

Promotion of Membership Relations by the Lao People's Democratic Republic

Enhanced Update on Sustainable Forest Financing and Governance

Laos has made significant progress in establishing policy and legal frameworks to enhance forest governance and secure sustainable financing, but requires targeted support for the crucial next phase of implementation.

(i) Government Organizational Structure Update

The Government of Laos completed a major restructuring in early 2025.

- **New Ministry:** The **Ministry of Agriculture and Forestry (MAF)** and the **Ministry of Natural Resources and Environment (MONRE)** have been merged to form the new **Ministry of Agriculture and Environment (MAE)**.
- **MAE and Enhanced Inter-Sectoral Coordination:** Following the recent government restructuring, the AFoCO Focal Agency (the **Department of Forestry**) is now situated under the new **Ministry of Agriculture and Environment (MAE)**. This merger is a strategic move designed to **enhance coherence** in land-use planning and integrate climate and environmental safeguards directly with agricultural and forestry development goals. This new structure will facilitate the cross-sectoral cooperation vital for implementing complex mechanisms like PFES.
- **Local Administrative Reform:** Reintroduction of the Tasaeng (Sub-District)

The National Assembly has endorsed a major local governance reform, formalizing the reintroduction of the Tasaeng (sub-district) administrative level, which will be situated between the District (Muang) and the Village (Ban). This restructuring is intended to strengthen grassroots administration and make state services more accessible to citizens.

Benefit for Forest Governance: The Tasaeng is strategically important for SFM and PFES implementation because it will replace the village as the lowest administrative tier with actual executive and budgetary functions. This provides a more robust local structure for:

- **Effective Land-Use Planning:** Enabling better demarcation and management of forestland at a scale more appropriate than the individual village.
- **SFM and Livelihood Support:** Serving as the key administrative unit closest to forest-dependent communities, thereby improving the capacity to oversee Community-Based Forest Management.
- **PFES Rollout:** Establishing the necessary administrative layer to manage the flow of funds and benefits from the future Payment for Forest Environmental Services (PFES) system directly to local communities.

(ii) Relevant Laws and Policies

- **Land Use Right Recognition (PM Instruction No. 20 and National Policy):** The government is actively working on the **National Policy and Action Plan for the Recognition of Land Use Rights in Forestland (2025–2030)**. This initiative is fundamental to ensuring **long-term tenure security** for forest-dependent communities (3,167 villages), which is a prerequisite for their full participation in forest management and PFES.
- **Forest Carbon Management:** The **Decision on Forest Carbon Management (No. 4565/MAF)**, effective in late 2024, establishes a comprehensive framework for Laos to engage in domestic and international **carbon markets**. It outlines procedures for investment, carbon credit trading, and benefit sharing.
- **PFES Feasibility and Implementation Approval:** Laos has formally recognized the need for a domestic financing mechanism. The **Prime Minister's Office Notification Letter No. 1482/PMO (July 30, 2024)** approved the **pilot PFES program**. The ongoing Feasibility Study is critical to designing a system where sectors benefiting from forest services (e.g., **hydropower, ecotourism**) contribute to forest protection.

Request

Laos respectfully requests that AFoCO consider allocating **targeted financial support** to assist the DOF/MAE in completing the **PFES system's technical formulation, institutional setup, and initial piloting** in 2-3 key provinces.

- This investment would be a **strategic enabler** for the Forestry Strategy 2035–2050, moving Laos from policy vision to financial self-reliance in forest conservation.
- We are prepared to present a detailed proposal outlining the required budget and milestones at the earliest opportunity for further discussion.

(iii) National strategies in the forest sector.

The country's strategies guide policy implementation towards its national forest goals.

- **Forestry Strategy to 2035 and Vision to 2050 (FS 2035-2050):** The primary long-term goal remains to achieve **70% forest cover** of the country's total land area.
- **Strategic Focus:** The strategy emphasizes three main programs:
 1. **Forest Resource Conservation**
 2. **Forest Development** and improvement of village livelihoods.
 3. **Management of Forest and Forestland Use.**
- **Integration:** The national strategy now explicitly incorporates new priority areas such as **Forest Carbon Credits Trading** and the strengthening of the **Timber Legality Assurance System (TLAS)** to support both the climate agenda and sustainable wood value chains.