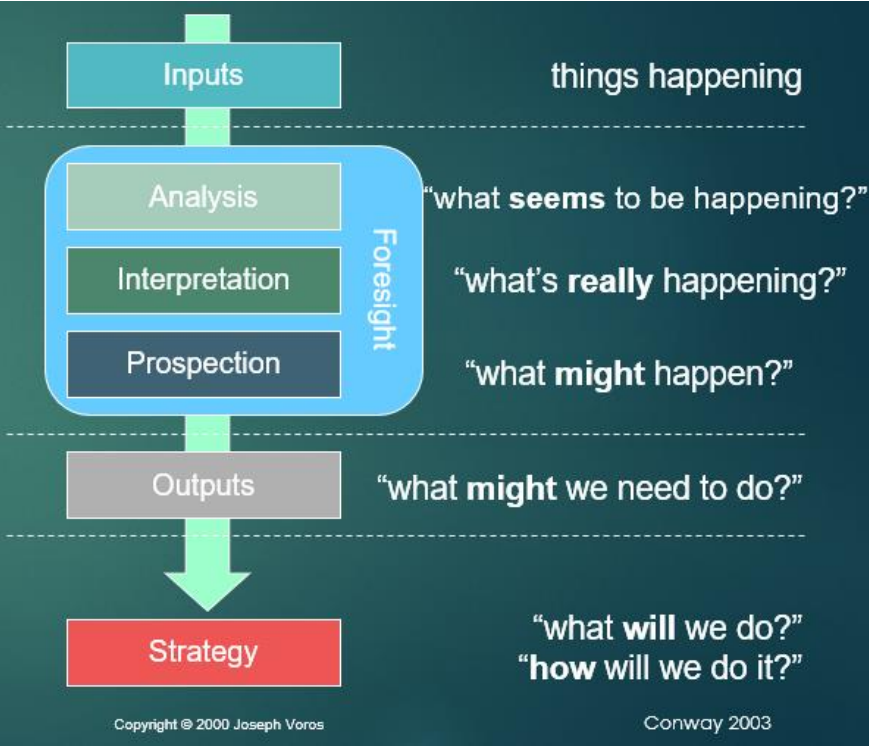
Policy Research Objectives

- To develop policy and institutional options for plantations
- To understand the positive and negative social, economic and environmental impacts associated with different plantation development approaches
- To create a network for policy learning that builds capacity in plantation sector policy analysis, development and implementation

Desired Benefits

- Increased plantation investment in Lao PDR and Vietnam
- Greater involvement in plantations from smallholder growers
- Greater community benefit from plantation investment
- Increased wood production and value adding
- Increased value along the supply chain, especially to smallholders and the associated rural communities
- Wider participation and reduced conflict in plantation policy development

Research - analytical framework



Findings #1

- Past performance in the sector was not as beneficial as anticipated - which made the GoL cautious about plantations
- Policy and regulatory uncertainty resulted in slowing of investment in the sector
 - But under the right conditions, foreign investment in plantations has significantly improved local incomes and provided wider community benefits.
- The policy environment for plantation is now very dynamic
 - Good outcomes require the right land, in the right place at the right time with the right inputs.
 - Local participatory planning is needed to identify suitable land
 - Local people need to be engaged in regular, appropriately-paid employment; lease payments need to be provided to community members with satisfactory contributions to community funds.
 - Regulatory reform is needed to incentivise investment

Findings #2

- Strong connections between actors create more shared value
 - Tree growers are likely to be better off with a mixture of markets – strong connections to accessible domestic markets can offset short term gains from volatile export markets
 - The processing sector is dominated (in number) by MSMEs, but their role is still undervalued.
 - Larger processors are keen to invest but there are still policy and governance constraints.
- New strategies and policies need to be supported by investment in appropriate research



Recommendations – Landscape Level Planning

- Degraded land in PFAs present an opportunity to expand the area available for plantations. This needs to consider:
 - What types of species and where?
 - Are there existing loci of plantations and industry that can support expansion?
 - Do planning processes and approvals adequately address environmental and social benefits and allow different scales and forms of investment?
 - Are they inclusive and follow established principles of FPIC etc?
 - How will they be monitored and by who?



Recommendations – Plantation Partnerships

- Collaborative partnerships can encourage company and smallholder engagement in tree growing, and corporate delivery of environmental and social benefits, and help address restoration goals. This may require:
 - Model contracts and agreements
 - Appropriate negotiation, mediation and dispute resolution mechanisms
 - Strategy and policy reform to incorporate forest sector activities in PPP initiatives
 - Better and up-to-date extension for plantations, particularly to smallholders - which needs more research



Recommendations – Investment Climate

- Investments committed to best practice should be incentivised. Investment capital will be directed to projects that are profitable, environmentally and socially beneficial. This needs:
 - Review of investment policies and incentives for tree growers and processors
 - Assessment of the regulatory impact of proposed reforms
 - Improved communication and coordination between key agencies



Recommendations – Smarter regulations & legality



- Explore and adopt a 'smart regulation' approach involving government-, private- and self-regulation, industry initiatives, and community participation. This could involve:
 - better collaboration between ministries/agencies,
 - development of smallholder and MSME friendly legality verification and certification systems
 - development of industry codes of practice - allowing self-regulation in low risk settings
 - continue development of systems for timber legality in consultation with industry and other stakeholders

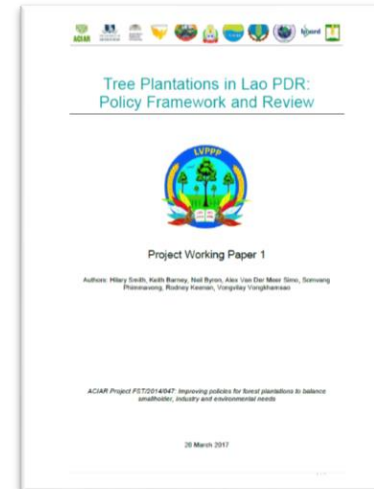
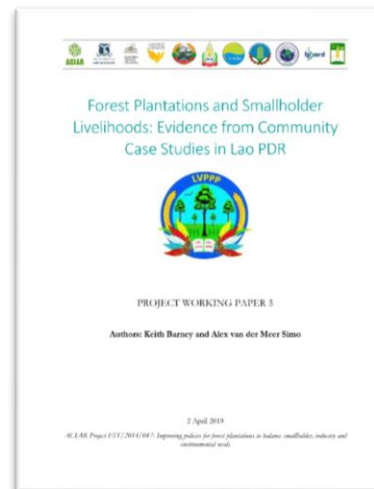
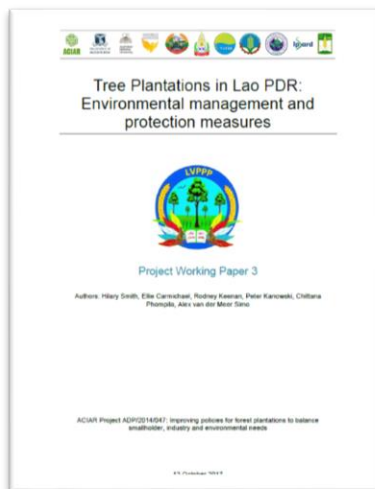
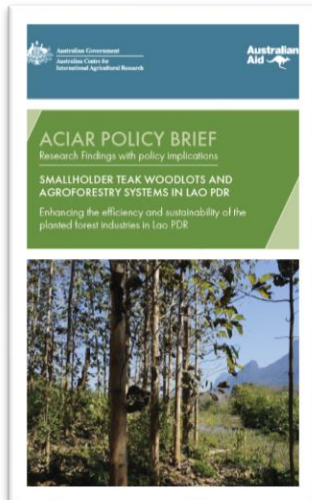
Ongoing Challenges and Opportunities

- Navigating competing policy pathways
- Being responsive to immediate/dynamic needs of policy makers
- Producing outputs relevant to other processes and contexts –
 - Reviews of PMO15 and Decision 002/MOIC on Wood Product Exports
 - Review of National Policy on Forest Plantation Promotion to 2025 and Vision to 2030
 - Forestry Law and other regulatory review
 - Development of FLEGT-VPA
 - Implementation on PMO02 on Ease of Doing Business
- Contributing/partnering with other projects: e.g. World Bank, IFC, CDE, and industry activities
- Bringing together and making relevant, research outputs from several past/present (and future) ACIAR projects.

Research Priorities

- Support policy recommendations with implementation, monitoring and review.
- Invest in key inputs – ongoing policy research, building policy development capacity, re-investing in technical capacity and inputs to plantation production systems
- Aligning research with policy programs, e.g.
 - forest restoration with native species what species, where will the germplasm come from?
 - plantation sustainability, long-term studies and trials on sustainable yield
 - Asset protection – climate change and biosecurity risks, is Lao ready?





<https://laos-vietplantation.org/>