DONG PHOU XOY AND DONG SITHOUANE PRODUCTION FORESTS: PAVING THE WAY FOR VILLAGE FORESTRY

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<table>
<thead>
<tr>
<th>Name of forest:</th>
<th>Dong Phou Xoy Production Forest/Dong Sithouane Production Forest</th>
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<tr>
<td>Location:</td>
<td>Dong Phou Xoy, Khammouane Province/Dong Sithouane, Savannakhet Province</td>
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<td>Area (hectares):</td>
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<td>Managing entity:</td>
<td>District agriculture and forestry offices and village forestry associations</td>
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<td>Mgt. objectives:</td>
<td>Multiple use, sustainable livelihoods</td>
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For centuries, the Lao People’s Democratic Republic (Lao PDR) was known for its abundant forest resources. In the past 60 years, however, forest cover has dwindled dramatically — from more than 80 percent in 1930 to 54 percent in 2000. According to the national Science, Technology and Environment Agency, forest area continues to decline at a rate of 300 000 hectares per year. Timber and wood account for approximately 40 percent of national export revenues, constituting a critical part of the country’s economy.

1 Text relating to SUFORD has been adapted by the editors — from contributions by Manuel Bonita and Edwin Payuan — and added to the original case study.
Shifting cultivation and land clearing for permanent agriculture are the main causes of deforestation. Poor logging practices further contribute to forest degradation. Management challenges include weak planning capabilities, poor harvesting practices and a lack of monitoring capacity.

**Forest Management and Conservation Programme**

In the midst of increasing environmental awareness, the government has implemented several initiatives since the early 1990s — to encourage conservation and to promote sustainable forest management in state-owned production forests. One such programme, the Forest Management and Conservation Programme (FOMACOP), was initiated in 1995 to promote sustainable forest management and biodiversity conservation with the active involvement of local authorities. Particular focus was given to involving provincial and district agriculture and forestry offices and local villagers. The World Bank, the Government of Finland, the Global Environment Facility and the Lao Government together provided US$20.3 million for FOMACOP implementation.

FOMACOP commenced in January 1995, with a planned duration of 10 to 15 years. A central project office was established in the Department of Forestry, which administered two subprogrammes. The Forest Management Sub-Programme (FMSP) focused on “village forestry” in production forests. The National Biodiversity Conservation Area Management Sub-Programme supported the sustainable management of national reserve forests. The two subprogrammes were operated at the field level through project offices located at the Provincial Agriculture and Forestry offices in Savannakhet and Khammouane provinces.

In 1997, the FMSP commenced its field operations in two central provinces. FMSP activities covered 327,000 hectares of forests, previously designated as Provincial Production Forest under a forest survey conducted in 1989 by the National Office of Forest Inventory Project. The forested area is situated west of the Annamite Range along the Mekong Plain. The area, with an annual average rainfall of 1,450 millimetres, was covered originally by lowland semi-evergreen forest, with extensive areas of dry dipterocarp forest, and mixed deciduous forest.

The majority of the population in the region is classified into two main ethnolinguistic groups — Mon–Khmer and Tai Kadai. The main livelihood is agriculture, primarily paddy cultivation in association with swidden farming, cash cropping and livestock husbandry.

The FMSP had an overall objective of working to institutionalize “village forestry” as a core national forest management strategy.
Village forestry

The concept of village forestry or village-based forest management launched a major policy debate in Lao PDR regarding decentralization of production forest management — from state-owned to locally owned and managed forests. Village forestry essentially means local communities take the lead in managing the forest in partnership with district and provincial foresters. The rights of villagers to manage and utilize forest resources are recognized legally. Villagers become active participants in resource management planning processes and village district authorities, rather than provincial authorities, make decisions regarding forest resource use. This is a major change from the past when all management decisions related to production forests were made by state and provincial forestry enterprises. Such forestry enterprises typically promoted wasteful, large-scale commercial logging that generated few benefits and little income for local people. Village forestry consequently introduced a significant and innovative change in philosophy to encourage the sustainable management of production forests by local people.

The FMSP focused on legitimizing the local management of forests as well as strengthening the villagers’ ability to manage resources. The FMSP trained core groups of local villagers (the *koum kaen sane* or Village Forest Management Groups) on forest inventory and survey techniques and the principles of sustained-yield management based on a 5- to 10-year harvesting cycle. The *koum kaen sane* consisted of up to 15 volunteers from a given village, with literacy generally being a prerequisite to membership. The *koum kaen sane* were largely informal units organized within the village and trained in forest management during the first year of the FMSP.

Following initial activities, the FMSP encouraged the conversion of the *koum kaen sane* into Village Forest Associations (VFAs), which were based on formal membership, and therefore could be officially recognized by both district and provincial authorities. VFAs were required to develop long-term resource use and management plans based on the production capacity of the forest. Management rules and procedures for monitoring their forests were also put into place.

The FMSP also encouraged economic independence for villages by introducing a “village fund” established with profits earned from timber sales. The VFA decided how the village fund would be utilized contingent on final approval by district authorities, including the district governor. In most instances, village funds were
used to develop roads, schools, small-scale irrigation systems or to provide community services.

To implement forest management activities, local people were hired not only as labourers, but were also key decision makers in the management process. Villagers were involved in forest boundary delineation, forest inventory and survey, resource-use planning, drafting of rules and forest monitoring. The emphasis on decentralized forest management is best illustrated in the underpinning motto of the FMSP: “Whoever manages decides. Whoever decides plans. Whoever plans collects the necessary information.”

**Village Forestry Associations in Dong Sithouane and Dong Phou Xoy**

In 1995, the FMSP initiated activities in Dong Sithouane in Savannakhet Province. Dong Sithouane covers an area of 212 000 hectares encompassing 85 villages in two districts. The initial activities of the FMSP in Dong Sithouane involved 10 villages that were grouped together into 6 *koum kaen sane*. These groups were provided with basic training in forest survey and inventory, management planning and sustainable logging techniques during the first year of operations. They worked closely with district foresters and staff from the Production Forest Unit of the provincial forest department.

The FMSP commenced activities in Dong Phou Xoy in Khammouane Province in 1996. This forest covers a total area of 115 000 hectares, including 73 villages in three districts. In Dong Phou Xoy, an initial 13 villages formed ten *koum kaen sane*.

“As the name suggests, we started to work with a small core group of villagers to train them in forest management techniques. In a way, it was just like nurturing a seed (*kaen sane*) to grow a tree,” explained Bounoum Vilaysone, from the Production Forest Unit of Khammouane Province.

In 1996, an additional 23 villages were incorporated into FMSP activities in Dong Sithouane. During the course of the year, the *koum kaen sane* were transformed into VFAs, which had broader membership among villagers. The formation of VFAs broadened the forest management responsibilities of local communities — beyond forest surveys and logging timber — to include requirements for preparing forest management plans and developing rules for access and management of forests, as well as implementing more extensive

![Training on tree marking for local forestry officers and villagers (courtesy Patrick Dugan)](Training%20on%20tree%20marking%20for%20local%20forestry%20officers%20and%20villagers%20(courtesy%20Patrick%20Dugan).jpg)
monitoring activities. Following the harvesting of timber, VFAs managed revenues from timber sales and invested these in village social services. By the end of the second year of the project, 23 VFAs had been established in Dong Sithouane while, in Dong Phou Xoy, the original 10 koum kaen sane had also been transformed into VFAs.

Not another government plan?

“When the project first approached us,” a villager from Bakkhumkham Village in Dong Sithouane noted, “we were suspicious that it was just another plan to log our timber.”

However, observing the development of the koum kaen sane and that profits accruing from timber sales actually returned to villages and were used for community development, the villager was convinced: “This could be a good way to manage our forest and actually bring benefits to our village,” he acknowledged.

Other villagers in both Dong Sithouane and Dong Phou Xoy expressed similar views regarding the benefits of VFAs.

VFAs were organized on the basis of membership. Each member paid a membership fee of approximately US$0.75 upon registration. Members were eligible to participate in activities organized by the VFA such as forest inventory and survey, forest protection, monitoring and logging. Members who participated in these activities were paid by the VFA. In addition, VFA members collectively decided how to manage their forest and how to use the village fund.

Bounoum Vilaysone confirmed that village forestry facilitated close relationships between local foresters and villagers. “We conducted forest surveys and forest inventories together with a group of trained villagers. We also checked regularly with each village to monitor how each VFA was functioning,” he elaborated.

Planning for sustainable forest management

Commercial logging was previously based on short-term profits for the companies, often at the cost of forest degradation in the village.

“When logging companies left the villages they would often leave vast areas of disturbed forest. We had no control over our forests,” reported a member of the Xome Village VFA.

Another member of the same VFA said that they could not object to commercial logging under the old system because it was decided by the village leader who signed an official document with the private company.
Even foresters working at the provincial level had little say over the political decisions that allocated logging quotas to private companies. Furthermore, while the Forest Law (1996) obliged logging companies to undertake reforestation and rehabilitation, it was very rare that a company complied with this requirement and the provincial and district forestry offices did not enforce it.

The FMSP encouraged low-intensity and low-impact logging on a 5- to 10-year felling cycle. Low-intensity logging required a minimum of 25 metres between selected trees and excluded trees located within 30 metres of a stream. There was also a requirement to leave at least 10 seed trees per hectare. In addition, the FMSP facilitated active involvement of villagers in developing forest management plans. A series of training workshops developed villagers’ organizational skills and strengthened the sense of mutual responsibility for forest resources in each village.

Bounoum Vilaysone worked closely with members of the VFAs in Khammouane Province and witnessed, first hand, the way that a sense of responsibility — for managing forests effectively — gradually increased among the members of the Dong Phou Xoy VFA. Several VFAs also entered into negotiations with outside resource users.

“It was interesting,” Mr Bounoum observed, “that private companies were only half-joking in complaining to me that FOMACOP villages were tough to negotiate with — and that the companies could no longer operate commercial logging as freely as before in these villages.”

The environmental benefits of the forest management introduced by village forestry were apparent to observers. “The kind of forest management encouraged by the Forest Management Sub-Programme took time and cost money, but it had much less impact on the environment,” said Mr Bounoum. “Sustained-yield management required patience, but it mitigated forest degradation,” he added.

The villagers who established VFAs in Dong Sithouane and Dong Phou Xoy noticed a marked decrease in forest degradation by the commercial logging operations of both private companies and state enterprises following the development of village-based management plans.

Monetary benefits

One of the important challenges arising from village forestry was devising an equitable way to share profits from sustainable harvesting between the VFAs and respective provincial and district forest offices. A system was developed whereby net profits (i.e. after deduction of royalties and taxes) were shared, with the local VFA receiving approximately 43 percent of the profit, and the rest being divided among various government agencies to compensate for administrative costs incurred during the facilitation of village-based forest management.
From the VFA share of profits, people who contributed labour to manage the forest were allocated a 10 percent share as a wage. The remaining money was pooled as a village fund. Redistribution of profits from timber sales was perceived by the members of the VFA as the greatest benefit of village forestry. With the introduction of a village fund, the profits accrued to the village and benefited a wide range of villagers in a tangible way. VFA members were generally content to see financial benefits returning to their village and not to particular individuals.

“In the past, when private companies came to log our timber, only the village head and those that were hired as labourers gained benefits,” indicated a member of Xome Village VFA in Dong Phou Xoy. “The village fund gave us more autonomy to decide and initiate activities within the village without waiting for government assistance.”

Box 1. Kengkhen Village, Dong Phou Xoy

The village forestry concept was introduced to Kengkhen Village in 1996. In the following year, a VFA was formed to manage approximately 500 hectares in the local vicinity, and nine villagers were selected to join forest management training organized by the FMSP.

The Kengkhen VFA worked to develop a forest management plan based on a five-year felling cycle. In 2001, the village carried out its first scheduled harvest and earned US$5 100. In the following year, the VFA opted, on advice from district foresters, to forfeit harvests in the areas designated as second and third year harvest plots due to inadequate forest density.

The VFA used the profits from the first sales of timber to provide credit to households with limited areas of paddy fields. New forestry legislation prohibited expansion of swidden lands (i.e. land for shifting cultivation), and it became essential for households to secure permanent agricultural land and diversify their livelihood basis. However, the majority of the households lacked financial resources to clear and convert forest into agricultural land.

Almost three-quarters of the village households borrowed from the village fund (at a nominal interest rate) to convert degraded forest lands into paddy fields. As a result, the proportion of households experiencing rice shortages decreased from 47 percent to five percent. It also enabled diversification into new livelihood opportunities. For example, Bounpheng Phommasing, the head of Kengkhen VFA, began to cultivate cash crops such as corn, peanuts and chilli peppers on his new agricultural land. Increased income and access to village credit also allowed his family to expand its agricultural activities into cattle raising.

Lessons from village forestry

The village forestry model triggered two main developments in villages that established VFAs:
1. The development of village-based sustainable forest management plans. Through village forestry, villagers gradually organized themselves and became accountable for implementing sustainable forest management. Resource boundaries were delineated and management responsibility was institutionalized. The development of VFAs also encouraged villagers to decide ways to manage forests collectively and to establish enforceable rules.

2. Villagers were empowered through recognition of their rights to access and use resources as well as through their management decisions. Where previously private companies and state enterprises had conducted unregulated commercial logging, villagers were now able to negotiate the terms of intervention with outside resource users.

Collaborative relationship
An additional benefit of the village forestry approach was that local resource management authorities were able to establish formal collaborative relationships with the villagers.

“Through the Forest Management Sub-Programme, we were encouraged to work with villagers who knew more about their forest,” commented Bounoum Vilaysone. “This close working relationship with the villagers helped us to overcome the constraints imposed by shortages of staff working on village forestry activities,” he added.

Furthermore, village solidarity was strengthened through the development of VFAs, which provided a mechanism for villagers to approach local forest degradation as a village problem.

Villagers who joined VFAs had their rights to access and use resources protected and also profited from the tangible financial benefits resulting from timber sales and the village fund. When a decision was made to develop village infrastructure, villagers offered their labour, which strengthened the sense of kwaam saamakkhi or solidarity.

Shortfalls and weaknesses
Although village forestry highlighted the potential of sustainable forest management by local communities, it also raised concerns regarding equity, overlapping resource tenures, replication to other villages and compatibility with central government policy. A major concern was the disparity in forest allocations among villages in production forests.

“The system benefited villages with greater access to forests, while other villages with limited access benefited little from the system,” indicated Bounchan
Xayphannha, Deputy Director of the Forestry Office in Khammouane Province. “The benefits of village forestry were also greater for those villages with access to roads and to markets.”

These disparities occurred due to the size of forest allocations, as well as the differing quality of forests. Villages that had access only to degraded forests received few benefits from establishing VFAs.

The delineation of boundaries in village forestry sometimes created conflicts between neighbouring villages that customarily had shared resources. Despite boundary delineation, villages in both Dong Sithouane and Dong Phou Xoy continued to face problems of forest degradation caused by encroachment and illegal logging.

“After the delineation of village boundaries, disputes between neighbouring villages emerged as we customarily used forest resources together in the past,” said a leader of the Bakkhumkham VFA in Dong Sithouane. It proved particularly difficult to apply village forestry concepts beyond VFA villages.

Bounoum Vilaysone insisted that it was difficult to replicate village forestry in other villages located within Dong Phou Xoy without continued financial and technical assistance from external resources.

The profit distribution mechanism devised under the FMSP during its first phase allowed Mr Bounoum’s office to continue basic forest surveys and extension support in ten villages after the termination of FOMACOP’s first phase in 1999. However, limited financial resources to manage production forest also meant that some areas of production forest once again became subject to unregulated commercial logging.

There was also uncertainty over government support for village forestry. Villagers were concerned over fluctuating timber prices and possible revision of profit-sharing arrangements. A number of villages had to draw from the village fund to cover delays in distribution of the previous year’s profits by the government. A World Bank Evaluation Mission identified substantial problems in the forestry sector — including lack of adequate supporting legislation and policy measures that inhibited the smooth implementation of the village forestry management model.

**Genesis of SUFORD**

FOMACOP’s project cycle ended in 2001, but the lessons from the programme were not about to be lost. At the same time that FOMACOP was terminated, the design phase of a new project, SUFORD (Sustainable Forestry for Rural Development Project), was initiated.

Mr Manny Bonita, who helped to draft the SUFORD project document explained: “SUFORD is based on the experiences in community-based forest
management started by FOMACOP.” The project goals and objectives of FOMACOP/FMSP and SUFORD are fundamentally the same and most of the key elements, approaches, activities, and methodologies being planned and implemented in SUFORD are inspired by and adapted from FOMACOP. The salient features of FOMACOP which are incorporated in SUFORD project planning and implementation include:

- **Participatory forest management**, including roles of forestry staff and organized villagers in forest management, spelled out in the forest management agreement, and benefit sharing.

- **Training and capacity building** through a “pyramid approach” in training. Training includes a series of combined classroom and on-the-job learning starting from training of provincial trainers and district extension workers through to training of villagers in field applications and other work jointly carried out by forestry extension workers and village teams.

The FOMACOP Village Forestry Handbook and Training Manual are being used by SUFORD as key references in drawing up the necessary implementation guidelines and training materials on participatory sustainable forest management.

SUFORD has, however, expanded and elaborated several key aspects of the FOMACOP programme. Most importantly, SUFORD is a project designed to help institutionalize participatory sustainable forest management through project implementation covering initially eight areas in four provinces, but eventually nationwide. SUFORD also covers more activity components compared with FOMACOP, including sectoral policy reform, preparation of forest management guidelines and procedures, strengthening forest management capacity, improving participatory mechanisms and strengthening monitoring and control. Village development is already an integral part of the SUFORD project design and implementation, unlike FOMACOP where village development became a focus only towards the end of the project, to demonstrate that forestry could truly be a “vehicle for rural development.”

Mr Edwin Payuan, Participatory Forestry Adviser to SUFORD, summarized the comparison between the two projects: “SUFORD is perhaps best understood as a vehicle for institutionalizing and propagating on a massive scale, the sustainable forest management approaches, techniques and approaches developed under FOMACOP.”

**Future steps**

FOMACOP has made a significant contribution in highlighting the opportunities and constraints in decentralizing production forest management in Lao PDR. The project also highlighted the need to improve mechanisms that allow local authorities to work in close collaboration with villagers in managing forest resources. Unlike several other Asian countries where violent conflicts have broken
out over control of natural resources, decentralized forest management in Lao PDR has been carried out without significant upheaval. The government has also displayed considerable willingness to devolve management responsibilities to local authorities and villages.

Parisak Pravongviengkham, editor of *A national advocacy for a holistic and decentralized approach to forest management in Lao PDR* (2000), argues that current government efforts to decentralize forest management need to aim at improving the managerial capacities of local communities to use resources based on the characteristics of traditional collectives. This signifies that — beyond recognition of legal rights to use resources — decentralized forest management in Lao PDR requires organizational capacity building at village levels, including the development of local enterprises and capital formation to undertake new ventures.

The experience with the village forestry model has led the government to develop new legislation that underlines procedures for community-based forest management in production forests. Prime Ministerial Decree No. 59, issued in 2002, stipulates the need to establish Village Forest Organizations (similar to VFAs) that will design and implement forest management plans together with district foresters and government offices. While the scope for participation and distribution of benefits depends on terms of negotiation in each case, the concept recognizes the responsibilities of local communities — as well as claims for financial returns to communities, are commensurate with management efforts. The existence of this clearer and specific enabling policy for participatory sustainable forest management is allowing SUFORD to promote participatory sustainable forest management at a wider scale than during the era of FOMACOP. A close perusal of new laws and regulations relating to sustainable forest management in Lao PDR reveals that many of the approaches, techniques and practices espoused by FOMACOP are being embraced.

The concept of community-based management of production forests is also supported in the government’s *Forestry Strategy to the Year 2020 of the Lao PDR*. Given the financial and human resource constraints that hamper government forestry agencies, greater involvement of local communities in resource management appears to be a practical choice for Lao PDR. However, as the experiences in Dong Sithouane and Dong Phou Xoy have shown, strengthening local resource management capacity requires additional financial resources as well as technical services provided by the local authorities. In addition, to ensure long-term sustainable forest management, the legitimacy of local people’s rights to access and utilize forest resources needs to be recognized and supported by policies at the central government level.

In the meantime, participatory sustainable forest management continues in Dong Sithouane and Dong Phou Xoy with SUFORD support. In fact, the two forests have also applied for Forest Stewardship Council certification, with an initial pre-certification assessment carried out in 2003. That the forest managers
have sufficient confidence to make this step highlights the strength that participatory forestry can bring to communities and indicates the importance of providing tangible economic benefits to ensure ongoing commitment from local people.

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About the authors

Yayoi Fujita and Thounthone Vongvisouk, the principal authors, work for a research capacity building project on community-based natural resource management funded by the International Development Research Centre at the Faculty of Forestry, National University of Laos. Houngpheth Chantavong is a vice-dean of the faculty, and provided overall supervision and valuable advice to writing the case study. Somvilay Chanthaleunnavong is a junior faculty member who assisted in collecting information. The authors also thank Khamla Phanvilay, Department of Watershed Management and Land Use Planning, National University of Laos, who reviewed and provided useful comments on the case study.