Corrective Action Verification Audit (CVA) Report

Organization: Department of Forestry, Lao PDR
Cert/Ver/Val Code: SW-FM/COC-001711
Report Date: January 15, 2014

I. AUDIT PROCESS

Auditor, Qualifications: Alexandre Boursier, M.Sc., R.P.F.: Was manager of Rainforest Alliance Canada between 2005 and 2013. Alex is a forester with a Master’s degree in agroforestry and over 17 years of experience in his field. He worked in Africa, India, South, Central and North America in FSC certification, education, community forestry and natural resources management. Alex is an FSC Senior auditor and Rainforest Alliance Lead auditor trainer. He has executed a large number of FSC audits. He is fluent in French, English and Spanish.

Audit Date(s): Nov 27 to Dec 17, 2013
CVA Type: Desk review [X] On-site [ ] Location(s):
Audit Overview: The Department of Forestry presented their documented evidence on Nov 20, 2013, which respects the 3 months timeline allowed since closure of the 2012 annual audit report. The auditor reviewed this evidence from his office and documented his findings in the current report.

Changes to Scope since last Audit: None

II. NON-CONFORMITY REPORT (NCR) EVALUATION

| MAJOR NCR# | 03/11 |
| Standard & Requirement: | Group management conformance checklist FSC-STD-30-005 v1-0 Criterion 6.2 |
| Report Section: | Appendix VII Criterion 6.2 |

Description of Non-conformance and Related Evidence:
Audit 2011:
Forest areas over which the group entity has management responsibility have been laid out in the Prime Ministers order # 17. The total area in which DoF is involved for management and protection or conservation activities include 17 provinces with total area 7,200,434 ha.
Although the group entity is legally responsible to manage forest resources throughout the country, there was no specification in their group certification policy document how many new members they could accommodate in the FSC group certified pool.

Audit 2012:
The FME described how DoF approves harvesting plans proposed by the different FMUs (PFS), and provides the framework for its group management. The membership is limited to Forest Management Sub-Area (sub-FMA or SFMA) management partners. There are members in certified pool and non-certified pool. Thus, in theory, the total number of members (including those in non-certified pool) will be the maximum number of members. However, the maximum number of members is not clearly specified.

Corrective Action Request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.

Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

Timeline for Conformance: By 21 November 2013

Evidence Provided by Organization: On Nov 20th 2013 the Department of Forestry (DOF) adopted a resolution that limits the maximum number of group members to 100. This resolution was presented to the auditor as evidence for this NCR.

Findings for Evaluation of Evidence: The DOF has assigned four staff to manage the group, currently composed of 10 members for a total area of 82,762 ha. There is an additional 24 members DOF themselves suspended in March 2013, which they intend to reinstate in the near future. This will bring the group size to a total of 34.

DOF considers the current staffing level adequate to manage internal audits for a group of 34 members. DOF recognizes staff resources will be increased as the certified area increases. However, DOF has determined that the maximum number of members in the groups shall not exceed 100.

Auditor finds this size of group, coupled with the concept that the staff will grow proportionally, is appropriate.

This NCR can be closed.

NCR Status: CLOSED

Comments (optional):

MAJOR NCR#: 07/12  NC Classification: Major X Minor

Standard & Requirement: Rainforest Alliance Interim Standard for Assessing Forest Management in Lao PDR FM-32 (June 2008) 9.4.1

Report Section: Appendix IV

Description of Nonconformance and Related Evidence:
A system for continuous monitoring of HCVF values is not in place. A simple method has been proposed to evaluate the HCV values and discussing with the villagers regarding any changes that may need to be addressed, to tackle issues that are threatening the HCV values, such as addressing forest conversion. Audit team was not able to confirm if this methodology has been already put into practice.

Corrective Action Request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.
Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.

**Timeline for Conformance:** By 21 November 2013

| Evidence Provided by Organization: | - Email exchanges describing the HCV monitoring system;  
|                                  | - Brief Report_ HCVF Checking_NongkanSFMA_DongSithouane. |

**Findings for Evaluation of Evidence:**

One of the monitoring systems included in the Participatory Sustainable Forest Management (PSFM) operation manual is "Monitoring impacts of PSFM, particularly HCV/HCVF"

DOF is initiating collaboration with various parties to conduct participatory monitoring of HCV/HCVF in PFAs. VFOs with DFMU supervision are the main parties responsible for HCV/HCVF monitoring. Activities that lead to HCV/HCVF monitoring will be done annually so that information is available to provide warning signs in cases of losses or potential losses of HCV, and so that appropriate action can be made to minimize such losses. These activities include:

- Monitoring of hunting or poaching;
- Participatory wildlife assessment conducted during the preparation of the forest management plan and repeated at the middle of the planning period;
- Monitoring of forest conversion and construction of large infrastructures such as main access roads, and other activities that tend to fragment the forest further;
- Monitoring changes in forest cover;
- NTFP monitoring.

HCV/HCVF monitoring will be done in a cost effective manner by participatory monitoring. It will be a continual process, i.e. changes will be recorded as soon as they have been observed to happen, and reported not less frequently than once every 3 months. VFO will include such reports in their monthly and quarterly reports to DFMU and GVFO will discuss them in Provincial PSFM Group meetings. HCV/HCVF monitoring results will be included in regular reporting done by DFMU through PFS to DOF.

The HCV monitoring system described above is part of DOF’s PSFM manual. In practice, the evidence presented to the auditor, demonstrating this system is being implemented, consist of a checklist with 6 categories of HCVF, guiding questions, answers and remarks. This survey was done for one village, and was conducted a few days before the audit.

This is sufficient to close this NCR.

**NCR Status:** CLOSED

**Comments (optional):**

**MAJOR NCR#:** 10/12  
**NC Classification:** Major X Minor  
**Standard & Requirement:** FM-35 Rainforest Alliance Chain-of-Custody Standard for Forest Management Enterprises CoC: 3.3  
**Report Section:** Appendix V  
**Description of Nonconformance and Related Evidence:**

Rattan FMUs: FME has not provided the Audit team with an annual report on FSC certified sales containing monthly sales in terms of volume of each FSC certified product sold to each customer.
Audit 2012:
The report provides volume of rattan harvesting, splitting, farming and weaving. However, it does not include volume of products sold to each customer. Therefore, this NCR remains OPEN.

Corrective Action Request: Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.

Timeline for Conformance: By 21 November 2013

Evidence Provided by Organization:
Summary report of Rattan harvesting in FSC area at Khamkeut District for year 2012 to 2013.

Findings for Evaluation of Evidence:
DOF presented the details, but also a summary, of the rattan harvest in FSC certified areas of the Khamkeut district for year 2012-2013. In 2012 there was only one customer for rattan: Souphi wood processing factory. The rattan canes came from the FSC certified area in 4 villages at Khamkeut district, and 4 villages (Sopphouane, Phonthong, Donsard and Pounpatoa) were involved in the haresting.

Souphi Wood Processing factory is a CoC certified SME for both wood and rattan production. This factory has received an order from Switzerland for FSC rattan trays in 2012.

The summary presents the number of rattan canes (60,000) as well as the total weight harvested (68.40 t).

This NCR can be closed.

NCR Status: CLOSED

Comments (optional):

III. CONCLUSIONS

NCRs Closed: ☒ No follow-up required related to closed NCRs
☐ Original NCRs closed and new NCR(s) issued, see section IV below

NCRs Open: ☐ Certification/Verification/Validation not approved; conformance with NCRs required
☐ Major NCRs not closed; suspension of certification/verification required
☐ Minor NCRs are upgraded to Major; see section IV below
☐ New NCR(s) issued, see section IV below

Comments/Follow-up Actions:

IV. OPEN NCRs
Newly issued or upgraded NCRs:

None.
V. AUDIT REPORT APPROVAL

Note: a formal Q-09 Report Review and Approval (RRA) Checklist conducted by an independent, authorized reviewer is required when the CVA results in certificate/verification/validation issuance or suspension/termination, or when there is a change in scope. In all other cases, the report may be approved with the 2nd checkbox below by an authorized RRA reviewer which may be the CVA auditor, or by a Senior Auditor.

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<th>Refer to separate Q-09 RRA Checklist</th>
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<tbody>
<tr>
<td>Report approved by way of this checkbox</td>
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<tr>
<td>Approved by: Chisato Tomimura</td>
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<td>Date: January 15, 2014</td>
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<tr>
<td>Salesforce has been completed with applicable files uploaded, and is updated based on any changes to the Organization details or other areas relevant to the CVA.</td>
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