

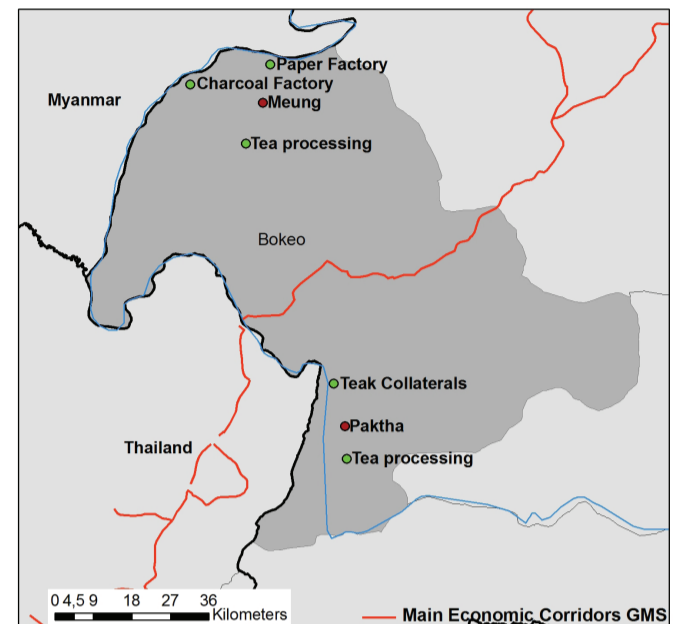
Livelihood Improvement through Generation and Ownership of Forest Information by Local People in Products and Services Markets

BACKGROUND

In Northern Lao PDR, smallholder teak plantations have multiplied in recent years, a trend driven by their income-producing potential. Revenues from teak can represent up to half of a smallholder's annual cash earnings, providing an attractive source of supplementary income. Against an initial investment of close to US\$1,500/hectare, the value of plantation teak aged 12-25 years can rise by 20-25% each year, matching or exceeding typical microfinance interest rates of 15-25% annually.

Given their slow maturation, teak trees are often used as reserve assets. However, while the trees require more than 20 years to reach commercially viable sizes, they are often harvested prematurely, without silvicultural or timely marketing considerations. In Lao PDR – as across Asia – smallholders tend to invest little in improving the value of their teak plantations. In most cases, trees are sold standing, without measurement of volume or quality assessment. Farmers and smallholders typically fail to add value through teak harvesting, log grading and sorting at roadside, and tend to choose the short-term approach that can rob them of huge financial gains. Moreover, a lack of appropriate harvesting technologies has led to a situation where plantations are predominantly located close to roads and rivers for easy transport on sites that have high opportunity costs. At the same time, sites that are further away from access roads but which have a high potential for teak are not utilized.

In Bokeo, ForInfo and its partners are working to improve community livelihoods from teak cultivation based on sustainable forest management principles.



Training on Financial valuation of teak plantations



Smallholder teak plantation in northern Laos

APPROACH

ForInfo is spearheading innovative approaches to help farmers generate, manage, and distribute information that is key to maximizing their benefits from teak plantation management. One core strategy is the introduction of smallholder plantation certificates. These certificates, containing teak valuation data, can be used as collateral for microfinance loans, thus giving timber a collateral value independent of land value.

A project undertaken by The Forest Trust and Provincial Agriculture and Forestry Office (PAFO) in Luang Prabang – a catalyst for the Bokeo project – showed that the issuance of certificates helped smallholders secure clearer tenure rights, and allowed them to cultivate teak on designated plots for up to 30 years. The certificates were also used as collateral for 20 microfinance loans provided by the Luang Prabang Savings and Credit Union.

Certification incorporates both stand and financial valuation. Stand valuation includes site quality assessment according to: age-height relationship, diameter and height distribution with subsequent commercial volume estimations. These benchmarks are used for financial valuation, which also takes into account harvesting costs in relation to distance to roads and the volume-per-piece ratio. Initial ForInfo findings show that if harvesting costs to roadside are included in stand valuation, extraction of smaller-sized thinning material (below 12 cm DBH) is not economical in smaller-diameter classes. Thus improved harvesting technologies are currently being tested to improve efficiency and reduce harvesting costs. Preliminary results indicate that improved harvesting efficiency will be crucial in increasing collateral value, particularly for smaller trees. They also show that collateral value for first-stage thinning material can range from US\$1,000 for low-quality sites far from roads (up to 2 km distance) to US\$2,500 for high-quality sites close to roads.

Contact

Fabian Noeske

ForInfo Technical Advisor,

P.O. Box 1111, Kasetsart Post
Office, Phahonyothin Rd.
Bangkok 10903, Thailand

ForInfo@recoftc.org

Tel: 66-2-940-5700

Fax: 66-2-561-4880 or 66-2-
562-0960

About RECOFTC

RECOFTC – The Center for People and Forests is an international organization with a vision of local communities actively managing forests in Asia and the Pacific to ensure optimal social, economic, and environmental benefits. Headquartered in Bangkok, Thailand, RECOFTC works throughout Asia and the Pacific. Learn more at RECOFTC.org.

PROJECT OUTPUTS

1. Provide teak plantation smallholders with management certificates duly recognized by financial institutions as loan collateral.
2. Facilitate the initial stages for acquiring land title deeds for farmers utilizing the land with temporary rights.
3. Increase the plantation rotation time through the collateral mechanism and minimize the amount of prematurely harvested teak timber.
4. Increase harvesting and transport efficiency to reduce harvesting costs, particularly for small-diameter classes.
5. Improve the negotiating position of teak smallholders with sawmills by utilizing timber volume measurements and log grading rules.

PROJECT OUTCOMES & IMPACT

ForInfo's technical experts have trained forestry officials on the use of tools like Global Positioning Systems (GPS) and mapping software, and conducting on-site plantation registration surveys, forest inventories, and issuance of plantation certificates. These certificates have resulted in stronger and clearer teak tenure rights in Bokeo province. Staff have also received training in database management of the certificates to give smallholders more information and thus greater market access to sawmills and traders.

Helping teak farmers to harvest more mature trees and increase the value of their holdings is only part of ForInfo's objectives in Bokeo. Ultimately, the project aims to lay the groundwork for a sustainable, efficient and competitive forest-based livelihoods system through the use of innovative approaches and closer collaboration between smallholders, forestry officials, sawmill owners, timber traders and credit associations.



Houay Thong village plantation owners receive their certificate.



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About ForInfo

ForInfo, a two-million-euro project funded by the Ministry of Foreign Affairs of Finland, supports communities in Lao PDR, Cambodia, Thailand, and Vietnam by linking them with existing and new markets, such as ecosystem services. The project helps communities maximize their profits while using their forests sustainably and efficiently. ForInfo's work generates key information to enable communities to improve their access to markets and achieve stability in their livelihoods. Learn more at <http://www.recoftc.org/site/resources/ForInfo/>