

## Impact

The output aims to support MSMEs for timber and NTFPs, producers and producer groups, traders, and smallholder forest plantation owners (rubber, teak, and eucalypt). The support focuses on enhancing their technical skills and access to finance for adopting new technologies, developing value-added products, and implementing sustainable sourcing practices. Additionally, it aims to provide technical guidance, facilitate access to finance, and promote commercial partnerships to strengthen their overall competitiveness and sustainability. Within the framework of 'forest positivity', MSMEs and producers are further encouraged to actively improve forest health and biodiversity. This can involve adopting agroecological practices (such as agroforestry) that preserve and enhance biological and ecological processes, thereby creating diverse, resilient, and more productive agroecosystems. Additionally, the restoration of degraded forest areas and the conservation of existing forests, contributing to increased carbon storage and biodiversity, is promoted. Supporting the integration of sustainable land management practices can also help to protect natural resources and improve the adaptive capacity of rural systems to climate change. Political partners at national, provincial, and district levels will receive capacity development to sustainably strengthen the forestry and NTFPs sector.

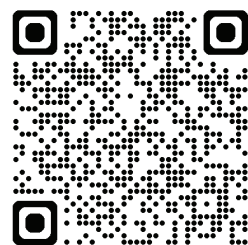


## Gender

The output is committed to advancing gender equality within forest-based value chains. Key initiatives include ensuring at least 30% female participation among the 500 producers gaining improved market access and actively enhancing women's roles in decision-making and leadership. The output will support women entrepreneurs through targeted capacity development measures and will integrate gender considerations into due diligence processes and social standards for enterprises. The overall aim is to ensure women have equal access to resources, benefits, and opportunities, fostering their economic empowerment in the forestry sector.

## About the Project

The Protection and Sustainable Use of Forest Ecosystems and Biodiversity in Laos (ProFEB) is co-funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) and the European Union. ProFEB is the forest component of the Team Europe Partnership with Lao PDR to increase sustainable and inclusive Trade, Investment and Connectivity in the Agriculture and Forestry sectors (TICAF). Discover more about ProFEB by scanning the QR code.



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## Forest-Based Value Chains



Value chain bamboo handicrafts in Khammouane Province  
Photo Credit: GIZ/ProFEB



Implemented by  
**giz** Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH



## Output in Brief

Forests are vital for Laos' rural population, providing essential products such as fuelwood, which constitutes a significant majority (around 80%) of total wood consumption, and industrial wood (around 20%). Beyond timber and fuelwood, forests offer a critical supply of food, medicine, and diverse non-timber forest products (NTFPs) that are indispensable for their income and livelihoods. However, forest-based value chains, including timber and NTFPs, are highly fragmented. Smallholder plantations suffer from mismanagement and lack legal registration, while micro, small, and medium enterprises (MSMEs) face outdated production techniques, limited financing, and poor market access. Companies also struggle with an inconsistent supply of raw material and operate with low technical capacity. Furthermore, challenges in the development, consistent application, and accessibility of comprehensive national standards for diverse forest products impede efforts to ensure consistent quality and fair pricing across the sector.

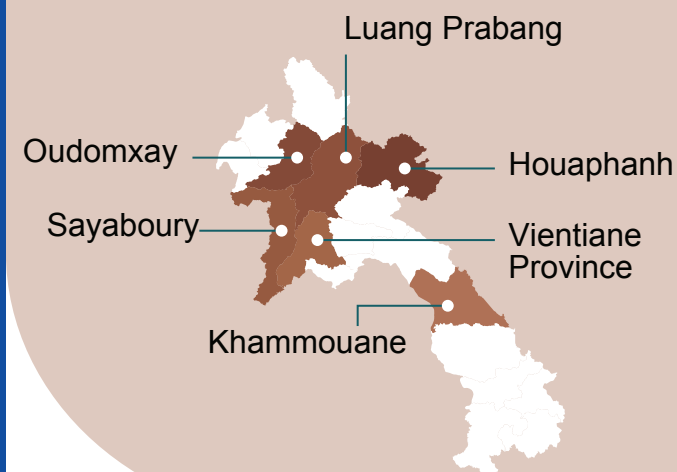


Women bamboo handicrafts group in Vientiane Province  
Photo Credit: GIZ/ProFEB



Value chain timber processing in Luang Prabang province  
Photo Credit: GIZ/ProFEB

## Location



## Partners

### National Level:

Ministry of Agriculture and Environment (MAF), Ministry of Industry and Commerce (MOIC), Institute of Traditional Medicine (ITM), Lao Women's Union (LWU), Lao Chamber of Commerce and Industry (LNCCI).

### Provincial Level:

Provincial Agriculture and Environment Office (PAEO), Provincial Office of Industry and Commerce (POIC), Lao Women's Union (LWU), Provincial Chamber of Commerce and Industry (PCCI), Department of Culture and Tourism of Khammouane Province (DCT of KHM).



## Objective

The objective is to strengthen sustainable, inclusive, and competitive forest-based value chains. The assumption is that improved access to finance, the promotion of commercial partnerships, and improved relationships among value chain actors at different levels will enhance the market access of MSMEs for timber and NTFPs. This potentially creates incentives for increased participation of local communities in value chains as entrepreneurs and reduces land conversion. It is assumed that forest product processing enterprises with an interest in cooperating with producers will be identified, that financial service providers offer acceptable conditions to producers in rural areas, and that they are willing to include criteria of responsible investment.



Value chain timber processing in Luang Prabang Province.  
Photo Credit: GIZ/ProFEB

## Our Approach

The ProFEB's value chains output focuses on fostering inclusive, biodiversity-friendly, and deforestation-free forest-based value chains through various strategies. These include promoting new commercial partnerships among value chain actors, such as outgrower schemes. Furthermore, it aims to provide capacity development measures for value chain actors to meet due diligence, i.e., and sustainability standards that equally act on social and environmental criteria. Additionally, an innovation challenge will be organised, with the objective of instigating innovations, increasing value addition, and strengthening the sustainability of forest-based value chains. The innovation challenge is targeting MSMEs, producer groups, Civil Society Organisations (CSOs), government institutions, universities, and other actors involved in forest-based value chains. Finally, the output will strengthen the capacity of provinces to strategically steer MSMEs for more integrated and skilled processing of NTFPs, assess the profitability of MSMEs and forest organisations for bankable projects, and promote income diversification and tree planting incentives for producers.



Value chain red mushrooms in Phonxay District, Luang Prabang Province  
Photo Credit: GIZ/ProFEB

