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The Standing Committee

Vientiane Capital, 16/01/12

DECISION
Of
The National Assembly Standing Committee
pertaining to the sharing of revenue from timber harvested in the Production
Forest Areas

- WHEREAS Article 26, Clause 7 of the Law pertaining to the National Assembly;
- With reference to the Letter of Proposal issued by the Prime Minister of Lao P.D.R., No. 140/PM., dated 21 November 2011.
- With reference to the Decision made in the Conference of the National Assembly Standing Committee on 28 November 2011.

THE STANDING COMMITTEE OF THE NATIONAL ASSEMBLY DECIDED.

Article 1: To adopt the revenue division gained from the sales of wood exploited in the Production Forest Areas as the budgetary source for the forestry management, protection, conservation, and development activities, primarily for the production forests, and/or as the development funds for the villages or the village groups bordered with the production forests.

Article 2: This Decision has its force effective from the date of its signing.

The NA Standing Committee
President

(Signed & sealed by: Pany YATHOTOU)



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

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The Office of the President
of the Republic

No. 001/PR
Vientiane Capital, 31.12.2012

DECREE

of

**The President of the Lao People's Democratic Republic pertaining to the sharing of
revenue from timber harvested in the Production Forest Areas**

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- WHEREAS the Constitution of the Lao People's Democratic Republic, Chapter VI, Article 67, Clause 2, of the revised edition;
 - WHEREAS the Forestry Law, No. 06/NA., dated 24 December 2007;
 - With reference to the Letter of Proposal of the National Assembly Standing Committee, No. 029/SC., dated 16 January 2012.

The President of the Republic
Lao People's Democratic Republic issued out The State Statute:

Chapter 1
General Provisions

Article 1. Objectives

This State Statute has defined the principles and procedures on the division, management, and use of the revenue gained from the sales of wood exploited in the production forest areas, as the budgetary source to supply funds for the forestry management, protection, conservation, and development activities, primarily for the production forests, and/or as the development funds for the villages or the village groups bordered with the production forest areas, aimed at ensuring the stable budgetary source to supply the forestry development activities, and the contribution to support the production, to solve the ethnical poverty. This is also used to ensure the mastery actions from the concerned people and sectors to participate in the management, protection, conservation, development and the sustainable use of the production forests.

Article 2. The Revenue Collection from the Sales of wood Exploited in the Production Forest Areas

The revenue gained from the sales of wood exploited in the Production forest areas is the total value of wood sold under the bidding and/or through the price comparison.

Article 3. The Using Scope

This State Statute has its force over all individuals, juristic entities, organizations, business units, and entrepreneurs undertaking the management, the protection-conservation, the development activities, and the use of the production forests within the territory of the Lao P.D.R., it shall not have its force over against the protection and conservation forests.

Chapter 2 The Revenue Division from the Sales of Wood Exploited in the Production Forest Areas

Article 4. The Division of Revenue Gained from the Sales of Wood Exploited in the Production Forest Areas

The revenue gained from the sales of wood exploited in the production forest areas has to be divided into two parts as follows:

- 1. Part 1: Seventy percent (70%) of the total revenue** as the state budgetary revenue;
- 2. Part 2: Thirty percent (30%) of the total revenue** as the budget to support the forestry management, protection-conservation, and development activities, primarily the production forests, and the funds for the development of villages or the village groups bordered with the production forests.

Article 5. The Division of the Second Part of the Total Revenue

In order to be used into various purposes, the second part of the total revenue has to be segregated into 4 portions as follows:

- 1. First portion:** Twenty (20%) percent as the trust funds for developing the forests and the forestry resources;
- 2. Second portion:** Twenty (20%) percent as the trust funds for developing the production forest throughout the nation
- 3. Third portion:** Twenty (20%) percent as the trust funds for developing the exploited production forests.
- 4. Fourth portion:** Forty (40%) percent as the trust funds for developing the villages or village groups that are the agreement partners in the management of the production forests.

Chapter 3 The Management, the Use, and the Audit of Revenue Gained from the Sales of Wood Exploited in the Production Forest Areas

Article 6. The Management of Revenue Gained from the Sales of Wood Exploited in the Production Forest Areas

The gaining from the sales of wood exploited in the production forest areas has to be deposited into the state budget at the National Treasury as the whole-collected revenue in accordance with the law pertaining to the national budget.

The State Property Management Department shall issue out the deposit orders on the gaining from the sales of wood exploited in the protection forest areas in the sums of seventy percent (70%) into the state budget and thirty percent (30%) into the trust funds for developing the forests and forestry resources at the National Treasury as having prescribed forth in Articles 4 and 5 of this State Statute.

The Agro-Forestry Department shall act as the coordination center with the Finance, Industry and Commerce, and Natural Resources and Environment Departments; and other related sectors at both the central and regional levels in order to make the management on such revenue as having stipulated in this State Statute.

Article 7. The Management of the Second Divided Part

1. The Trust Fund Executive Council for the development of forests and forestry resources shall make the management on the first, second, and third portions, by setting up specific accounting system for each portion, as having assessed in Article 6 of this State Statute.

2. The Forest and Forestry Resources Development Trust Funds has to transfer the sum of the fourth portion into the accounts of the villages or village groups that are the agreement partners in the management of the production forests upon the requests of the capital and/or provincial services of Agriculture and Forestry;

3. The District Administrations and the District Offices of Agriculture and Forestry are obliged to take part and direct the development planning of villages and village groups in the use and management of funds in an effective manner.

Article 8. The Use of the First Part

The whole-first part shall be used as the expenses in the wood exploitation, the fees for issuing the allocation certificates on the sustainable production forests, and other expenses in the socio-economic plans of the Government.

Article 9. The Use of The Second Part

The whole-second part shall be used as follows:

1. The first portion of twenty percent (20%), the trust funds for developing the forests and forestry resources, has to be expended in conformity to the overall plans for the forestry development of the nation.

2. The second portion of twenty percent (20%), the trust funds for developing the production forests throughout the nation, has to be expended into the activities for restoration, management, and protection-management plans of the production forests across the nation.

3. The third portion of twenty percent (20%), the trust funds for developing the exploited production forests, has to be expended into the execution of the activity plans in allocating and managing the production forests within such areas.

4. The fourth portion of forty percent (40%), the trust funds for developing the villages and the village groups bordered with the exploited production forests, has to be applied into the implementation of the plans for developing such villages and village groups, with the certification from the District offices of agriculture and forestry, acknowledged and attested by the District Administrations.

The Government is delegated to give directions to the Agro-Forestry, the Finance, the Industry and Commerce Departments and other related sections for further study and materialize all legal acts in relation to the execution and operations of the forest and forestry resources development trust funds and issue out the use and management procedures on each portion.

Article 10.The Inspection on the Use of the Revenue Gained from the Sales of wood Exploited in the Production Forest Areas

The Government is delegate to furnish the directions to relevant departments to make the regular follow-up, the inspection, the management on the use of the revenue gained from the sales of wood exploited in the production forest areas; and to ensure the effectiveness, the transparency, and the capability for auditing in pursuant to the laws and regulations.

The State Inspection Authority and the State Accounting Audit Authority, each of its own roles, privileges and functions, reserve the rights and duties for inspecting the implementation of this Statute to come up with effectiveness and justice.

To act in compliance with their own roles, the local administrations of various levels have to take part in making the follow-up on such an inspection.

**Chapter 4
Final Provisions**

Article 11.The Execution

The Government of the Lao People's Democratic Republic has the sole responsibility on the execution of this State Statute.

Article 12.The Validity

This State Statute is valid effective from its signing date.

All regulations and provisions which are in contradiction to this State Statute shall all be subject to a revocation.

THE PRESIDENT OF THE LAO PDR.