



Tree Plantations in Viet Nam: A Policy Framework



PROJECT WORKING PAPER 2

Authors: Hilary Smith, Keith Barney, Neil Byron, Dai Nghia Tran, Rodney Keenan, Vu Tan Phuong and Thu Ba Huynh

28th August 2017

ACIAR Project FST/2014/047: Improving policies for forest plantations to balance smallholder, industry and environmental needs

ABOUT THE PROJECT

The Australian Centre for International Agricultural Research (ACIAR), together with the Governments of Lao PDR and Viet Nam SR, is undertaking a project on “*Improving policies for forest plantations to balance smallholder, industry and environmental needs*”. The aim of this project is to provide policy options that achieve national goals for forest plantation industry development in Lao PDR and Viet Nam SR (Viet Nam or Vietnam) through improved linkages between commercial investment and smallholder production.

The project has three objectives:

1. To develop policy and institutional options for plantation development;
2. To understand the positive and negative social, economic and environmental impacts associated with different approaches to tree plantation development; and
3. To create a network for policy learning that builds capacity in plantation sector policy analysis, development and implementation.

These objectives require research to evaluate current policies, policy options, and their likely impacts on policy goals and to provide the evidence for policy recommendations.

This policy framework provides a descriptive overview of the policy environment for plantations in Viet Nam. The document describes the current situation for plantations and the plantation wood sector and it will be used to form the basis of policy analysis by identifying key issues, gaps and leverage points to focus research, and to identify options for improving policies for plantations. It addresses the question:

How well do current policy arrangements for tree plantation development in Lao PDR and Viet Nam support national development goals for smallholder involvement and what are the challenges and gaps in policy to meet these goals?



Photo 1: Restoration Planting (H. Smith 2011)



DISCLAIMER

This report was prepared as a research output from Project FST/2014/047, “Improving policies for forest plantations to balance smallholder, industry and environmental needs in Lao PDR and Viet Nam” funded by the Australian Centre for International Agricultural Research (ACIAR). The Project’s aim is improve policies for forest plantations, to balance smallholder, industry and environmental needs. The contents and views represent the views of the authors and do not necessarily represent the views of the Government of Viet Nam SR, the Australian Government or ACIAR.

The statements and opinions contained in the report are given in good faith but, in the preparation of this report, the authors have relied, in part, on information supplied from other sources, or from documents and interviews held in Vietnamese and translated into English. The report has been prepared with care and diligence. However, except for those responsibilities which by law cannot be excluded, no responsibility arising in any way whatsoever for errors or omissions (including responsibility to any person for its negligence), is assumed by the authors or contributors for the preparation of this report.

Limitations upon use: This report is for the use of the party to whom it is addressed. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content.



CONTENTS

Disclaimer.....	2
Contents.....	1
List of Figures.....	3
List of Tables.....	3
1. TÓM TẮT VÀ KHUYẾN NGHỊ.....	4
1. Executive Summary and recommendations.....	7
2. Synopsis Of Plantations In Viet Nam to 2015.....	10
What is a Plantation?.....	10
Plantation area and species.....	11
Acacia species.....	12
Eucalyptus species.....	12
Other species.....	12
Geographic Distribution of Plantations.....	13
Plantation ownership.....	14
3. Plantation policy setting.....	19
Strategies, Policies and Plans.....	19
National Socio-Economic Development Plans.....	19
Vietnam 2035: Toward Prosperity, Creativity, Equity, and Democracy.....	20
Forestry Development Strategy 2006-2020.....	21
Significant Reforestation and Plantation POlicies.....	22
Greening the Hills Program 327.....	23
Five Million Hectares Reforestation Program.....	23
Forestry Research Strategy.....	25
Land Policy.....	25
Strategies, Plans and Policies that impact or influence plantation policy.....	26
Comprehensive Poverty Reduction and Growth Strategy.....	27
National Strategy for Environmental Protection.....	28
Biodiversity Conservation Action Plan.....	28
Strategy on Climate change.....	28
The National Green Growth Strategy.....	29
Rural Development Strategy.....	29
Policies and mechanisms for forest protection and development linked with poverty reduction for ethnic minorities.....	30
Industrial Development Strategy.....	30
National Strategy on Exports and Imports.....	30
4. Policy Drivers.....	32
Domestic Policy drivers.....	32
International drivers.....	32
5. The Legal Framework for Forest Plantations.....	36
6. Governance.....	44
Government Agencies.....	44
Ministry of Agriculture and Rural Development.....	44
Ministry of Natural Resources and Environment.....	46
Ministry of Industry and Trade.....	47
Ministry of Finance.....	47
Ministry of Planning and Investment.....	47
Ministry of Public Works and Transport.....	48
Ministry of Justice.....	48
Local Administration.....	48



Enforcement agencies and roles	48
Forest Protection Department.....	49
Ministry of Public Security.....	49
General Police	49
Customs, Ministry of Finance	49
The Supreme People’s Procuracy	49
Private Sector	50
Industry Associations	50
7. Stakeholders/actors and interests/positions	51
8. timber production and Markets	52
Wood Supply	52
Domestic wood supply.....	52
Wood imports.....	52
Wood Processing, Consumption and Exports.....	53
Furniture manufacturing and building material	54
Wood chip and wood-based panels.....	54
Certification, legality and other market standards	56
Certification	56
Legality Verification.....	59
9. Enabling environment	64
Land Tenure and Plantation Ownership.....	64
State Forest Enterprises (or Companies)	66
Forest Management Boards	67
Commune People Committees.....	67
Community and mass organizations.....	68
Individuals and households	68
Plantation contribution to livelihoods	68
Plantation Development Process	69
General provisions.....	69
Plantation Registration.....	69
Environmental and Social Impact Protection Measures	70
Incentives, disincentives and finance	72
Technical support, Capacity Building and assistance	73
Risks.....	74
Market risks.....	74
Policy and Regulatory risks	74
Technical and Environmental Risk	74
Livelihood Risk.....	74
10. Concluding remarks and recommendations	75
Forest cover, timber production capacity and sustainability.....	75
Recommended policy responses.....	75
Higher value wood production.....	75
Recommended policy responses.....	76
Forest plantations and poverty alleviation	76
Recommended policy responses:.....	76
References	78
Appendices	83



LIST OF FIGURES

Figure 1: FAO definitions of forest types.....	10
Figure 2: Forest Distribution 2010.....	14
Figure 3: Policy and forest cover time line	18
Figure 4: Integration of CPRGS with National socio-economic development plans.....	27
Figure 5: Domestic Policy Drivers.....	32
Figure 6: Policy discourses and forces	35
Figure 7: Volume of wood product imports by supplier country.....	53
Figure 8: Value of Wood based Product Exports.....	55

LIST OF TABLES

Table 1: Total area and percent of plantation species in Viet Nam in 2015	12
Table 2: Area of plantation by species and region in 2012	13
Table 3: Typology of Plantation regimes	15
Table 4: Area of plantation by ownership in 2015	15
Table 5: Plantation Management practices of major plantation species	17
Table 6: Major legal sources relevant to Plantations	37
Table 7: Wood demand projection 2015 -2030	52
Table 8: Wood production and export projection 2015 -2030	54
Table 9: FSC Certificates in Viet Nam, 2016	57
Table 10: Significant policy statements influencing forest land management in Vietnam	64
Table 11: Scope of land use rights for forestland	65



1. TÓM TẮT VÀ KHUYẾN NGHỊ

Việt Nam đang đặt ra mục tiêu là phấn đấu trở thành một quốc gia có mức thu nhập trên trung bình vào năm 2035. Đó là đảm bảo sự cân bằng giữa sự thịnh vượng về kinh tế với sự bền vững về môi trường, sự công bằng và hòa nhập xã hội và nâng cao năng lực trách nhiệm giải trình của nhà nước. Mục tiêu này được thực hiện thông qua Chiến lược phát triển ngành Lâm nghiệp nhằm đóng góp vào sự tăng trưởng kinh tế thông qua việc tái cơ cấu các doanh nghiệp nhà nước, phát triển chức năng của thị trường đất đai, tăng cường sự tham gia vào chuỗi giá trị toàn cầu, thúc đẩy đổi mới, thực hiện tính phí tổn môi trường và đảm bảo khả năng chống chịu với biến đổi khí hậu.

Trung tâm Nghiên cứu Nông nghiệp Quốc tế Úc (ACIAR) đang phối hợp với Chính phủ Lào và Việt Nam thực hiện dự án "Cải thiện chính sách rừng trồng để cân bằng nhu cầu giữa chủ rừng quy mô nhỏ, công nghiệp chế biến gỗ và môi trường của Lào và Việt Nam". Mục tiêu của dự án này là đưa ra các khuyến nghị chính sách để đạt được các mục tiêu quốc gia về phát triển rừng trồng ở Lào và Việt Nam thông qua việc cải thiện mối liên kết thương mại giữa đầu tư và sản xuất của chủ rừng nhỏ.

Nghiên cứu đã thực hiện rà soát hệ thống chính sách, quy định và cơ chế quản trị rừng trồng hiện hành của Việt Nam để chỉ ra các vấn đề và thách thức cho những phân tích chuyên sâu. Nghiên cứu đã đưa ra một khung phân tích pháp lý tổng thể thông qua rà soát hơn 40 văn bản pháp luật gồm luật, nghị định và quyết định liên quan đến rừng trồng; khảo sát và tham vấn 8 cơ quan chính phủ quốc gia và nhiều cơ quan cấp tỉnh nơi chịu trách nhiệm thực thi khung pháp lý này và tạo một môi trường hỗ trợ pháp lý.

Kết quả nghiên cứu đã phát hiện rằng, mặc dù có nhiều chính sách thành công, nhưng các chính sách hiện tại còn có các hạn chế và bất cập. Các vấn đề này được thảo luận như dưới đây:

ĐỘ CHE PHỦ RỪNG, NĂNG LỰC SẢN XUẤT GỖ VÀ TÍNH BỀN VỮNG

Rừng trồng đã đóng góp đáng kể cho các mục tiêu đã đặt trước đây về tăng độ che phủ rừng. Những diện tích rừng trồng này đã cung cấp một loạt các dịch vụ về môi trường (ví dụ như hấp thụ cacbon, bảo vệ đất và lưu vực) nhưng chúng không thể thay thế hoàn toàn được rừng tự nhiên.

Các cơ hội mở rộng diện tích rừng trồng đang bị hạn chế bởi các nhu cầu về đất đai cho canh tác nông nghiệp, phát triển cơ sở hạ tầng và đô thị. Rừng trồng hiện nay được quản lý với chu kỳ kinh doanh ngắn để cung cấp gỗ cho các thị trường không ổn định như gỗ dăm cho ngành công nghiệp giấy. Tùy thuộc vào các quy định về đất đai và các chính sách ưu đãi, người trồng rừng có thể chuyển đổi từ việc trồng rừng với chu kỳ kinh doanh ngắn sang canh tác các cây trồng nông nghiệp khác. Đất lâm nghiệp sử dụng cho việc kinh doanh rừng trồng có thể sẽ bị chuyển đổi mục đích sử dụng. Vì vậy, các diện tích rừng trồng có thể sẽ không được quản lý và kinh doanh ổn định lâu dài.

Các yêu cầu của thị trường xuất khẩu đã đặt ra các yêu cầu phải thiết lập các chính sách mới cho gỗ hợp pháp và quản lý rừng bền vững ở Việt Nam và ở các nước xuất khẩu gỗ và điều này đã làm giảm nhập khẩu gỗ rừng tự nhiên. Các chính sách mới về khai thác, chuyển đổi rừng tự nhiên và sự phát triển nhanh chóng của ngành công nghiệp gỗ có thể gia tăng nhu cầu về gỗ trong tương lai. Do đó, việc đáp ứng nhu cầu ngày càng tăng về sử dụng gỗ cho chế biến trong nước cần phải đến từ việc quản lý bền vững các nguồn tài nguyên, trong đó bao gồm cả rừng trồng. Những yêu cầu hiện tại của việc chứng minh tính hợp pháp và bền vững thông qua việc cấp chứng nhận có thể gây tổn kém cho chủ rừng quy mô nhỏ và đã có nhiều hạn chế khi thực hiện.

Các loài cây sử dụng cho trồng rừng ở Việt Nam không nhiều. Điều này khá thuận lợi để đáp ứng thị trường hiện tại và đề tập trung cho việc nghiên cứu cải thiện giống cây trồng và các biện pháp lâm sinh cho phát triển rừng sản xuất. Tuy nhiên, tính đa dạng loài thấp có thể làm cho các diện tích rừng trồng này dễ bị ảnh hưởng bởi sâu bệnh, cháy rừng hoặc các tác động của biến đổi khí hậu.

CÁC KHUYẾN NGHỊ CHÍNH SÁCH:

- Đầu tư vào các biện pháp nâng cao năng lực sản xuất và quản lý các diện tích rừng trồng hiện có,

ví dụ như kiểm soát chất lượng cây giống, tư vấn, và hỗ trợ kỹ thuật cho các chủ rừng quy mô nhỏ về sâu, bệnh hại.

- Thực hiện đúng các quy định hiện hành để duy trì độ che phủ rừng và các diện tích rừng trồng và khuyến khích việc bảo vệ đất đai dưới tán rừng (ví dụ như thông qua việc chi trả dịch vụ hấp thụ các bon của rừng trồng, chi trả cho dịch vụ môi trường rừng, thực hiện việc đền bù môi trường và xử lý nghiêm hành vi phá rừng và chuyển đổi rừng).
- Thực hiện và hỗ trợ các cơ chế chi phí thấp, dễ dàng thích ứng để đảm bảo tính bền vững và hợp pháp của gỗ sản xuất trong nước và nhập khẩu, bao gồm thông qua các chứng chỉ nhóm, tự nguyện.
- Tiếp tục nghiên cứu để thử nghiệm các loài cây khác nhau và phát triển thêm nhiều thị trường khác nhau cho người trồng rừng để có thể thích ứng với các nguy cơ môi trường, sâu bệnh hại hoặc sự biến động của thị trường.

SẢN XUẤT GỖ GIÁ TRỊ CAO

Việc sản xuất gỗ hiện tại của các chủ rừng nhỏ đều yêu cầu việc tăng trưởng cao nhưng chu kỳ kinh doanh phải ngắn. Chính vì vậy mà sản lượng gỗ xẻ có giá trị cao phục vụ cho các thị trường sản xuất đồ nội thất đã bị hạn chế. Các loài cây trồng với tăng trưởng chậm hơn hoặc chu kỳ dài hơn có thể thay thế gỗ có nguồn gốc từ rừng tự nhiên ở Việt Nam hoặc nhập từ nơi khác.

Các loại gỗ dăm bán thành phẩm được bán cho thị trường quốc tế hiện nay đang mang lại lợi nhuận tốt cho người trồng rừng và các nhà xuất khẩu gỗ nhưng lại mang lại lợi ích tiềm năng thấp hơn cho nền kinh tế Việt Nam. Các chính sách để thúc đẩy sản xuất gỗ lớn đối với các chủ rừng nhỏ sẽ đối mặt với thách thức từ những quyết định của họ về rủi ro và lợi nhuận. Những chủ rừng khác nhau có các mục tiêu về thu nhập và quản lý khác nhau. Nhận thức về nguy cơ mất mát do bão, cháy rừng, hoặc sâu bệnh có thể quan trọng như những rủi ro hiện hữu khác. Trồng rừng gỗ lớn sẽ đòi hỏi đầu tư lớn hơn vào máy móc để khai thác, vận xuất và vận chuyển. Để tối đa hóa lợi ích kinh tế từ việc trồng rừng, thị trường gỗ dăm và gỗ xẻ có kích thước nhỏ hơn sẽ cần thiết trong tương lai. Do vậy, phần lớn diện tích rừng trồng này sẽ không thích hợp cho kinh doanh rừng trồng chu kỳ dài.

Vì vậy, một phương án sản xuất kinh doanh hoàn chỉnh nên được đề xuất cho người trồng rừng.

CÁC KHUYẾN NGHỊ CHÍNH SÁCH:

- Thực hiện phân tích các loài thích hợp, sản lượng gỗ và diện tích phù hợp nhất để chuyển đổi sang trồng rừng gỗ lớn với chu kỳ kinh doanh dài.
- Cải thiện việc cung cấp thông tin cho người trồng rừng về sản lượng gỗ mục tiêu, các thị trường và giá cả khác nhau, các biện pháp kỹ thuật lâm sinh và lợi ích của việc sử dụng nguồn giống tốt ở các khu vực này.
- Xây dựng các giải pháp, ví dụ như giảm hoặc miễn trừ thuế, lệ phí, bảo hiểm hoặc chi trả dịch vụ hấp thụ các-bon để khuyến khích người dân kéo dài chu kỳ kinh doanh rừng trồng.
- Nghiên cứu các giải pháp hỗ trợ quản lý theo mô hình hợp tác xã, xây dựng mối quan hệ và chia sẻ giá trị theo chuỗi cung ứng, bao gồm cả việc thông qua liên kết chứng chỉ rừng.
- Thực hiện phân tích rủi ro và các công cụ quản lý rủi ro phù hợp cho các chu kỳ kinh doanh dài hơn như hình thức cho vay hoặc bảo hiểm.
- Xóa bỏ các rào cản về quy định đối với thị trường gỗ nhỏ và tận thu các sản phẩm phụ.

RỪNG TRỒNG VÀ GIẢM NGHÈO

Nhiều chính sách quốc gia đều có mục tiêu hỗ trợ xóa đói giảm nghèo và mở rộng các hoạt động nông nghiệp, lâm nghiệp, ngư nghiệp và dịch vụ khuyến nông nhằm cải thiện sinh kế của người nghèo. Ví dụ, Chiến lược Phát triển lâm nghiệp 2006-2020 đặt ra mục tiêu góp phần xóa đói giảm nghèo, nâng cao đời sống cho người dân miền núi và duy trì an ninh quốc gia. Hộ nghèo được giao đất và được vay vốn lãi suất thấp để trồng rừng. Số liệu nghiên cứu của dự án cho thấy rừng trồng đã góp phần



vào sự phát triển kinh tế nhưng với mục tiêu giảm nghèo vẫn còn hạn chế. Với toàn cộng đồng, sinh kế và phúc lợi nói chung đã được cải thiện, nhưng các nhóm nghèo nhất không được hưởng lợi nhiều nhất và vốn sinh kế cơ bản của họ có thể không phù hợp, không ổn định và có nguy cơ rủi ro.

CÁC KHUYẾN NGHỊ CHÍNH SÁCH:

- Cần thực hiện phân tích sâu để hiểu rõ hơn tại sao người dân lại thích kinh doanh rừng trồng chu kỳ ngắn.
- Hỗ trợ các doanh nhân địa phương và nâng cao năng lực của các chủ rừng nhỏ tham gia vào các công ty, đa dạng hóa thị trường và sản phẩm.
- Cung cấp điều kiện và hỗ trợ phù hợp để cải thiện mối liên kết giữa các doanh nghiệp lâm nghiệp nhà nước, các cơ quan chính quyền địa phương và các hộ sản xuất nhỏ về giao đất và sử dụng đất lâm nghiệp.
- Hỗ trợ và các gói tập huấn linh hoạt nhằm tăng cường vốn xã hội nhằm có gắn kết và cải thiện năng lực cộng đồng tốt hơn để học hỏi và hoạt động tập thể trong trồng rừng, chứng chỉ rừng và tiếp thị gỗ rừng trồng.
- Nâng cao năng lực khuyến lâm cho chủ rừng nghèo hơn để hỗ trợ có mục đích và kịp thời tại chỗ để giải quyết các vấn đề kỹ thuật trong quản lý rừng trồng.
- Hiểu và cải thiện chức năng lưới an toàn của cây để giảm rủi ro tài chính hoặc khí hậu.
- Rà soát các chính sách hiện hành để đảm bảo rằng chúng đóng góp một cách hiệu quả vào các mục tiêu giảm nghèo. Các chính sách trồng rừng vì người nghèo cần phải giải quyết một loạt các khía cạnh về đói nghèo ngoài việc cải thiện thu nhập, bao gồm các giải pháp để tạo ra vốn sinh kế cơ bản và năng lực tốt hơn trong việc ra quyết định ở cấp hộ gia đình.



1. EXECUTIVE SUMMARY AND RECOMMENDATIONS

Viet Nam has set an ambitious national policy goal to become an upper-middle income country by 2035 based on balancing economic prosperity with environmental sustainability, promoting equity and social inclusion and enhancing the capacity and accountability of the state. This goal is supported by forest sector strategies that increase the economic contribution of the sector through restructuring state enterprises, developing functioning land markets, increasing participation in global value chains, fostering innovation, internalisation of environmental costs and building climate resilience.

The Australian Centre for International Agricultural Research (ACIAR), together with the Governments of Lao PDR and Viet Nam, is undertaking a project on “*Improving policies for forest plantations to balance smallholder, industry and environmental needs*”. The aim of this project is to provide policy options that achieve national goals for forest plantation industry development in Lao PDR and Viet Nam through improved linkages between commercial investment and smallholder production.

This study reviewed the current policy settings, legislation and governance arrangements for forest plantations in Viet Nam and identified issues and challenges for further analysis. It revealed a comprehensive legal framework with 40 laws, decrees and decisions relating to forest plantations and eight national government agencies and many provincial government agencies responsible for administering this regulatory framework and providing a supporting environment.

The study found that while policies have broadly been successful, there are a number of key issues and consequences of current policies. These include:

FOREST COVER, TIMBER PRODUCTION CAPACITY AND SUSTAINABILITY

Plantations have contributed substantially to past targets for increasing forest cover. These plantations provide a range of environmental services (e.g. carbon sequestration, soil and catchment protection) but are not a full substitute for natural forests.

Opportunities to expand plantations are becoming limited because of demand for land for agriculture, infrastructure and urban development. Current plantations managed on short rotations supply volatile markets - woodchips for pulpwood. Depending on land regulations and policy incentives, growers of short rotation plantations may shift to other agricultural commodities. Forest area provided by plantations may therefore not be permanent.

Export market requirements have driven new policies for timber legality and sustainable forest management in Viet Nam and in exporting countries, and have reduced imports of natural forest wood. New Policies for harvesting and conversion of natural forest, and for strong and growing wood industries may increase demand for wood the future. Meeting targets for increased domestic timber production will therefore need to come from sustainably managed sources including plantations. Current requirements to demonstrate legality and sustainability through certification can impose high costs on smallholder growers and have had limited uptake.

There are relatively few tree species grown in plantations in Viet Nam. This is advantageous for meeting current market and for focusing research for tree improvement and silviculture to improve production. However, low species diversity may make plantations more susceptible to pests, diseases, fire or climate change.

RECOMMENDED POLICY RESPONSES

- Investment in measures to improve production capacity and management of existing plantations, for example quality control of seedlings and targeted advice and technical assistance for smallholders on pests and diseases.
- Enforce compliance with existing laws to maintain forest cover and land under plantations, and provide incentives to maintain land under tree cover (e.g. through carbon payments for afforestation, payments for forest environmental services, environmental offsets and penalties for



deforestation).

- Implement and support low-cost, easily adopted mechanisms to ensure the sustainability and legality of local and imported timber, including through voluntary, group certification standards.
- Continue research to test and deploy different tree species and develop more market options for plantation growers to build resilience to environmental hazards, disease or market volatility.

HIGHER VALUE WOOD PRODUCTION

Current timber production by small holders involves high stocking and short rotations that produce limited amounts of saw logs for higher value furniture markets. Trees grown on lower stocking or longer rotation systems could replace timber sourced from natural forests in Viet Nam or imported from elsewhere.

Semi-processed woodchips sold into international markets currently provide a good return to tree growers and exporters but have lower potential benefits to the wider Viet Nam economy. Policies to promote production by smallholders of larger logs will be challenged by farmer decisions on risks and returns. Different growers have different income and management goals. Perception of risk of losses from typhoon, fire, insects or disease may be as important as the actual risks. The production of larger wood will require investment in new machinery for harvesting, loading and transport. To maximise economic benefits from tree growing, markets for woodchips and smaller logs will be required in future. Parts of the plantation area are also not suitable for long-rotation production.

A full range of production options should therefore be available to growers.

RECOMMENDED POLICY RESPONSES

- Undertake analysis of the most suitable species, timber yields and areas most appropriate for conversion to long-rotation plantations.
- Improve information provision to forest growers on projected timber yields, different markets and prices, silvicultural interventions and the benefits of using good germplasm in these areas.
- Investigate measures, such as tax or fee deductions, insurance or carbon payments to encourage growers to extend the rotation age of plantations.
- Investigate support for cooperative management and building links and shared value along supply chains, including through forest certification.
- Undertake analysis of risks and appropriate risk management tools for longer rotations such as loans or insurance.
- Ensure there are no regulatory barriers to markets for small wood and harvesting residues.

FOREST PLANTATIONS AND POVERTY ALLEVIATION

Many national policies aim to support poverty alleviation and expand agricultural, forestry, fishery activities and extension services to improve livelihoods of poor people. For example, the Forestry Development Strategy 2006-2020 aims to contribute to poverty alleviation, improve livelihood of mountainous rural people and to maintain national security. Poor households are allocated land and entitled to receive low interest loans for forest plantations. Data from this project indicates that forest plantations have contributed to economic development but less to reducing poverty. Across communities, livelihoods and wellbeing have generally improved, but the poorest groups have not benefitted as much and their asset base may be inadequate, unstable and risky.

RECOMMENDED POLICY RESPONSES:

- Undertake further analysis to better understand why growers prefer shorter rotation plantations.
- Support local entrepreneurs and enhance capability of smallholders to engage with companies and diverse markets and products.
- Provide platforms for improved communication between state forest companies, local government agencies and smallholders around forest land allocation and use.



- Support and mobilise learning platforms to enhance social capital for greater community cohesion and capacity to learn and act collectively on growing, certifying and marketing plantation grown wood.
- Enhance forestry extension capacity for poorer tree growers to provide targeted and timely on-the-ground support to tackle technical issues around plantation management.
- Understand and enhance the safety net functions of trees to mitigate financial or climate risks.
- Review existing policies to ensure that they effectively contribute to poverty reduction goals. Pro-poor plantation policies need to address a range of poverty aspects beyond improving incomes, and include measures to create stronger asset base and greater decision-making capacity at household level.

2. SYNOPSIS OF PLANTATIONS IN VIET NAM TO 2015

There has been a concerted program of reforestation and plantation development in Viet Nam with firm policies and measures successfully promoting plantation establishment. Plantation development began in the 1980s and in 2015 the total forest plantation area was around 3.8 million ha.

WHAT IS A PLANTATION?

There are various definitions of plantation that are applied in policy and in literature. The terminology remains somewhat ambiguous, and confusion leads to misunderstandings and to suboptimal policies (Batra and Piraud 2015).

Currently, the international definition of forests adopted by the Food and Agriculture Organisation (FAO) on the advice of its member states identify “planted forests” as part of the spectrum of forest types - it covers a range of ecosystems from semi-natural forests where trees were planted with subsequent light management, to strictly man-made tree plantations with short rotations (Batra and Piraud 2015). Under this definition, “tree plantations” are a subset of planted forests, corresponding to the “Productive Plantation” category of “Planted Forests” (Figure 1).

Figure 1: FAO definitions of forest types

Continuum of Forest Characteristics						Non-forest
Primary	Modified natural	Semi-natural		Plantation		Trees outside forests
		Assisted natural regeneration	Planted	Productive	Protective	
Forest of native species, where there are no clearly visible indications of human activities and the ecological processes are not significantly disturbed	Forest of naturally regenerated native species where there are clearly visible indications of human activities	Silvicultural practices for intensive management (weeding, fertilizing, thinning, selective logging)	Forest of native species, established through planting, seeding or coppice of planted trees	Forest of introduced species and in some cases native species, established through planting or seeding mainly for <i>production of wood or non-wood goods</i>	Forest of native or introduced species, established through planting or seeding mainly for <i>provision of services</i>	Stands smaller than 0.5 ha; trees in agricultural land (agroforestry systems, home gardens, orchards); trees in urban environments; and scattered along roads and in landscapes
← Planted Forests →						

(Reproduced from Carle and Holmgren (2008))

Under the Law on Forest Protection and Development, forests in Viet Nam are officially categorized based on the function or use of the forests. There are three categories:

1. special use forest, mainly protected areas such as national parks and nature conservation areas designed for biodiversity conservation;
2. protection forest, mainly for protection of water sources, soils and coastal protection; and
3. production forest, including both natural forests and forest plantations, mainly used for timber production

Plantations are a subset of production forests, and to be legally recognised as a plantation specific criteria¹ must be met:

- a) Being an ecosystem of which the major component is perennial timber trees, bamboos and palms, of a height of at least 5 meters, capable of providing timber and non-timber forest

¹ Circular No. 34/2009 / TT-BNN dated 10 June 2009 of MARD

products, and bringing about other direct and indirect values such as biodiversity conservation, environmental protection and landscape values. New forest plantations of timber trees will be identified as forests if they reach the average height of over 1.5 meters for slow-growing trees (for example, pine trees and some indigenous trees) and over 3 meters for fast-growing trees (such as acacia wattle and eucalyptus) with a density of at least 1,000 trees per hectare.

- b) Having a canopy cover of at least 10% for trees which constitute its major component.
- c) Having forest plots of at least 0.5 hectare each, or forest tree strips of at least 20 meters in width and be composed of at least 3 tree lines.

Consolidated forest trees on areas of less than 0.5 hectare and forest strips of less than 20 meters in width are called 'scattered trees'.

Forest plantations are forests formed through planting, including:

- a) Forest plantations on land without forests;
- b) Forest plantations on lands after exploitation of existing forest plantations;
- c) Forests naturally regenerated after exploitation of forest plantations.

Based on growth rates, forest plantations are also classified according to age. Depending on each tree species, the time period prescribed for each age level may vary.

Tree plantations are established in a variety of planting patterns and silvicultural arrangements, including:

- Mono-culture plantations of single wood producing species in large or small woodlots.
- Mixed species plantation with more than one wood producing species planted together.
- Mixed species agroforestry systems of multiple wood producing and non-wood producing trees/plants established in a single area, often resulting in a complex multi-layered structure.
- Scattered/boundary plantings and trees in home gardens where one or more species of wood-producing trees are planted in low densities to demarcate property boundaries, protect land (e.g. paddy boundaries, wind rows) or established for non-timber products (e.g. fruits) with wood and end by-product.

PLANTATION AREA AND SPECIES

The area of plantation forests in Viet Nam is large and expanding; in 2015 the estimated area of plantation was 3.8 million ha² (Table 1 below, source Dong and Phuong 2016). On average, the plantation area in Viet Nam increases by approximately 150,000 to 200,000 hectares per year (Tran and To 2013).

Vietnam's plantation forests are dominantly made up of:

- acacia species
- eucalyptus species
- a mixture of acacia and eucalyptus species
- a mixture of acacia and other species, or
- a mixture of eucalyptus and other species.
- other species such as indigenous trees,
- Casuarina and
- rubber.

² Decision No 3158/QĐ-BNN-TCLN dated 27 July 2016 on announcing the forest status in 2015

Table 1: Total area and percent of plantation species in Viet Nam in 2015

Species	Area (ha)	Percent	Products
Acacia spp.	1,500,000	39%	Chip, pulp, veneer, small saw-log
Rubber	900,000	23%	Latex, small saw-log
Pinus spp.	250,000	7%	Resin, small saw-log, protection forest
Eucalyptus spp.	210,000	5%	Chip, pulp, veneer, small saw-log
Bamboo	80,000	2%	Pulp, handicraft, construction
Other native trees	950,000	24%	NTFPs, solid-log, protection forest
TOTAL:	3,890,000	100%	

Commercial plantations comprise mainly fast-growing Acacia and Eucalyptus species, and the logs from these plantations are largely sold for woodchip and pulp. Most small plantations use a rotation length of around 5-7 years, with the majority of small-diameter logs used to produce chip-wood. Larger State Forest Enterprise (SFEs) may be managed for longer rotations, with the majority of large saw logs aged 10-12 years and accounting for about 25% domestic, plantation saw logs (Pistorius *et al.* 2016). The productivity of these plantations varies both between and within regions, and from private to industrial management regimes.

ACACIA SPECIES

Acacia, planted in monocultures or established in mixed production systems, is the dominant commercial plantation species in Viet Nam. It is typically established in short rotation systems and the primary product is wood chips.

There is a plethora of grey literature (e.g. Project and consultants' reports) containing extremely diverse and contradictory estimates of the current extent and performance of the acacia plantations and associated industries in Viet Nam (Byron 2016). Redman *et al.* (2013) estimate that approximately 1.03 million ha of the plantation forests in Viet Nam are pure acacia plantations, making up 43% of the total. Most new plantations are Acacia. A significant area of scattered acacia trees also exists, with estimates in the order of 690,000 ha (Midgley *et al.* 2016)

EUCALYPTUS SPECIES

Eucalyptus species have been important for plantations in Viet Nam where they are grown largely to produce pulpwood and poles for construction. It has been estimated that up to 1997, 300,000 – 400,000 ha of eucalypt plantations were established in Viet Nam, with scattered trees, planted around farms, homesteads, roads and villages contributing the equivalent of an additional 700, 000 – 800,000 ha (Tran Xuan Thiep 1995 in Midgley *et al.* 1996). The most commonly used species in the past was *E. camaldulensis* and hybrids and more recently *E. Urophylla* and hybrids have been introduced.

In 2001 the total area of Eucalyptus plantations in Vietnam was 348 000 ha and by 2014 the area of pure eucalyptus plantations was estimated to be approximately 200,000 ha (Harwood and Nambiar 2014). A substantial scattered tree resource also remains (Midgley *et al.* 2016).

OTHER SPECIES

Although around 24% of the planted area is indigenous species, little information is available about this resource, its contribution to farmer livelihoods or value to the wood processing sector. Many indigenous species are being planted in *ad hoc* mixed-species plantations which can offer some significant advantages, if the species concerned are complementary. However random assortments are considered unlikely to provide advantages and are more likely to reduce productivity or even fail³.

³<http://aci-ar.gov.au/project/fst/2000/003>



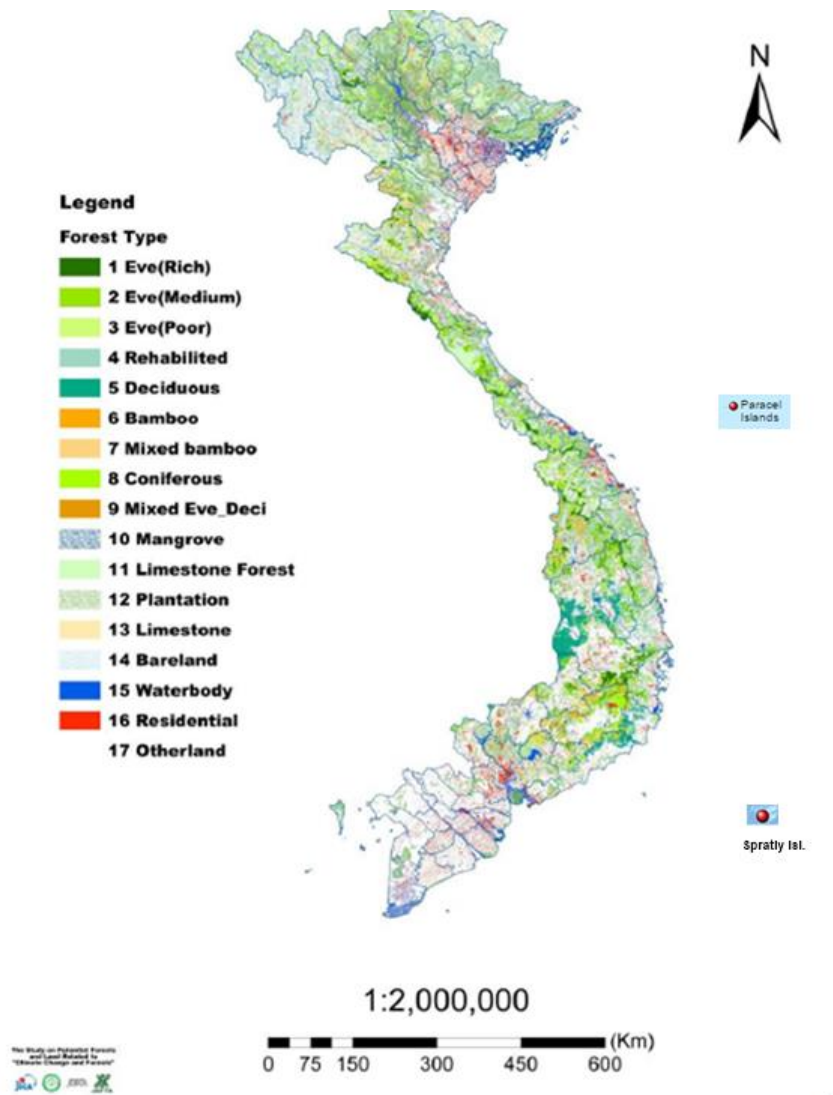
GEOGRAPHIC DISTRIBUTION OF PLANTATIONS

Plantations are geographically dispersed throughout Viet Nam (Table 2 and Figure 2 - source Pham 2012; Byron 2016).

Table 2: Area of plantation by species and region in 2012

Ecological Forestry Regions	Forest plantation area by region (ha)					Total area (ha)
	Acacia plantation	Acacia mixed plantation	Eucalyptus Plantation	Eucalypt mixed Plantation	Indigenous Plantation	
Northwest	11,960.7	38,622.8	4,675.4	-	67,424.6	122,683.5
Northeast	336,069.3	13,213.2	32,756.0	-	251,651.9	633,690.3
Red river delta	379.0	3,057.0	-	-	33.0	3,469.0
North Central	235,391.3	11,657.9	20,629.3	-	172,591.3	440,269.8
South Central	214,419.0	13,965.0	46,119.0	1,757.0	53,615.9	329,875.8
Central Highlands	53,154.1	8,879.2	8,393.0	-	96,881.5	167,307.8
Southeast	26.0	516.3	-	508.4	75.4	1,126.2
Southwest	203.4	-	23,583.2	-	472,604.2	496,390.8
Total area (ha)	851,602.8	89,911.4	136,155.8	2,265.4	1,114,877.7	2,194,813.2

Figure 2: Forest Distribution 2010



PLANTATION OWNERSHIP

Understanding the arrangements under which plantations are owned and managed is important for the design and implementation of policy measures intended to promote plantation development and for effective plantation wood value chains.

Plantations are owned and managed by various user groups in Viet Nam. Table 4⁴ shows the total planted forest area allocated to different owners according to government records, noting that not all land allocated may have been planted or is currently productive.

Castella *et al.* (2009, Table 3) describe a typology of ownership and investment arrangements for rubber plantations, which is useful to explore other plantation regimes that occur in Viet Nam.

⁴ Decision No. 3158/QĐ-BNN-TCLN dated on July 27, 2016 of MARD on publishing forest data for 2015 (up to date 31/12/2015).

Table 3: Typology of Plantation regimes

Regime	Land	Labour	Capital	Market	Technology
Smallholder (5+0) with own capital	●	●	●	●	●
Smallholder (5+0) with government officials	●	●	●	●	■●
Contract Farming 4+1 smallholders (credit)	●	●	●	■●	■
Contract Farming 3+2	●	●	■●	■	■
Contract Farming 2+3	●	●	■	■	■●
Contract Farming 1+4	●	■●	●	●	■●
Concession Farming	■	■	■	■	■

Note: ● = farmer inputs; ■ company inputs

Plantations in Viet Nam are owned by a variety of entities (Table 4) however as a consequence of land allocation, leasing and contracting opportunities, household livelihood factors and business strategies the plantation estate is dominated by two plantation production systems: smallholder-based production and Government-led production. The smallholder-based production systems may be fully independent with all inputs provided by the smallholder (5+0) or supported by inputs from the government or development partners (4+1). The government-based plantations systems may include contracted labour from local farmers (1+4) or include no farmer inputs (0+5).

Table 4: Area of plantation by ownership in 2015

Owner	Area (ha)	%
Forest Management Board	538,992	13.87
State enterprises	448,332	11.54
Other economic organizations	133,237	3.43
Military forces	55,193	1.42
Households	1,747,781	44.97
Communities	48,069	1.24
Other organizations	81,900	2.11
Commune People Committee	832,834	21.43
Total	3,886,338	100.00

Other factors that may impact the nature and effectiveness of policy measures include:

- Species
- Products
- Rotation Length
- Labour Arrangement
- Investment perspective of owner
- Investment timeframe
- Intent/Driver
- Livelihood perspective



Sikor identifies three “ideal types of household” to illustrate the range of practices associated with investment in and financing of plantations by smallholders resulting in different livelihood perspectives:

- ‘Survival-focussed households’ concentrate on meeting their immediate needs, primarily food and basic consumer items, and possibly saving a small surplus as a buffer against unexpected expenses.
- ‘Surplus oriented households’ are more likely to integrate plantations into the household economy, each year, seeking to maximise surplus from all their activities combined.
- ‘Investment-oriented households’ make decisions about plantations independently of other livelihood decisions.

Understanding this differentiation is important because it impacts the effectiveness of policy measures designed to influence the behaviour of plantation owners particularly those that are aimed at increasing length of plantation rotations, altering the types of products and the timing and magnitude of harvesting events. It may also influence how they comply with regulations (Smith *et al.* 2016, Smith 2016).

How these factors interact with the types of plantation is summarised further in Table 5.

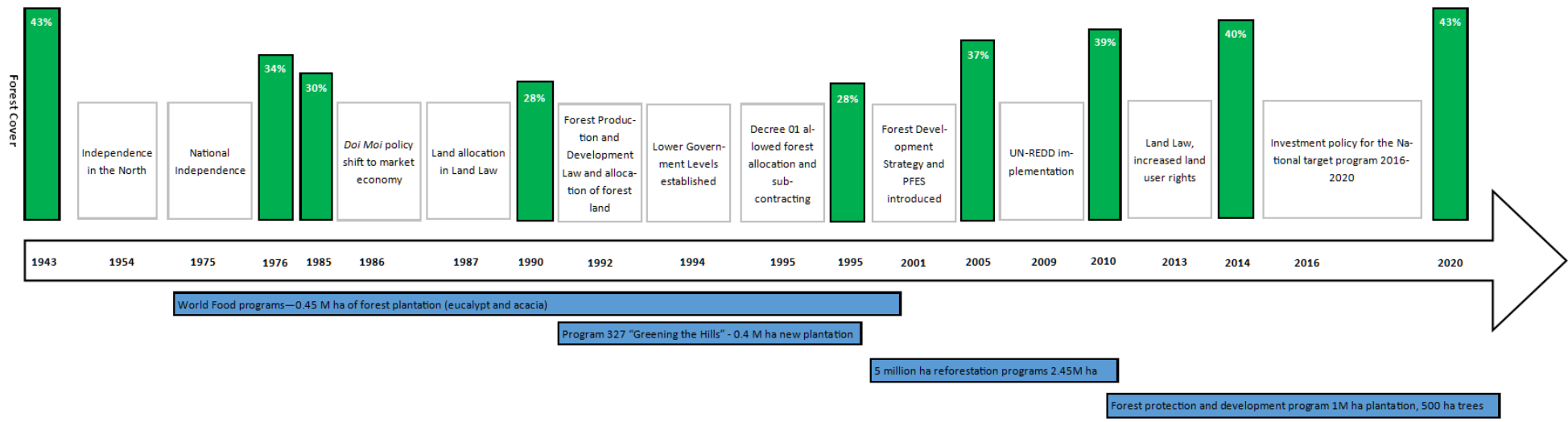


Table 5: Plantation Management practices of major plantation species

Species	Ownership	Model	Products	Rotation Length	Labour Arrangement	Driver	Investment perspective of owner	Livelihood Perspective	Investment timeframe
Eucalyptus (<i>Eucalyptus camadulensis</i>)	SFC	0+5 1+4	Small sawlog Woodchip/pulplog Poles Round log Energy	<12 years	Contracted	Wood supply Profit	Standalone	Investment	Short
Eucalyptus (<i>Eucalyptus camadulensis</i>)	Farmer	5+0 4+1	Woodchip/pulplog Poles Round log Energy	4-7 years	Self-employed	Cash Income	Integrated	Surplus	Short
Acacia (<i>Acacia Mangium</i>) Hybrids	SFC	0+5 1+4	Small sawlog Woodchip Poles Energy (charcoal/firewood)	<12 years	Contracted	Wood supply Profit	Standalone	Investment	Short
Acacia (<i>Acacia Mangium</i>) Hybrids	Farmer	5+0 4+1	Woodchip Poles Energy (charcoal/firewood)	<10 years	Self-employed	Land security Cash Income Environment protection	Integrated	Surplus	Short



Figure 3: Policy and forest cover time line⁵



⁵ Sources: Dong and Phuong 2016, Ngo 2015



3. PLANTATION POLICY SETTING

STRATEGIES, POLICIES AND PLANS

In 1986, the Government of Viet Nam launched the "Doi Moi" or all-round renovation process. In subsequent policies priority was given to economic reform aimed at creating a multi-sector, market economy regulated by the Government, at the same time consolidating the legal environment and renovating Party and State structures. The strategy to adopt an open market policy initiated a wave of reforms such as decentralized state management, a market oriented monetary system, broader foreign economic relations, long-term land use rights for farm households and a new forest policy (Sam and Trung 2001).

NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLANS

Viet Nam's forest policy is determined largely by National Socio-Economic Development Strategies which are made on a ten-year planning cycle and supported by five-year plans. These provide the overarching framework for sectoral initiatives, which also include strategies, plans and annual programs and budgets. The planning process is set out in various Decrees and Ordinances and is summarised in Appendix 1 and Appendix 2.

In 1991 Viet Nam adopted a national Socio-Economic Strategy to the Year 2000⁶. That plan was made at a time when the country's economy was undergoing significant change, following the collapse of the socialist regimes of the Soviet Union and Eastern Europe, ongoing economic sanctions from the US, regional financial-economic crises and consecutive natural disasters.

The subsequent ten-year Strategy 2001-2010⁷ set specific economic and social targets with the overarching objective to become a modern, industrialised country by 2020. The strategy maintained a focus on independence and autonomy with a socialist-oriented development policy, but with increased integration into the international economy. It also aimed to develop a multi-sector economy with many forms of ownership, through in part, the completion of a legal framework and the dismantling of policy and administrative structure with a view to maximising all resources, providing impetus for the development of production and business in all economic sectors. The legal framework was viewed as necessary for the efficient functioning of an open and dynamic market.

The specific strategies adopted for agriculture and forestry were:

- to protect and develop forest resources, increasing forest cover to 43%;
- to complete the stable and long-term assignment of forest and land, geared towards social mobilisation for forestry development and adoption of policies ensuring the forest-based livelihood of forest workers;
- to combine forestry with agriculture and enact policies benefiting sedentary cultivation and settlement to help stabilise and improve the life of mountain inhabitants;
- to prevent forest burning and destruction; and
- to speed up commercial reforestation in order to provide raw materials for the pulp and wood processing industries and for export; and to augment the value of forest products.

Following review of that strategy at the 11th Party Congress in 2012, the current ten year Sustainable Development Strategy 2011-2020 was developed. The general objective of this strategy is that sustainable and effective growth must occur together with social progress and equality, national resources and environment protection, socio-political stability, firm protection of independent unified sovereignty and territorial integrity of the country. Its specific economic, social and environmental objectives are:

⁶ The Seventh Vietnam Party Congress endorsed the 1991-2000 Strategy for Socio-Economic Stabilisation and Development.

⁷ The Ninth Vietnam Party Congress endorsed the 2001-2010 Strategy to continue promoting industrialization and modernization, developing fast and sustainably.

- to ensure macro-economic stability and to firmly maintain food security, energy security and financial security;
- to transform a growth model into harmonious and expansive development including through green growth, low-carbon economic development and more economic and effective use of resources;
- to develop a democratic, disciplined, harmonious, equal and civilized society with a progressive culture deeply imbued with national identity, prosperous, progressive and happy families, ensuring people's comprehensive development in all physical, spiritual, intellectual aspects, having creativeness capacity, a sense of citizenship, and a sense of law observance;
- to make education and training, science and technology the major driving forces for development;
- to firmly maintain socio-political stability, protect independence, sovereignty, unity and territorial integrity;
- to mitigate negative impacts of economic activities on the environment;
- to reasonably exploit and effectively use natural resources, especially non-renewable resources and prevent, control and repair environmental pollution and degradation, improve the quality of the environment, protect and develop forests and conserve bio-diversity; and
- to reduce the harmful effects of natural disasters and to actively and effectively respond to climate change, especially sea level rise.

With respect to resources and the environment, the plan includes specific objectives to:

- Prevent degradation and ensure the effective and sustainable use of land resources.
- Protect and ensure the sustainable use of water resources.
- Ensure the proper exploitation and economical and sustainable use of minerals.
- Protect marine, coastal and island environments and the development of marine resources.
- Protect and develop forests.
- Reduce air pollution.
- Effectively manage solid and toxic waste.
- Conserve and develop biodiversity.
- Reduce the impacts of climate change and prevent natural disasters.

VIETNAM 2035: TOWARD PROSPERITY, CREATIVITY, EQUITY, AND DEMOCRACY

In February 2016, the Office of the Government, Ministry of Planning and Investment and the World Bank Group jointly launched a report titled "Vietnam 2035: Towards Prosperity, Innovation, Equity, and Democracy". This report lays out development strategies that are relevant to Viet Nam as a lower middle-income country in the global context, and aims to transform Viet Nam into a high-income country or upper middle-income country by 2035. The three main approaches discussed in the report are: economic prosperity with environmental sustainability; equity and social inclusion; and a capable and accountable state.

Some elements of the report are particularly relevant to the forest sector. The vision emphasises that restructuring and equitizing State Owned Enterprises (SOEs) alone is not sufficient and should be accompanied by a stable, well-regulated, and inclusive financial sector, transparent and functioning land markets and rewards for participation in global value chains. The plan encourages learning and innovation and calls for internalization of environmental costs and building climate resilience. To achieve this, strong policies and institutions for smart investment are viewed as essential.



FORESTRY DEVELOPMENT STRATEGY 2006-2020

The Forestry Development Strategy 2006-2020⁸ (FDS) was made in 2007 and is the primary sectoral strategy for forestry, including forest plantations.

The overarching objectives of the strategy are:

- to establish sustainable forest protection, development and use of 16.24 million ha of land and forest for the forestry sector;
- to increase forest cover to 42-43% by 2010 and to 47% by 2020;
- to ensure participation of various economic sectors and social organizations in forest development;
- ecological environment protection;
- to conserve biodiversity and supply environmental services; and
- to contribute to poverty alleviation, improve livelihood of mountainous rural people and to maintain national security.

The economic objectives of the strategy are:

- that the forestry growth rate shall reach 4-5% per annum, and contribute 2-3% to national GDP by 2020;
- to establish, protect, develop and sustainably use the three forest categories, being: 8.4 million ha of production forest, 5.68 million ha of protection forest and 2.16 million ha of special use forest;
- that harvested timber volumes will be 20-24 million m³/year;
- forest products will have an export value of US\$7.8 billion; and
- the value of forest environmental services will be US\$2 billion by 2020.

The social objectives are:

- to create 2 million new jobs;
- to contribute to poverty alleviation; and
- to complete forest allocation through leases to households, individuals, communities and organizations before 2010.

The environment objective is to achieve forest cover of 42-43% in 2010 and 47% by 2020.

These objectives are to be implemented through three development programs:

1. The sustainable forest management and development program.
2. The forest protection, biodiversity conservation and environmental services development program.
3. The forest products processing and trade program.

And two supporting programs:

1. Research, education, training, and forestry extension program.
2. Renovation of the forestry sector institutions, policies, planning and monitoring program.

Further information on these is provided in Appendix 3.

Forest Protection and Development Plan 2011-2020

The current ten year Forest Protection and Development Plan 2011-2020⁹ has the following objectives:

⁸ Decision No. 18/2007/QD-TTg

⁹ Decision No. 57/Q-TTg dated 9th January 2012

- To manage the existing forest areas well and to use forest resources and land available and planned for forestry, in an effective and sustainable manner.
- To increase forest cover to 42 - 43% by 2015 and 44 - 45% by 2020 respectively (with a change in timing from the FDS noted above), increase the productivity, quality and values of forests, and restructure the sector towards increasing added value as well as meeting demands for timber and forest products for domestic consumption and export.
- To generate more jobs, improve incomes for forest-dependent residents, contribute to hunger elimination and poverty reduction, while ensuring security and national defence.

It sets a forest development target for the afforestation of 2.6 million ha, including 250,000 ha for new protection and special use forests, 1 million ha for new production areas and 1.35 million ha for post harvesting replanting. In addition, 500 million scattered trees should be planted.

The plan identifies a need to review and finalize forest protection contracting policies for organizations, households, individuals, villages, and communities in the areas aligned with the current plans, and aimed to complete forest allocation in 2015 (a target that has not been met).

Under the plan, markets should be strengthened through trade promotion, and timber legality must be ensured through reforms. Competition in all economic sectors should be encouraged, harmonising benefits to producers and consumers and creating market drivers. Domestic forestry production should be promoted.

SIGNIFICANT REFORESTATION AND PLANTATION POLICIES

Forest rehabilitation in Viet Nam has been occurring since French colonial times. The Vietnamese government intensified these efforts in the mid-1980s and during the 1990s in response to ongoing and accelerating forest cover loss. The causes of this forest degradation and deforestation are somewhat debated but include *inter alia* (de Jong *et al.* 2006):

- Land conversion for farm land including by independent swidden farmers and estate crop production driven by population growth, including lowland migration into the uplands association with crop booms such as coffee (see e.g. Hardy 2003) .
- Devastation by war from 1945-1954 and 1961-1975. During these wars Viet Nam lost nearly 2 million ha of forest.
- Forest fire.
- Over-harvesting for timber by State Forest Enterprises and illegal logging by individuals and other entities.
- Harvesting of fuelwood.
- Lack of capacity within forest management organisations.
- Poor governance.
- An inadequate legal framework and enforcement capacity.

Since 1998, the country has developed ambitious plans to complete a forest rehabilitation program that will bring back the forest cover to 1943 levels (Sam *et al.* 2004).

World Food Program

The World Food Program (WFP) commenced in Viet Nam in 1975, and invested a total of US\$ 500 million in the country. Forestry, irrigation and primary health care were the three major project areas supported. The forestry program under the WFP started in 1975 and was completed in 2000. During this period, six forestry projects were implemented to supply food to rural communities, provide equipment and materials for 450,000 ha of forest plantation, construction of forest roads, organize fire



protection teams, and improve the forest extension services. The projects focused on the development of demonstration plots and agroforestry production on steep slopes.

To support the forestry projects, the Government allocated forest land to farmers, and the projects supported household investment in farmers' own land. At that time, no farmers held any land and at best they had conditional use rights that were later formalised with the "Red Book" that gave them a form of transferable title (described further below). By 1995 the WFP was the principal source of international funding for environmental projects in Viet Nam with ten projects of a total investment of USD\$143 million (de Jong *et al.* 2006). The project has been credited (Sam *et al.* 2004) with good results including large areas being planted to trees, jobs creation, improved livelihoods, capacity building in forest plantation and agroforestry techniques, better gender equity in forestry and training of local staff in the organization and management of forestry projects. Others hold that the WFP paid insufficient attention to technical aspects, which led to inappropriate species selection under different site conditions, resulting in failure on a large scale (de Jong *et al.* 2006).

GREENING THE HILLS PROGRAM 327

'Program 327' was established in 1993 on the basis of Decision No. 327 of the Chairman of the Minister Council (Prime Minister) on the policies and objectives in the utilization of barren land and hills, alluvial coastal areas and water surface areas. This program was implemented nationwide across several sectors including forestry, agriculture, aquaculture, fixed cultivation and resettlement. In the forestry sector, Program 327 focused on re-greening barren land and hills, including protection of existing forest areas, natural regeneration and forest plantations. The program was reformed over time:

- In 1994 the program was amended to focus on forest protection in critical areas, and areas where slash and burn cultivation persisted, mostly in the Northern and Central Highlands. Activities for the re-greening of barren land and hills were mainly implemented in the mountainous and midland regions.
- After 1995 the program focused only on protection forest and special use forest in areas where local farmers practiced slash and burn cultivation. As a result, the program emphasized activities such as promoting permanent cultivation and settlements, and on greening barren land and hills in mountainous and midland areas.
- From 1996 to 1998 the scope of this program was again narrowed to forest protection and establishing new plantations in special use forest lands, protection of forest through natural regeneration, and forest plantations.

FIVE MILLION HECTARES REFORESTATION PROGRAM

The Five Million Hectares Reforestation Program (5MHRP), which was based on Prime Minister's Decision No. 661/QĐ – TT in 1998, ran from 1998-2010 and was a national target program in the forestry sector aimed increasing countrywide forest cover to 43%. The 5MHRP objectives included:

- a) building a forest resource base for the forest processing industry;
- b) creating jobs and income;
- c) contributing to poverty reduction and livelihoods, security, and defence;
- d) decentralizing forest management to local authorities, especially the commune level;
- e) reducing shifting cultivation;
- f) mobilizing overseas development assistance (ODA) for forest development; and
- g) supporting the application of advanced technologies in forest seedling production, timber plantation forestry, and forest product processing.



The 5MHRP delivered support from the central government to the provinces for both the establishment of new plantations and the protection of existing forests. The provinces subcontracted with SFEs and Forest Protection Management Boards (FPMBs) to issue forest planting and protection contracts to households. The program included provision of subsidized loans for plantations. From 1998 to 2005 over 2.4 million hectares of forests were provided with protection contracts; about 0.8 million hectares of forests were reportedly regenerated; and 1.5 million hectares of protection, special-use forests or plantations were planted. Planned targets were achieved for forest protection objectives while targets for regeneration and new plantations were much below originally set targets (World Bank 2010a). In response, the National Assembly revised the 5MHRP targets, but the overall target of achieving 43 percent forest cover by 2010 was retained.

A major part of the 5MHRP activities concentrated on international cooperation in forestry. Some 21 donors committed with the Ministry of Agriculture and Rural Development (MARD) to support the planting of the five million ha of forests. In recent years, 45 projects from UNDP, FAO programs, the Governments of Sweden, Germany, Japan, Holland, Finland and non-government organizations such as WWF, CARE, and OXFAM were being implemented. Loans from the World Bank, Asian Development Bank, and Japan Bank for International Development Cooperation are being assigned to projects under the 5MHRP program (Sam *et al.* 2004).

The 5MHRP faced challenges including lack of funding to meet ambitious targets (despite donor support), high annual interest rates on loans to farmers (despite preferential rates), inadequate land use planning and land allocation, inappropriate tree species selection, poor access to forest, and a lack of awareness among local people about the benefits to be derived from participation in the forest management program (Houng *et al.* 2014).

Production Forest Development Policy

In 2007, the Government issued a new Production Forest Development Policy (2007-2015)¹⁰ in order to encourage investment in forest plantations and production forestry and to bolster efforts to reach the plantation development targets set in the 5MHRP. This policy resulted from a number of critical internal evaluations of the 5MHRP and represented a shift in the government's focus away from subsidies for protection and special-use forests toward investments and subsidies for production forestry. The specific objectives of the policy were to encourage the development of 2 million hectares of plantations — at a rate of 250,000 hectares each year until 2015 — and, in so doing, to contribute to livelihoods and employment and the supply of raw materials for the country's fast-growing wood-processing industry.

The policy targeted specific geographical areas, including the central highlands and remote mountainous areas in the northwest and centre, and offered preferential terms and cost norms for ethnic minority and poor communities and households. It made provisions to subsidise various aspects of plantation forestry, including seed and tree-nursery development, the building of forest roads, and the cost of transport from the wood-processing factories established in the northwest region.

The policy included several changes to previous national programs, specifically it:

- focused on smallholder production forestry, and emphasised the need for land allocation as a precondition,
- promoted further decentralization of implementation down to district, commune and village levels,
- addressed the urgent need for improvement of the quality and quantity of forest planting material (germplasm) in decentralized nurseries, training of forestry staff and extension, as well as monitoring and control systems.

¹⁰ Decision NO. 147/2007/QD-TTG, 2007,



FORESTRY RESEARCH STRATEGY

The main objectives of the Viet Nam Forestry Research Strategy towards 2020¹¹ are to contribute to and orient forestry sector development, effectively implement the forest development strategy and master plan of agriculture research in Viet Nam towards 2020 and meet the requirement of industrialization and modernization in agriculture and rural areas in Viet Nam to the year 2020. The strategy provides context with respect to social demands, trends in development, research trends, opportunities and challenges of the forestry sector in Vietnam. It sets specific objectives and strategies to improve and strengthen research and resources, providing solutions for how to apply the strategies and ways that forestry research will be enforced to improve and enhance the forests of Viet Nam.

Six areas are prioritized for research and development:

- i) Planning, monitoring and assessment of forest resources;
- ii) Forestry policy and institutions;
- iii) Sustainable forest management;
- iv) Forest environment and biodiversity;
- v) Silviculture and technical measures (natural forests, plantations and non-timber forest products; and
- vi) Forest industry, wood preservation and processing of forest products.

LAND POLICY

Land policy relates to the institutional arrangements through which the Government of Viet Nam defines those individuals and groups that have access to rights in land and the circumstances that apply to gaining and retaining that access. The overall goal is to ensure that land in Viet Nam is used efficiently and equitably so as to achieve the Government's objectives of rapid economic growth, poverty reduction, food security, international competitiveness, social harmony, and environmental sustainability (Ho and McPherson 2010).

In accordance with the Constitution, all land in Viet Nam belongs to the population as a whole. The State administers the land on their behalf, and citizens and organizations rely upon land-use rights to gain access to land, but do not own land. The hierarchy of authorities at the central, provincial, district and communal levels administer Viet Nam's land policies. The Ministry of Natural Resources and Environment is the primary central-level administrative body for land, and People's Committees at all levels (provincial, city, district, commune, ward and township) implement land policy, which is made at the central level. The current distribution of powers and responsibilities affecting forests and land use is described in detail by Trung *et al.* (2015).

The current distribution of land in Viet Nam stems from policies that extend back to the 1950's when communist reforms imposed agricultural collectivization in the north, while in the south policies provided ownership rights to former tenant farmers and led to approximately three-quarters of tenant households receiving rights to roughly 44% of the farm area. These reforms were largely lost when the Communists took power in 1975 and in the late 1970s almost 97% of rural households in the north belonged to collectivized farms. Although Communist leadership attempted to collectivize the south, approximately one quarter of the population joined cooperatives (Marsh and MacAulay 2006).

When the Government implemented the series of measures in the late 1980s associated with the *Doi Moi* reform process this included the allocation of land-use rights to farmers. The de-collectivization of agriculture was formalized in 1988 and the introduction of the Law on Land represented a dramatic

¹¹Decision No. 78/2008/QĐ-BNN of Ministry of Agriculture and Rural Development dated on 1 July 2008 on approving forestry research strategy towards 2020;

policy shift. By 2009, the state had allocated 72% of Viet Nam's total land area and almost all of its agricultural land to land users (Kirk and Tran 2009; World Bank 2010a; Marsh and MacAulay 2006, USAID 2013). By leasing land to individual farmers, the Government created the conditions that boosted agricultural output and exports, and raised rural income and wealth. It also provided a foundation for rapid urbanization, industrialization and economic modernization (Ho and McPherson 2010).

Forest and land allocation

The policy for forest land allocation was introduced in 1993 following revisions to the 1987 Land Law which actively devolved land and forest use rights to state forest companies, business entities, communities, households and individuals. Degree 02/CP 1994 clarified how forest land could be allocated for use on a sustainable basis. The broad policy objectives were to reduce deforestation (by reducing swidden), and to improve the livelihoods of people, including ethnic minority groups. However it was not until after 1999, following Decision 187,¹² that the program was implemented on a large scale. This Decision directed State Forest Enterprises (SFEs) to transfer forest lands back to districts for reallocation to households, focussing on barren land for the establishment of plantations. Decree 163¹³ enabled individuals and households to be issued a land use certificate (Red Book) for the land allocated to them, valid for 30 years for agriculture and 50 years for plantations. More recently policy changes have enabled the allocation of special use forest (if less than 1000 ha), and natural protection forest as well.

While it was anticipated that all land would be allocated by 2010, at the end of 2007 only 62 percent (or about 8 million ha) of the total forest land area had been allocated due in part to slow implementation of the SFE reform process and limited financial and human resources within provincial agencies responsible for forest land allocation program.

Other factors that have been described as affecting the allocation of forest and forest land (see e.g., So and Thoan 1999, Clement and Amezaga 2009), include:

- low productivity of allocated (barren) forest land;
- low competitiveness of timber compared to agricultural crops;
- lack of integration of local people into markets for forest products;
- infeasible benefit sharing policies;
- poorly defined and explained forest land management policies;
- reticence amongst upland farmers to switch from swidden to permanent tree production;
- formalisation of land use rights and land arrangements through "Red Books", replacing (preferred and understood) informal/customary practices;
- discrepancies and inconsistencies in policy implementation at the provincial level; and
- low efficiency of provincial forestry extension services in supporting forest land allocation processes.

STRATEGIES, PLANS AND POLICIES THAT IMPACT OR INFLUENCE PLANTATION POLICY

A number of broader and other sectoral strategies impact on or are influenced by those that are specific to the forest plantation sector.

¹²Decision No. 187/1999/QĐ-TTg on the renovation of SFE organisations structure and management mechanism

¹³Decree No. 163/1999/ND-CP on assigning and leasing of forestry land to organizations, households and individuals for stable and long-term use for forestry purposes.

COMPREHENSIVE POVERTY REDUCTION AND GROWTH STRATEGY

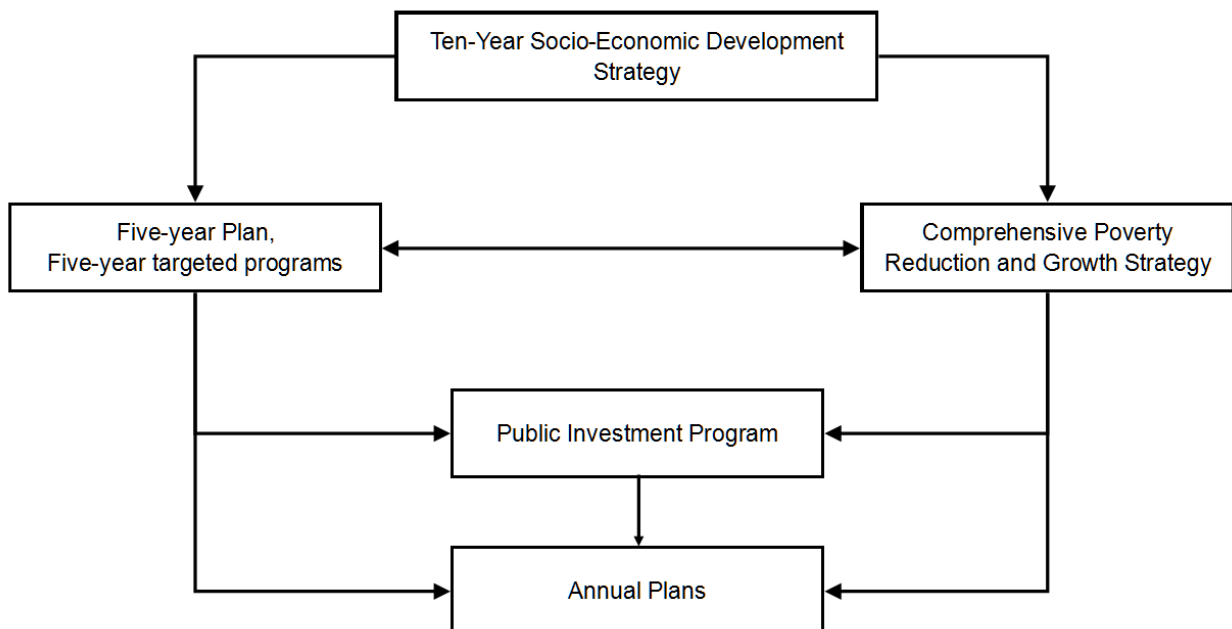
The Comprehensive Poverty Reduction and Growth Strategy (CPRGS¹⁴) is an action program that translates the Government's Ten-Year Socio-economic Development Strategy, Five-Year Socio-economic Development Plan as well as other sectoral development plans into concrete measures with well-defined road maps for implementation (Figure 4). The CPRGS recognises that despite relatively rapid economic change, poverty remains a pressing issue for the country.

The CPRGS includes major policies and measures for various sectors with respect to poverty reduction and growth. For agriculture and rural development these are to:

- ensure food security;
- diversify agricultural production;
- attach importance to market research and ensure timely provision of information;
- increase investments in agriculture;
- link the production of high value crops to developing storage and processing facilities;
- promote research and efficient use of natural resources;
- expand agricultural, forestry, fishery activities and extension activities in a manner that is suitable to production conditions in different areas in a way that is responsive to the demand of poor people;
- develop fisheries and diversify aquaculture;
- develop a disaster prevention strategy to minimize losses; and
- stabilize livelihoods and production in disaster-prone areas.

The strategy recognises the importance of land and land availability as a limiting factor in poverty alleviation and includes an objective to implement land use planning and grant land use rights in order to increase the efficiency of land use.

Figure 4: Integration of CPRGS with National socio-economic development plans



For forestry, the objectives are aimed at development into a profitable sector that creates jobs and raises incomes for people in mountainous areas. There is a recognised need to provide adequate incentives to people who plant forests and to promote the role of the community in the protection and

¹⁴ Decision No. 825/QD-TTg 2002



natural regeneration of forests. The CPRGS includes the continuation of the implementation of the 5MHRP and acceleration of the process of the allocation of land and forest, especially in important, environmentally sensitive areas. Mechanisms include the review and revision of policies on investment in forest development including adjusting cost norms and unit prices in forest protection, providing interest free or low interest loans for afforestation, adequate investment in infrastructure in forest areas (e.g. roads to transport materials, storage facilities, etc.), the development of the forest processing industry to increase the value received from forestry and the creation of forestry-related income generating opportunities.

NATIONAL STRATEGY FOR ENVIRONMENTAL PROTECTION

Following the National Plan of Environment and Sustainable Development 1991- 2000, the Prime Minister of Viet Nam approved a National Strategy for Environmental Protection (NSEP) until the Year 2010 and Vision toward 2020¹⁵. The National Strategy on Environment Protection to 2020, with Visions to 2030 was subsequently approved¹⁶ in 2012. With respect to forests, the strategy identifies the need for solutions for the effective and sustainable use of land resource, to reduce the losses of agricultural lands due to conversion, degradation, impoverishment, and desertification, and to increase forest cover and improve forest quality by:

- continuing afforestation and forest protection while securing a sustainable forestry sector, and to closely manage the renting of forest land, especially protection and watershed forests;
- surveying and evaluating remnant natural forests, taking effective measures to protect and prevent illegal exploitation, encroachment or deterioration of primitive forests and improving natural forests' resistance to impacts of climate change;
- localizing the protection of natural forests, especially mangroves, forests for special use, protection forests, and watershed forests, and at the same time preventing deforestation and illegal exploitation, and promoting activities which help to prevent forest fires and improve capability of responding to forest fires.

BIODIVERSITY CONSERVATION ACTION PLAN

In 1995, the first Biodiversity Action Plan (BAP1995) was issued after Viet Nam became a member of the Convention on Biological Diversity in 1994. BAP1995 became the guideline for biodiversity conservation in Viet Nam during the period 1995-2005. In 2005, the Ministry of Natural Resources and Environment (MONRE) made the "Biodiversity Action Plan to 2010 with Vision to 2020" (BAP2007) which was revised in 2011 to become the National Biodiversity Strategy to 2020, Vision to 2030. This strategy includes programs for Payments for Ecosystem Services (PES) including for reforestation projects and introduces the concept of economic valuation of ecosystems for comprehensive assessment of trade-offs between conservation and development (MONRE 2011). The strategy identifies the need for better consideration of biodiversity in reforestation projects and the need to incorporate greater species diversity into planting programs, particularly local species.

STRATEGY ON CLIMATE CHANGE

The Government of Viet Nam ratified the UNFCCC in 1994 and the Kyoto Protocol in 2003, and developed a Strategy on Climate Change in 2011.¹⁷ Within this strategy Task 4 relates to the protection and sustainable development of forests, increasing carbon sequestration and biodiversity conservation by accelerating the progress of afforestation and reforestation projects and encouraging the business sector to invest in economic forestation. It aims, by 2020, to establish, manage, protect, sustainably develop and use 16.24 million ha of forest, increase forest coverage to 45%, manage 8.134 million ha of production fores, 5.842 million ha hectares of protection forest and 2.271 million ha of special-use forest.

¹⁵Decision 256/2003/QĐ-TTg, 2003

¹⁶Decision 1216/QĐ-TTg 2012

¹⁷Decision No: 2139/QĐ-TTgOn approval of the National Climate Change Strategy



In response MARD developed an Action Plan on Climate Change for the agriculture and rural development sector in the period 2011-2015 with a vision to 2050. The aim is that by 2030 Viet Nam will reduce its greenhouse gas (GHG) emissions by 8% compared to the business-as-usual level. Emission intensity per unit of GDP will be reduced by 20% compared to the 2010 levels and forest cover will increase to 45%. Specifically, the country is committed to:

- implementing sustainable forest management;
- improving the quality of poor natural forests;
- implementing afforestation and reforestation measures, focusing on large timber plantations;
- preventing forest deforestation and degradation;
- developing and improving policies to promote sustainable forest management; and
- developing mechanisms and policies to attract private sector investment for sustainable forest management, afforestation, reforestation, biodiversity conservation and livelihood development.

The national REDD+ action plan¹⁸ has also been approved to implement a number of activities to reduce emissions from deforestation and forest degradation. Recently emission reduction targets were established for different sectors such as transportation, energy, agriculture, land use, land use change and forestry. The emission reduction target by 2020 for land use, land use change and forestry is 20% compared to that of 2005¹⁹.

THE NATIONAL GREEN GROWTH STRATEGY

The National Green Growth Strategy (NGGS) aims to achieve a low-carbon economy and enrich natural capital. It advocates the development of Natural Capital Accounting (NCA) tools and identifies forestry as a sector that would benefit from the implementation of future NCA activities.²⁰ Green growth is seen as a means to increase investment in conservation, develop and use natural capital efficiently, reduce greenhouse gas emissions, and improve environmental quality –all of which are aimed at achieving sustainable economic growth. The NGGS envisages the development of new legislation and financial and economic policies that incorporate green growth principles. The Ministry of Planning and Investment (MPI) is charged with the implementation of the NGGS and is defining an NGGS action plan as well as a green growth master plan. One of its policy priorities is to develop a monitoring and evaluation framework for measuring progress towards green growth.

The NGGS targets a reduction in Greenhouse Gas (GHG) emissions by 8-10% compared to 2010 for the period 2011–2020 and annual emission reductions of 1.5-2% for 2020–2030. It aims to encourage development of economic sectors that have the potential to efficiently use natural resources to produce high added value. For forestry, the priorities of the NGGS are a reduction of GHG through the sustainable management of forests and biodiversity, and an increase in forest cover thus improving carbon sequestration values of forests and ensuring the supply of timber for production and consumption.

RURAL DEVELOPMENT STRATEGY

The main policy document for rural development is Resolution 26 on “Agriculture, Farmer and Rural Area” – *Tam Nong*, 2008. The document states that the development of agriculture and rural areas and improvement in the living conditions of farmers should be based on a market economy with socialist orientation. The resolution lays out both general and specific objectives to be attained by 2020 (Rudengren *et al.* 2012).

¹⁸ PM. 2012. Decision No. 779/QD-TTg dated on 27 June 2012

¹⁹ PM. 2012. Decision No. 1775/QG-TTg dated on 21 November 2012

²⁰ Prime-Minister Decision 1393/QD-TTg of 25 September 2012



Based on that resolution and policy, a national target programme was developed -the New Rural Development (NDP), led by MARD. The National Target Programme for New Rural Development (NTP-NRD) 2010-2020 is built on the following principles:

- Development based on 19 rural development criteria²¹;
- Promotion of community ownership;
- The State playing an instructive and supportive role; and
- Inheriting from and integration with other NTP programmes and projects.

POLICIES AND MECHANISMS FOR FOREST PROTECTION AND DEVELOPMENT LINKED WITH POVERTY REDUCTION FOR ETHNIC MINORITIES

In 2015 the Government issued Decree No. 75/2015/ND-CP of 2015, on policies and mechanisms for forest protection and development, linked with rapid and sustainable poverty reduction for ethnic minorities (2015-2020) poor ethnic minority and Kinh households that are stably residing in disadvantaged communes in ethnic minority and mountainous areas. Under this decree those ethnic minorities will annually receive VND 400,000 per hectare for up to 30 ha of forest assigned to them forest. Those involved in forestation will receive a support of up to VND 1.6 million per hectare per year in the first three years and VND 600,000 for the subsequent three years. The support is to be decided by chairpersons of provincial-level People's Committees based on their local practical conditions.

Poor households that plant production forests and develop non-timber forest products will receive one-off support of between VND 5 million and 10 million per hectare to purchase saplings, fertilizers and partially make up for their labour costs. Those households facing food scarcity during the initial period of afforestation will receive additional support equivalent to 15 kg of rice per person per month for up to seven years. In addition, the Bank for Social Policies and the Bank of Agriculture and Rural Development will offer these households a loan of VND 15 million per hectare without requiring collateral, at an annual interest rate of 1.2 percent for up to 20 years, to support planting of production forests and non-timber forest product development.

INDUSTRIAL DEVELOPMENT STRATEGY

The Industrial Development Strategy to 2025, with a Vision toward 2035²² aims to:

- effectively mobilise all resources from domestic economic sectors and external resources to develop and restructure the industrial sector;
- focus on training a skilled, disciplined and innovative workforce for the sector; and
- prioritize the development and transfer of technologies in the industrial sub-sectors that have competitive advantages, with modern and advanced technologies, including, amongst others, agricultural, forestry and fishery product processing and new and renewable energy.

For forestry the aim is to increase the processing ratio of key timber products and to apply international standards to production including the establishment of trademarks.

The strategy has an emphasis on improving the position of Viet Nam's processing sector within global product value chains.

NATIONAL STRATEGY ON EXPORTS AND IMPORTS

The Strategy on Exports and Imports for 2011-2020, with a Vision to 2030²³ aims to:

- develop production for meeting export and domestic demands by making use of the

²¹ Details of the 19 rural development criteria were updated in the Decision No 1980/QĐ-TTg of the Prime Minister dated on the 17/10/2016.

²² Decision No. 879/QĐ-TTg 2014,

<http://www.chinhphu.vn/portal/page/portal/English/strategies/strategiesdetails?categoryId=30&articleId=10054959>

²³ Decision 2471/QĐ-TTg 2011,

<http://www.chinhphu.vn/portal/page/portal/English/strategies/strategiesdetails?categoryId=30&articleId=10051303>

economy's comparative advantages, improving efficiency and export-import competitiveness, and shifting the economic structure towards industrialization, modernization, job creation and trade balance;

- build and consolidate strategic partnerships for sustainable market development; to harmonize the country's short and long-term interests as well as economic and political-diplomatic interests; and to be active, independent and self-reliant in international economic integration;
- diversify export-import markets; to actively take part in the global production network and chain of value; to place importance on building and developing commodities of high added value and good trademark in domestic and foreign markets.

For agro-forestry and aquaculture production, which are viewed as having a long-term competitive advantage and capacity but low added value, the specific aims are to improve output, quality and value-added and shift the structure of exports toward well-processed products and those exploiting scientific and technological advances.



Photo 2: Acacia Nursery (H. Smith, 2011)

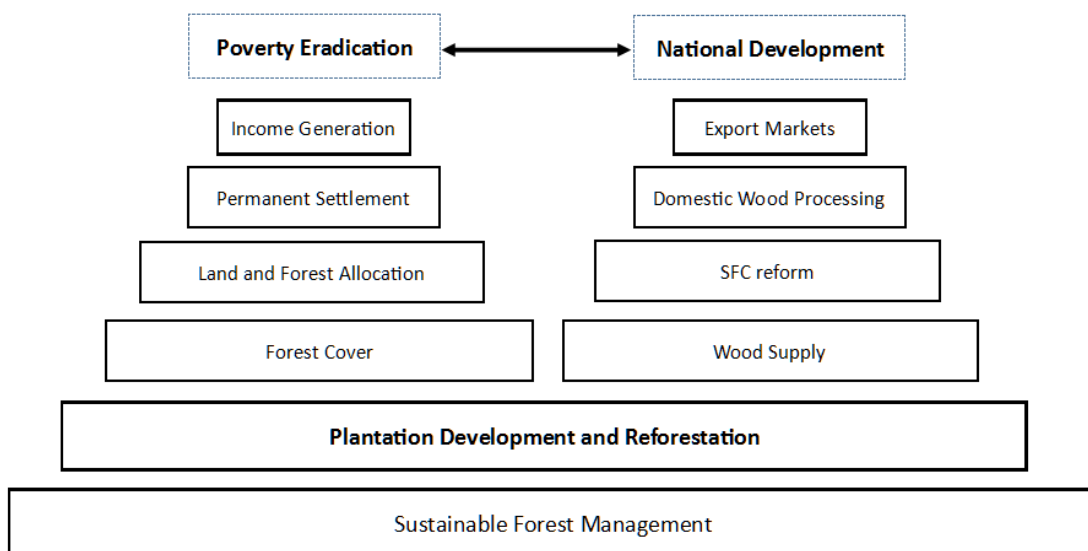
4. POLICY DRIVERS

DOMESTIC POLICY DRIVERS

Viet Nam's economic growth and poverty alleviation policies and goals recognise the forestry sector as one of the highest priorities for development and wealth creation. The supporting forestry policies, described above, seek to remedy historic deforestation, increase overall forest cover and protect natural forests, promote forest land tenure reform and land allocation, reform state forest enterprises, and improve forest-based livelihoods and employment opportunities (Figure 5).

Improved connectivity between participants in the timber value chains, market efficiency, product quality and standards are emerging policy drivers. To a certain extent these are a response to external/international drivers but they also reflect an increasing awareness of the consequences of past domestic policies.

Figure 5: Domestic Policy Drivers



INTERNATIONAL DRIVERS

Increasing exposure to and a desire to penetrate global markets as well as participation in international programs have influenced forest policy in Viet Nam. United Nations Conventions and treaties, many of which Viet Nam is a signatory to and some of which have also been ratified (refer Appendix 6)²⁴, international processes, such as United Nations Forum on Forests (UNFF), International Tropical Timber Agreement (ITTA) and Montreal Process, and political summit recommendations, such as the Group of Eight Largest Economies (G8), Asia-Pacific Economic Cooperation (APEC) and Association of Southeast Asian Nations (ASEAN), provide a strong political message.

Those funding the forestry sector, including multilateral and bilateral donors, development banks and international commercial banks, have principles, policies, safeguards, guidelines and procedures to which their clients countries increasingly must conform if they want to retain access to funding or markets. Additionally, non-governmental organizations (NGOs), forest and forest industries investors,

²⁴e.g. United Nations Framework Convention on Climate Change (UNFCCC), United Nations Convention to Combat Desertification (UNCCD), Convention on Biological Diversity (CBD), Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and Convention on Wetlands of International Importance (RAMSAR)),

wholesalers, retailers, buyers and governments, particularly in industrialized countries of Europe, North America, Oceania and Japan, are increasingly demanding proof of legality and sustainability through verification and sustainability certification (World Bank 2012).

Surrounding these are discourses on forestry and forest management and it is possible to extract key narratives that have influenced forest and plantation policy in Viet Nam. These concepts contribute to pressure on policies and influence their implementation and effectiveness. Some narratives provide the driving forces for change while others may create resistance to change (Figure 6). Some examples are:

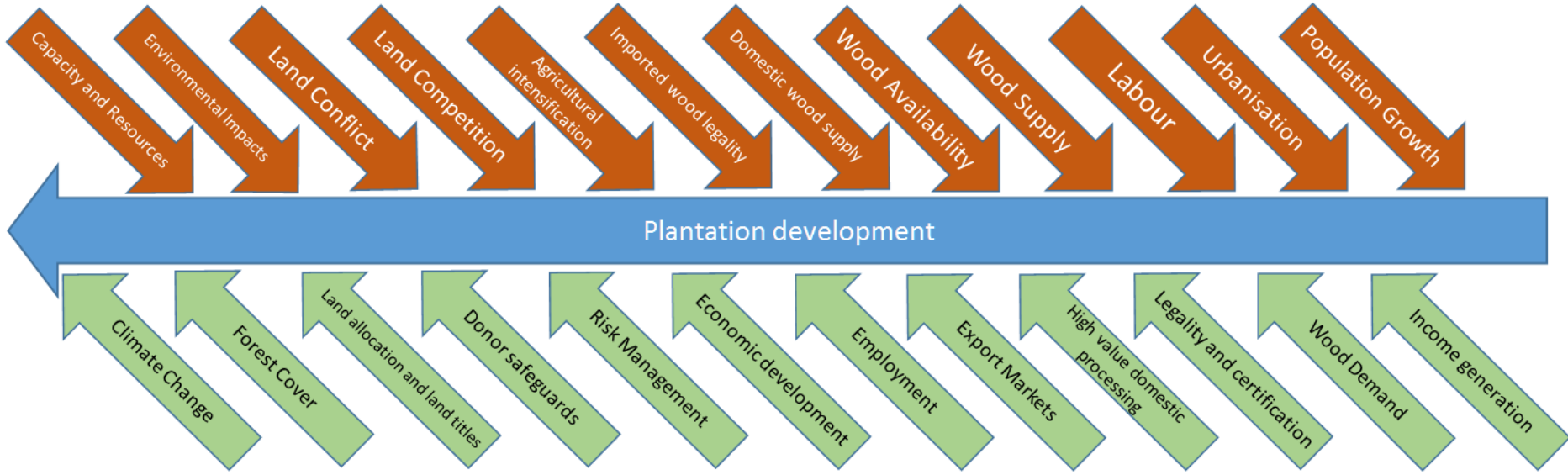
- Plantations are seen an alternative, preferential production system to *slash-and-burn/swidden* agriculture, which in turn is viewed as a cause of poverty, particularly in the *uplands* (Castella *et al.* 2006).
- Swidden causes land and soil degradation (Sam 1994) and plantation can help address this.
- Plantations produce wood, which provides a source of *income to the rural poor* (Putzel *et al.* 2012).
- Plantations together with land use rights encourage *permanent* settlement or resettlement.
- Land policies allow for the categorisation and zoning of land, which can then be allocated for use (Clement and Amegaza 2009).
- Land allocation provides land security and privatisation enables the development of formal and informal land markets, but may be ineffective or resisted due to pre-existing land use arrangements (Sikor 2006).
- Land allocation results in livelihood improvement for the poor, although the extent and nature of improvement may be inequitable (Sandewall *et al.* 2010).
- Land tenure security encourages investment and more efficient use of resources.
- Industrial plantations have resulted in *land grabbing* and elite capture (Sikor 2012).
- Allocation of land to plantations operated by others can have negative impacts on indigenous people through the loss of use rights or access to land and forest.
- Conversion of land to plantations may have negative environmental impacts depending on the previous vegetation and its condition.
- Plantation grown wood can be substituted for timber harvested from natural forests. This helps to address unsustainable harvesting and reduces *illegal logging* (McElwee 2004).
- Legally sourced wood is more acceptable to *export markets* (Nguyen and Tran 2011).
- Certified wood may attract a *price premium* (see <https://ic.fsc.org/en/news/id/66>, but see Hoang *et al.* 2015; Laity *et al.* 2015).
- Legality verification and certification will help build the timber industry by diversifying timber products and increase revenue through placement in sensitive markets (<http://www.euflegt.efi.int/laos>).
- Plantations increase *forest cover* (de Jong *et al.* 2006).
- Plantations are *not forest* (see <https://www.rainforest-rescue.org/petitions/772/plantations-are-not-forests>).
- Plantation produce low value products, e.g. wood chips.
- Plantation can produce high value products (e.g. Redman *et al.* 2013).
- Plantations contribute to *climate change mitigation* and adaptation (UN-REDD 2013).



- Plantations have helped achieve MDGs and will help achieve SDGs.

Figure 6: Policy discourses and forces

Restraining Forces



Driving Forces

5. THE LEGAL FRAMEWORK FOR FOREST PLANTATIONS

The first Constitution of Viet Nam was made in 1992 and was revised in 2013 by National Assembly, with the new Constitution approved on 1 January 2014. This new Constitution was made with the aim of changing the basic organizational models of local government, promoting decentralization and autonomy. In addition, it sought to enhance the effectiveness and efficiency of the state management structure at the different levels of government and to create favourable conditions for the smooth operation of production activities and the integration of Viet Nam into the world's economy. Viet Nam's legal system is currently under revision to bring it into line with the Constitution's objectives and contents (Trung *et al.* 2015).

With respect to the forest sector the Central Communist Party decisions and resolutions provide the broad policy framework. The National Assembly translates these into laws while line ministries issue the subsequent decrees, decisions, and implementation guidelines for implementation (

Appendix 4). In practice, the drafting of legal instruments is controlled by the relevant Ministry in charge of the relevant area. Legal instruments issued by central authorities will be applicable nationwide while legal instruments issued by local authorities will be applicable within the specific localities only.

Usually, the legal framework covering a specific area of law includes:

- a Law issued by the National Assembly setting out the general principles of such area;
- one or more Decrees issued by the Government, which further clarify and implement the Law issued by the National Assembly; and
- one or more Circulars issued by the relevant Ministries in charge of the area in question, which provide more detailed implementation of the Decrees issued by the Government.

The Constitution, the Land Law and Forest Protection and Development Law are key legal instruments promoting the development of forest plantations and production of wood in the country. Since these laws were made in 2003 and 2004 a significant body of supporting regulations has been created. With respect to the Forest Protection and Development Law, this is described in a 2013 review undertaken by the Viet Nam Administration of Forestry through the Forest Sector Support partnership (VNFOREST 2013). More recently the Prime Minister issued a Decision No. 38²⁵ to provide policy incentives to support forestry development. With this policy the Government commits to provide support to forestry development, including commercial plantations and forest certification.

In general, government policies and regulations have provided a solid foundation for the development of the forest and wood industry in Viet Nam. The frequency of government reforms, however, has made compliance challenging. Many of the regulations, particularly those promoting forest plantations, have not been fully implemented and is sometimes inconsistently applied. The legal framework in forestry and related sectors is complex and sometimes confusing.

A summary of the principle legal instruments relevant to plantation is provided in Table 6 and further detail is provided in Appendix 5.

²⁵ No: 38/2016 / QD-TTg, 2016

Table 6: Major legal sources relevant to Plantations

Legal Source	Purpose	Matter relevant to Plantations
The Constitution 2013 (revised) November 28, 2013 by the Thirteenth National Assembly, January 1, 2014.	Establishes the rule of law in Viet Nam.	Land is owned by the people and managed by the state on their behalf.
Law No on Land 45/2013/QH13 dated on November 29, 2013 of the National Assembly.	Governs the powers and responsibilities of the State as representative of the ownership of land by the entire people for uniform administration of land and the regime for administration and use of land; and the rights and obligations of land users.	Provides the regulatory basis for land allocation and the granting of land use rights by the state to individuals, households, entities and organisations. Includes some incentive measures for land development.
National Assembly's Resolution No 134/2016/QH13, dated on the 09/04/2016.	Provides direction for adjusting land use planning to 2020 and developing land use planning in the period 2016-2020.	Confirms the planned areas of the three different forest types and sets a 2020 target of 16.24 M ha forestland of which <ul style="list-style-type: none"> • 9.27 Mha is production forests; • 4.62 Mha is protection forests, and • 2.35 Mha is special use forests.
Law on Forest Protection and Development No.29/2004/QH11 dated on December 14, 2004 of the National Assembly.	Provides for the management, protection, development and use of forests and forest owners' rights and obligations.	Defines and provides for ownership rights over planted production forests, including the registration of those rights. Provides for incentives, exemption, valuation and compensation of and for plantations. Provides the means for accessing forest ownership and use rights - such as to the State, by allocation or lease.
Law No.55/2014/QH13 on Environment Protection dated on June 23, 2014 of the National Assembly.	Provides for activities of environmental protection; policies, measures and resources for environmental protection; rights and obligations of organizations, households and individuals in environmental protection.	Establishes the requirements for environmental impact assessment.
Law on Enterprise No.68/2014/QH13 dated on November 26, 2014 of the National Assembly.	Recognises the private sector as a key sector of the economy.	Together with Government's Decision 46 in 2001 on management of import-export commodities, provides opportunities for wood processing.
Law on Investment No. 67/2014/QH13 dated on November 26, 2014 of the National Assembly.	Applies to investors, other organizations and individuals (hereinafter referred to as entities) involved in business investment.	Provides incentives and support for investment.
Decree No. 118/2014/NĐ/CP	On arranging and reforming	Restructuring of State Forest



Legal Source	Purpose	Matter relevant to Plantations
dated on December 17, 2014 of the Government on arranging, reforming, developing and improving the effectiveness of agro-forestry companies (2014).	organisation, management mechanism and policies on agro-forestry companies.	Enterprises and Forest Companies,
Decree No. 210/2013/ND-CP Dated on December 19, 2013 of the Government on incentive policies for enterprises investing in agriculture and rural areas.	Provides a number of incentives and additional investment supports of the State for enterprises which invest in agriculture and rural areas.	Support for investment in processing timber from planted forests which is particular for North-western provinces and provinces with poor districts under Resolution 30a/2008/NQ-CP dated December 27, 2008 of the Government,
Decree No. 135/ND-CP/2005, dated on November 8, 2005 of the Government on Contractual Assignment of Agricultural Land, Production Forest and land with water surface for agriculture in State run Aquaculture in State Run Agricultural Farms and Forestry Farms.	Provides for contractual assignment of agricultural land, production forest land and land with water surface for aquaculture in State-run agricultural or forestry farms, companies and factories.	Establishes the contracting arrangement between Forest Companies and other over land, including for plantations.
Decree No. 23/2006/ND-CP dated on March 3, 2006 of the Government on the Implementation on the Law on Forest Protection and Forest Development (2006).	Implements the Law on Forest Protection and Development.	Allows for the renting and leasing of land to individuals and organizations. Sets limits to the area of land that can be used for plantations.
Decision No. 134/2004/QD-TTg dated on July 20, 2004 by the Prime Minister on a number of policies to provide support in terms of production land, residential land, dwelling houses and daily-life water to poor ethnic minority households meeting with difficulties.	Supports production land, residential land, dwelling houses and daily-life water to poor ethnic minority households meeting with difficulties	Allows for withdrawal of land (including forest plantations) being owned by state agriculture and forestry enterprises in order to allocate to ethnic minorities,
Decision No. 186/2006/QD-TTg dated on August 14, 2006 of the Prime Minister Regulation on Forest Management (2006).	Provides for the organization of management, protection, development and use of special-use forests, protection forests and production forests, including land areas with or without forests, which have been assigned, leased or planned by the State for forestry.	For the protection forest, production forest, no more than 40% of non-forested land area or mangroves land or no more than 30% of non-forested area in other areas can be used for agriculture and fishery production. (note conflict with Decree No 23/2006/ND-CP),
Decision No. 38/2016/QD-TTg dated on September 16, 2016 of the Prime Minister on Promulgating a number of policies on forest protection and development, and support for	Promulgating a number of policies on forest protection and development, and support for investment in infrastructure construction and assignment of public-utility tasks to agricultural	Provides support policies for planted forest growers, Supports for typical plantation timber processing in the poorer provinces,



Legal Source	Purpose	Matter relevant to Plantations
investment in infrastructure construction and assignment of public-utility tasks to agricultural and forestry companies.	and forestry companies,	
Decision No: 686/QĐ-TTg on the Government programme to carry out Resolution 30-NQ/TW of the Ministry of Politics dated 12th March, 2014 on the arrangement, renovation, development and improvement of operation's effectiveness of agro-forestry companies.	To reform agro-forestry companies (SFCs). To strictly manage land and forest resources and enhance the effectiveness of land use To maintain and set up centralized-goods production zones and develop a chain of material-processing which will help to create an ideal environment for the establishment and implementation of joint production models between agro-forestry companies, HHs and other economic elements in localities.	Review and equitisation of Forest companies. Dissolve small sale and poorly performing companies. Provides for re-allocation of land to households.
Decision No: 83/QĐ-BNN-TCLN dated on January 12, 2016 of MARD on Approving the Scheme of implementation of sustainable forest management and forest certification period 2016-2020.	Approves the scheme for implementation of sustainable forest management (hereinafter referred as SFM) and forest certification.	Sets a target by 2020 of at least 500,000 ha of production forests certified for sustainable forest management, of which 350,000 ha is natural forests and 150,000 ha is plantations. Vietnam Forest certification scheme is developed and operating; Building capacity of stakeholders to implement sustainable forest management and forest certification in Viet Nam.
Decision No. 1565/QĐ-BNN-TCLN dated on August 7, 2013 of MARD on approving the Scheme of Forestry Sector Restructuring.	Management and sustainable use of forest resources and conservation of biodiversity and the forest ecosystem services, promote forest certification in Viet Nam to meet the requirements of the domestic and international markets, contributing to improving value added in forestry sector.	Replanting three forest types. Up to 2020, forestland area increases to 16-16.5 Mha, of that 8.1 Mha is production forests; 5.8 Mha is protection forests and 2.2 Mha is special use forests. Enhancing value added for forestry sector by improving values across the value chain.
Decision 899 /QĐ-TTg 2013 dated on June 10, 2013 of the Prime Minister on approving the Agriculture restructuring Proposal towards higher added value and sustainable development.	Maintaining growth, increasing efficiency, productivity, product quality and high added values to better meet the market demands, preferences of domestic consumers and expanding export Increase income, food security, protecting the environment, better management and uses of natural resources, increase forest cover to 42-43% by 2015 and 45% in	Forest sector development in order to increase economic value, capacity and effectiveness environmental protection, biodiversity protection and response to climate change. By 2020: 25% income of forest sector coming from PFES, 25% from silviculture and 50% from wood processing.



Legal Source	Purpose	Matter relevant to Plantations
	2020	Develop economic forest plantation to become a key economic subsector that creating jobs, improving income and livelihood of forest owners, improve economic values of plantation forests.
Decision No. 799/QĐ-TTg dated on June 27, 2012 of the Prime Minister on Approval of the National Action Program on Reduction of Greenhouse Gas Emissions through Efforts to Reduce Deforestation and Forest Degradation, Sustainable Management of Forest Resources, and Conservation and Enhancement of Forest Carbon Stocks" 2011 – 2020.	Reducing greenhouse-gas emissions through efforts to mitigate deforestation and forest degradation, increased greenhouse-gas sequestration by forests, sustainable management of forest resources, biodiversity conservation, and contribution to the successful implementation the national strategy on climate change and poverty reduction, and striving towards sustainable development.	Development and operation of pilot mechanisms, policies, organizational systems and technical capacity at the national level to ensure effective management, coordination and operation of REDD+ related projects. Accomplishment of mechanisms, policies, organizational structures and technical capacity to ensure the proper management, coordination and effective operation of projects and activities under the National REDD+ Action Program.
Decision 124 /QĐ-TTg 2012 dated on February 2, 2012 of the Prime Minister on approving holistic planning for development of agriculture sector to 2020 and vision to 2030.	Building the agriculture sector to the comprehensive development toward modern, sustainability, producing larger scale commodities based on the comparative advantage, applying advance tech, to increase productivity, quality, effectiveness, competitiveness, meeting demands of the markets domestically and internationally.	Sets 2020 targets for: forest cover (44-45%), forest categories (8.132 million ha of production forests), regeneration and plantation establishment (610,000 ha plantation), restructuring the wood processing industry to balance between capacity and raw material supply and processing of sawn wood (6 million m ³ /year), chip wood (320,000 m ³ /year) and MDF (220,000 m ³ /year) with export value of 7 billion USD.
Resolution No. 73/NQ-CP of the Political Bureau on sustainable development of forestry dated on 26 August 2016.	This aims to improve forest productivity, quality and economic benefit return and contribute to mitigation of natural hazards and environmental protection.	Is one of 21 government target programs for a period of 2016 – 2020.
Decision No 57/QĐ-TTg 2012 dated on January 9, 2012 of the Prime Minister on approving the forest protection and development plan during 2011-2020.	Properly protect existing forest areas; to effectively and sustainably use forest resources and planned forestry land; raise the forest coverage to 42-43% by 2015 and 44-45% by 2020;	Raising quality of natural forests and yield of plantation forests by 25% in 2020 compared to 2011. Raising quality of natural forests and yields of planted production forests by 10% in 2015 against 2011. Incentive policy for processing and consumption of planted timber;
Decision No. 18/2007/QĐ-TTg dated on February 5, 2007 of the Prime Minister on approving Vietnam forestry development strategy in the period 2006-	To plant, manage, protect, develop and use in a sustainable manner 16.24 million ha of land planned for forestry (including 8.4 million ha of production forests,	Provides orientation, measures and implementation arrangement of the strategy. Indicates key programs: the



Legal Source	Purpose	Matter relevant to Plantations
2020.	5.68 million ha of protection forests and 2.16 million ha of special-use forests) and to increase the forestland to 42-43% by 2010 and 47% by 2020	programs on sustainable forest development, biodiversity conservation, PES, research, education-training and forestry extension; renewal of institutions, policies, planning and supervision in the forestry service.
Decision No 66/2011/QĐ-TTg dated December 9, 2011 of the Prime Minister amending and supplementing a number of articles of Decision No. 147/2007/QĐ-TTg dated on September 10, 2007 of the Prime Minister on a number of policies for development of production forests during 2007-2015.	Regulates the investment support for afforestation, forestry extension, road building, forestry product transportation.	Investment support for: <ul style="list-style-type: none"> • forestation and forest extension; • planting and management of breeding forests and nurseries; • building high-quality seedling centres; • forestry roads; • transportation of processed products in the north western region.
Decision No 100/2007/QĐ-TTg dated on July 6, 2007 of the Prime Minister on amending and supplementing a number of articles of Decision No. 661/QĐ-TTg of 29 July 1998, on the targets, tasks, policies and organization of implementation of the project on planting 5 million hectares of forests.	To amend and supplement a number of articles of the Prime Minister's Decision No. 661/QĐ-TTg of July 29, 1998, on the targets, tasks policies and organization of implementation of the project on planting 5 million hectares of forests.	Encourage investment in tending and conversion of small diameter forests into large diameter forests so as to supply the processing of domestic-use manufacturing and fine-art for export, and other processing needs.
Decision 146/2005/QĐ-TTg dated on June 15, 2005 of the Prime Minister withdrawing land and forest from state-owned agro-forestry enterprise to reallocate to local residents and communities.	Withdrawing land and forest from state-owned agro-forestry enterprise to reallocate to local residents and communities.	Withdrawal of land (including forest plantations) being owned by state agriculture and forestry enterprises in order to allocate to ethnic minorities
Decision 150/2005/QĐ-TTg of the Prime Minister on the approval of the planning in changing production patterns of agriculture, forestry and aquaculture to 2010 and vision to 2020 Dated 20/06/2005.	Building agriculture sector (including aquaculture and forestry) with strong commodities, diversity and sustainable based on the advance tech. high quality, meet the market demand domestically and internationally, improve the effectiveness of land uses, labour and capital investment, fast increase in income and livelihood of farmers.	Changing production patterns towards creating jobs, Changing production patterns towards market demand, higher competitiveness, apply advance tech. higher yield, quality and increase processing, creating large scale raw material supply regions Changing towards sustainable production and protecting the environment.
Decision 146/2005/QĐ-TTg of the Prime Minister on the policy of recalling the land from agricultural and forestry	To support production land and livelihood development for the poor ethnic households in the	Recall plantation forestland and nurseries and reallocate those to poor ethnic households for



Legal Source	Purpose	Matter relevant to Plantations
enterprises to allocate to the poor, ethnic households.	mountainous areas.	livelihood development.
Decision No 178/2001/ QD-TTg dated on November 12, 2001 of the Prime Minister on the benefits and obligations of households and individuals when they are allocated leased or contracted with forests and forestry land.	Regulates the benefits and obligations of households and individuals who are allocated, leased forests and forest land for protection, regeneration and afforestation by the State.	Clarifies the rights and responsibilities of the persons who are allocated, leased or contracted with forests for protection and development of forests. Sets the principles for determining the benefits and obligations of households and individuals who are allocated, leased with forests and forest land by the State.
Decree No. 02/CP, dated on January 15, 1994 of the Government on allocation of forest land to organizations, households and individuals for stable using long-term for forestry purposes.	Through this Decree the State allocated forestry land to organizations, households, individuals for stable, long-term use. This regulation includes: Land with natural forests, land under afforestation; un-forested land is planned afforestation, protection of vegetation.	Sets the duration of forest land allocation for stable, long-term use for forestry purposes to other organizations, households and individuals at 50 years.
Circular No 38/2007/TT-BNN dated on April 25, 2007 of MARD on regarding forest allocation and forest lease.	Guiding the steps and administrative procedure on forest allocation, forest for rent for organizations, households, individuals and communities.	Confirms which forest types can be allocated to households and communities. Clarifies uncertainties and contradictions about forest and forest land allocation to households and communities as regulated in Article 135 of Land Law 2003.
Circular No. 128/2008/ TT-BNN, Circular No. 10/2009 / TT-BNN and Circular No. 26/VBHN-BNNPTNT dated on May 6, 2014 of MARD on guidance for rubber plantation on forestland.	Layout the conditions, procedures for planting rubbers on forestland that have been planned for production forests.	Conditions for planting rubbers on planned production forestland: soil profile, slope, ecological regions, forest categories, locations, monitoring and forest volume measurement before converting to rubber plantation.
Circular No. 34/2009 / TT-BNN dated on June 10, 2009 of MARD.	Regulated the criteria and classification of forests.	Sets the criteria for determining a plantation as: <ul style="list-style-type: none"> • new plantations forest, requiring a density of 1,000 trees/ha, • if planting forest in bands requires 600 plants/ha, • in sandy areas - 1,100 trees/ha, Requiring a survival rate of 85%, But will not recognized as forest (because the density of less than 1,000 trees).



Legal Source	Purpose	Matter relevant to Plantations
Joint Circular No. 07/2011/TTLT-BNNPTNT-BTNMT dated on January 29, 2011 of MARD and MONRE on guiding forest allocation and lease in association with forestland allocation and lease.	Guiding forest allocation and lease in association with forestland allocation and lease.	Guides cooperation between Ministry of Natural Resource and Environment and Ministry of Agriculture and Rural Development in allocation and leasing forest and forestland.
Circular No. 42/2012/TTBNNPTNT dated on August 21, 2012 of MARD.	On documents required for legal forest products and examination of forest product origin.	Plantation wood legality.
Circular No. 24/2013/TT-BNNPTNT, dated on June 6, 2013 of MARD on requirement for replacement of forest plantation when changing forest land use purposes.	To ensure the stakeholders involving in changing forestland use purposes to plant replacement forests.	PPC will carry the check and approve the areas of forestland proposed to for change in land use and areas of replacement forest plantation and implementation plan of forest plantation.
The Official Notification of the Prime Minister No 191/TB-VPCP, dated on the 22/07/2016 on the solutions for sustainable rehabilitation of Central Highland forest in response to climate change in the period 2016-2020.	By 2020, increase the forest cover in Central highlands to 59%.	Provides support for sustainable forest development, balancing the government budget in order to provide financial support for sustainable forest rehabilitation in Central Highlands provinces, to prioritize forest development projects in Central Highlands provinces in the high priority list for getting loan, financial support. Prohibits the conversion of 2.25 million ha of natural forest in Central Highlands to other land use purposes.

6. GOVERNANCE

In Viet Nam, the Government is the executive organ of the National Assembly, and the supreme state administrative agency. There are four main levels of Government administration: National/Central, Provincial/Provincial Peoples' committee, District/District peoples' Committee, Commune.

GOVERNMENT AGENCIES

Responsibility for the plantation sector is spread across several Ministries and line agencies which regulate all aspects, from land allocation to wood exports.

- The Ministry of Agriculture and Rural Development
- The Ministry of Natural Resources and Environment
- The Ministry of Industry and Trade
- The Ministry of Justice
- The Ministry of Finance
- The Ministry of Planning and Investment
- The Ministry of Transport

MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

The Ministry of Agriculture and Rural Development (MARD) is a governmental agency performing state management functions in the fields of agriculture, forestry, fisheries, irrigation and water services and rural development. MARD performs its tasks and is granted its authorities based on Decree No.178/2007/ND-CP dated 3rd, December, 2007.

With respect to forestry its functions include to:

- perform governance responsibilities for the implementation of regulations issued by the Government and the Prime Minister on forestation, forest resource development, valuable, rare and endangered plants and animals protection and preservation; forest management regulations;
- announce and govern, inspect, evaluate and make comprehensive reports on the implementation of strategies, master plans, forestry protection and development plans;
- appraise master plans developed by provinces or cities on forestry protection and development;
- guide, govern, inspect and identify boundaries and undertake forest inventories and monitoring of forests
- regulate criteria for forestry classification
- guide integrated production of agriculture, forestry, fishery, socio – economic cost norms and measure of forestry development; issue lists of valuable, rare and endangered forestry plants and animals that can be exploited and used; issue lists of major forestry plants; list of seedlings that could be produced and traded, lists of forestry plants prohibited export; issue national standards on seed classification; storage, research, reproduction, import and export.
- issue, monitor and inspect the implementation of regulations and process for nurturing and improving forestry and forestry product exploitation;
- perform governance responsibilities for forestry rangers
- take the leading role in anti–desertification national action program; and
- perform governance responsibilities for fire forestry and other disaster forecast, for deploying preventive and restore measure, prevent deforestation, mitigate fire forest consequences.

In terms of processing, preserving, transporting, trading forestry products the role of MARD is to:

- govern, guide the implementation of processing development master plans, programs and strategies associated with relevant commodity production and markets
- issue national technical standards for food safety, environmental hygiene in cultivation, breeding, aquaculture, harvesting, processing, preservation, transportation to markets;



- issue national technical standards, technical process and announce list of additives and chemicals can be used in ingredients and for food preservation; and
- guide transportation, export and import of products.

MARD is the focal point for the coordination and cooperation with other ministries, branches and People's Committees of the provinces and municipalities under the central government for the implementation of Forest Development Strategy (FDS), for and incorporating FDS issues into the national Socio-Economic Development Plans and into the plans of ministries, branches and at the local level. The policies and programs of MARD are implemented through the Department of Agriculture and Rural Development (DARD) at the Provincial, District and Commune level.

The Viet Nam Administration of Forestry

The Viet Nam Administration of Forestry (VNFOREST) takes overall responsibility for the management and development of forests in Viet Nam. VNFOREST is divided into four key departments: Forest Protection (focusing on law enforcement), Forest Utilization (forest production), Forest Development, and Nature Conservation (forest conservation).

Department of Processing and Trade for Agro-forestry-Fisheries Products and Salt Production

The Department of Processing and Trade for Agro-forestry-Fisheries Products and Salt Production performs MARDs functions with respect to the development of master plans, programs and strategies associated with commodity production and markets and the development policies for some trade sectors and craft villages. It issues national technical standards for, amongst other sectors, harvesting, processing, preservation, transportation for agro-forestry, fishery and salt products until they enter the market. The Department is also responsible for guiding the transportation, export and import of agro-forestry, fishery and salt products.

Provincial Department of Agriculture and Rural Development

Provincial Departments of Agriculture and Rural Development (DARD) manage forests in the provinces. Each DARD is subject to its respective Provincial Peoples' Committee (PPC) with regard to their budgets for operations and personnel. DARD conducts forest management through its Departments of Forest Development and Forest Protection. At the district level, forests are managed by the division of agriculture belonging to the District People's Committee (DPC). Each district's department of forest protection helps the division to manage the forests within the district. At the commune level, there are government employees in charge of agriculture and forestry issues. This is supported by field level forest protection agents from the district's forest protection department (Nguyen and Tran 2011).

Institute of Policy and Strategy for Agriculture and Rural Development

The Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD) is a 'Think Tank' for MARD²⁶. Its functions are to:

- Undertake research into the scientific basis for, and assessing impacts of, policies, strategies, plans, and programs in agriculture and rural development sector.
- Provide multi-dimensioned and multi-media information to support decision-making processes in management, production, trade and investment relating to agriculture and rural development.
- Implement cooperation activities in research, technology transfer, training, consultation and model development with domestic and foreign institutions and individuals.

²⁶ Decision 9WQD-TTg on 09/09/2006 to establish Institute of Policy and Strategy for Agriculture and Rural Development.



Viet Nam Academy of Forest Sciences

The Viet Nam Academy of Forest Sciences (VAFS²⁷) is a special scientific organization under the Ministry of MARD. Its functions are in implementing scientific research, technology transfer, post-graduate training, international cooperation, advisory services and business regarding forest research, development and extension in Viet Nam. VAFS leads research in forestry sciences including silviculture, forest ecology, tree breeding, and improvement, forest engineering, forest soils and sustainable forest management.

Forest Inventory and Planning Institute (FIPI);

Forest Inventory and Planning Institute (FIPI) under the former General Department of Forestry was established on 26 January, 1961.²⁸In 1971²⁹the Forest Inventory and Planning Department was renamed as Forest Inventory and Planning Institute (FIPI) belonging to Ministry of Forestry (now MARD). FIPI is responsible for inventory, monitoring and assessment of forest resources and forest planning.

Vietnam Forestry University (VFU)

Vietnam Forestry University (VFU) was founded in 1964³⁰upon the separation of the Faculty of Silviculture and Forestry Mechanization Unit from Hanoi Agriculture and Forestry University. VFU is administered by MARD but managed by the Ministry of Education and Training in terms of educational and professional quality. VFU plays a role in training undergraduate and postgraduate personnel in the areas of forestry and rural development, and in undertaking research and technology transfer in forestry and rural development.

MINISTRY OF NATURAL RESOURCES AND ENVIRONMENT

The Ministry of Natural Resources and Environment (MONRE) is responsible for

- implementing the planning of land use at the national level;
- devising the 5-year plans of land use (2016-2020) in accordance with the provisions of the Land Law;
- monitoring the implementation of planning by provinces and cities, as well as assisting them in examining the establishment, approval and implementation of planning of land use at district level;
- reviewing and making adjustments to the planning of provincial-level; and
- developing and implementing programs on education about legislation on land, to raise awareness of policies and laws among agencies, organizations, households, individuals and resident communities; with special attention paid to ethnic minorities.

MONRE together with MARD provide guidance to local levels to review land use planning, allocation and leasing of forest land in line with objectives and tasks of the FDS and develop a proposal to establish the linkages between forest and land inventories, which are carried out every 5-years.

Viet Nam Environment Administration

Within MONRE the Viet Nam Environment Administration (VEA) has departments for Environmental Appraisal and Impact Assessments, Controlling of Environmental Protection Activities and Biodiversity Conservation as well as a Centre for Environmental Monitoring.

The Department for Environmental Appraisal and Impact Assessments³¹ is responsible for environmental protection planning, strategic environmental assessment, environmental impact

²⁷ Decision No. 2099/QĐ-TTg on the structure and operation of the Vietnamese Academy of Forest 2012

²⁸ Decision No. 140/CP, 1961

²⁹ Decision N. 73/CP, 1971

³⁰ Decision N0 127/CP, 1964

³¹ Decision No.1517/QĐ-TCMT, 2014



assessment, integrated environmental assessment and transboundary environmental impact assessment.

The Department of Controlling of Environmental Protection Activities³² is responsible for supervision and inspection, the sanctioning of administrative violations in the area of environmental protection, settling disputes and complaints, examining and confirming the completion of environmental protection works and measures, and controlling environmental protection activities in the operation stages of production.

The Department of Biodiversity Conservation³³ is responsible for biodiversity and conservation planning and biodiversity law enforcement. It is responsible for the Biodiversity Conservation Corridor project.

The General Department of Land Administration

The General Department of Land Administration (GDLA) was established in early 1994 by the Viet Nam Government by merging and reorganizing two state bodies, the General Department of Land Management and the National Department of Surveying and Mapping. The Functions of GDLA include the preparation of land legislation and land policies and their submission for consideration and approval, the implementation of the cadastral system including the land register, cadastral mapping, cadastral documentation, land tenure certificate issuance and land record systems. It is also responsible for land surveys and inventory for land classification, land assessment and land valuation. The GDLA maintains land statistics and current land use mapping.

The Department of Natural Resources and Environment (DONRE) at the provincial level is responsible for land allocation and the issuance of land use certificates.

MINISTRY OF INDUSTRY AND TRADE

The Ministry of Industry and Trade (MOIT) regulates³⁴ a range of sectors including processing industries, import and export, cross-border trade, external market expansion, market surveillance, trade promotion, and international economic-trade integration.

MOIT has responsibilities with respect to the issuing of permits relating to timber trade and sets the strategy for wood processing.

MINISTRY OF FINANCE

The Ministry of Finance has the function of implementing the State management in finance (including: State budget, tax, fees and other revenues of the State budget, national reserve, State financial funds, financial investment, corporate finance and financial services), customs, accounting, independent auditing, insurance, prices, securities and holding the ownership rights to the State's investment capital in enterprises according to regulations of the Law.

Within the Ministry of Finance the General Department of Customs is the agency tasked with determining and collecting the duties on goods exported from Viet Nam, including for wood products.

MINISTRY OF PLANNING AND INVESTMENT

The Ministry of Planning and Investment³⁵ (MPI) regulates the functions of state planning and provides general advice on strategies. MPI compiles the plans for national socio-economic development as well as developing mechanisms and policies for general economic management and in some specific fields. It is responsible for policies on domestic investment, foreign investment into Viet Nam, and Viet Nam's investments abroad

³² Decision No.1502/QĐ-TCMT, 2014

³³ Decision No.1501/QĐ-TCMT, 2014

³⁴ Decree No. 95/2012/NĐ-CP, 2012

³⁵ Decree No. 178/2007/NĐ-CP, 2007



The Department of Agricultural Economics³⁶ within MPI develops the investment policy for the forestry and agriculture sector. While specific policy related to sectoral governance and technology belongs to the line ministry MPI is responsible for budget development. MPI and the Ministry of Finance, together with MARD, balance and allocate funds to implement the FDS.

MINISTRY OF PUBLIC WORKS AND TRANSPORT

The functions, tasks and authority of Ministry of Transport³⁷ include the management of roads, rail, inland waterways, sea and air transport and policies, regulations and standards in the transportation sector. It is responsible for management of transport infrastructure, transport vehicles, driver training of, transport services management, traffic safety, environmental protection, international cooperation and science and technology in the field of transport

MINISTRY OF JUSTICE

The Ministry of Justice (MOJ) has the primary role in the preparation of legislation for Viet Nam. It is responsible for the development and implementation of laws and regulations, post-review of legal normative documents, control of administrative procedures, legal dissemination and education, state management on the execution of civil and administrative judgments, judicial- administrative activities, judicial affairs support, state compensation in administrative management and execution of judgments, management of the implementation of laws and regulations on the handling of administrative violations and public services provision in the areas under the Ministry's state management.

The ministry of Justice is responsible for Viet Nam's legal reform processes and has in place a Judicial Reform Strategy to 2020.

The Vietnamese judicial system comprises: organizations for mediation and conciliation; people's courts, organized at three levels (Supreme; Provincial and District), military courts and organizations for economic arbitration.

LOCAL ADMINISTRATION

Viet Nam is divided into 58 provinces and three municipalities (Hanoi, Haiphong, and Ho Chi Minh City) all administered by the national government. Districts, towns, and villages are governed by locally elected people's councils and council candidates are screened by the Party. Council members' responsibilities include upholding the constitution and laws and overseeing local armed forces units. The councils in turn elect and oversee executive organs, called people's committees, to provide day-to-day administration. The entire system functions in a unitary fashion, with local organs of authority directly accountable to those at higher levels.

ENFORCEMENT AGENCIES AND ROLES

A number of entities are responsible for the enforcement of forestry and related laws in Viet Nam. These include:

- The Forest Protection Department within VNFOREST in MARD
- The Ministry of Public Security;
- The Department of Customs, and
- The Supreme People's Procuracy.

³⁶ Decision No. 496/QĐ-BKH, 2009

³⁷ Decree No. 107/2012 / ND-CP, 2012



FOREST PROTECTION DEPARTMENT

The Forest Protection Department is the lead agency in Viet Nam concerned forest law compliance and trade in timber. The Department has approximately 10,000 rangers that are responsible for patrolling, monitoring and initiating investigations related to forestry offences (UNODC 2013).

MINISTRY OF PUBLIC SECURITY

Environmental Police

Since 2006, the Ministry of Public Security has a special Department for Prevention of Environmental Crime (commonly called Environmental Police) comprising 100 staff. The Department of Environmental Police is responsible for the enforcement of national policies aiming at preventing violations of the Laws on Forest Protection and Development, Environmental Protection, and Biodiversity. The powers given to the Environmental Police are restricted to the monitoring of the compliance with the laws and the undertaking of initial investigations for forestry crimes (UNODC 2013).

GENERAL POLICE

The General Department of Police (Inspectorate Police) is responsible for investigating serious crimes as stipulated in the relevant articles of the Penal Code. Cases are referred to the Police generally from the Forest Protection Department, Environmental Police and Customs, who are responsible for the initiation of the case (UNODC 2013).

In addition Within the General Department of Police two specific units related to anti-smuggling and economic crime.

CUSTOMS, MINISTRY OF FINANCE

The Customs Department is responsible for checking documentation associated with the import and export of timber and wood products. The Customs department also has a specific unit dedicated to anti-smuggling operations, with a focus, in the context of forestry, on the prevention of the movement of banned timber and wildlife. The Custom Department employs a risk assessment technique, using intelligence to determine which shipments may be linked to criminal activities. Investigations on wood products are based on the Law on Customs Services and indirectly on the 2005 Law on Environmental Protection.

THE SUPREME PEOPLE'S PROCURACY

The Supreme People's Procuracy plays a significant role both in carrying out investigations and prosecutions related to violations under the Criminal Procedure Code. Prosecutors have a clear leadership and advisory role during investigation, including:

- Supervising the institution (UNODC 2013)of criminal cases, the supervision of investigative activities and the compilation of cases files by investigative bodies;
- To set the overall requirements for the investigation;
- To summon and interrogate the accused and to take witness statements; and
- To supervise arrests, custody and temporary detention.

Under the Criminal Procedure Code the prosecutor may cancel the decisions of other bodies, including the police and Forest Protection Department, if they believe the case to be unfounded. Equally, should they believe that a decision not to mount a criminal case is incorrect the Supreme People's Procuracy can order the charging of a suspect or an investigation as required.



PRIVATE SECTOR

INDUSTRY ASSOCIATIONS

The Wood and Forest Products Association of Vietnam (Vietforest); is a non-profit and non-governmental organization established in 2000. It represents Vietnamese enterprises, scientists and technical managers that belong to all economic sectors operating in forest establishment, harvesting, processing, consumption, trade and import, export of forest products.

Ho Chi Minh Handicraft and Wood industry Association (HAWA) was established in 1991 and has been recognized by the People's Committee of Ho Chi Minh City. The association is a volunteer organization consisting of enterprises from different sectors that are operating in the field of handicrafts and wood industry. Enterprises accepting the regulations of the association and voluntarily joining can all become official members of the association.

Forest Products Association of Binh Dinh (FPA Binhdinh) was established under Decision No. 3413/QD-UBND dated 24/09/1999 of the People's Committee of Binh Dinh province. It has 85 members operating in the production of wood processing, supply of raw materials and equipment for wood processing. The association includes a diversity of business types and sizes, with the combined goal of establishing and promoting the "Binh Dinh Furniture" brand.

7. STAKEHOLDERS/ACTORS AND INTERESTS/POSITIONS

The following stakeholders and actors are involved in the plantation and plantation wood value chain in Viet Nam.

- **Farmers and households**- who plant and grow trees for the purpose of timber production and other uses and benefits, on land allocated to them.
- **Plantation growing companies and other large enterprises** - Vietnamese or international companies that seek to establish plantations and produce timber.
- **State owned enterprises** - establish and manage plantations, wood processing (e.g. VINAFOR).
- **Communities**—directly affected by plantations and plantation business that may gain or lose land use rights, land access, or who may gain opportunities for plantation related employment.
- **Army** – as a land/forest owner
- **People’s committees**– with a role land and forest allocation.
- **Collectives/cooperatives/associations** – that unite forest owners, formed by smallholders to facilitate wood sales, price negotiation, improved market, share technical knowledge etc. (e.g. Vietnam Forests Owners’ Association, Forestry cooperatives).
- **Harvesting contractors**- business enterprises that undertake timber harvesting through contracts with farmers, grower groups, timber merchants or plantation companies.
- **Wood Traders/merchants/brokers** - Linking with buyer, procurement of trees, harvest, transport, ensuring the supply chain operating smoothly.
- **Transporters and logistics companies** -enterprises, which may operate independently or under contract with timber merchants.
- **Primary Processors** –e.g. wood-chip processors wood volume, resource availability, quality.
- **Secondary Processors**–pulp and paper processors.
- **Furniture Manufacturers** – creating demand for wood and setting prices through competition, setting wood quality standards, impacting wood supply and volume; affected by taxes, trade measures and consumer standards such as for legality
- **Exporters**–impacted by taxes, duties, trade measures, product standards and quality, legality, phytosanitary rules.
- **Industry Associations** - Wood and Forest products Association of Vietnam (Vietforest); Ho Chi Minh Handicraft and Wood industry Association (HAWA).
- **Non-Government Organisations**– e.g.PanNature, Centre for Sustainable Rural Development.
- **Civil Society**- Individuals, families, communities, non-affiliated industry (e.g. household wood processors) indigenous peoples, academics.
- **International Development Partners** - World Bank, FAO, ADB, ACIAR, GIZ,
- **Certification/Legality Bodies** – FSC, PEFC
- **Certification Auditors**– private companies
- **Importing (consumer) Countries/Companies** -China, Thailand, EU, Australia, with an interest in wood quality, standards, phytosanitary requirements and timber legality.
- **Wood Exporting (timber supplying) Countries** – Lao PDR, Thailand and others that are impacted by Viet Nam policies associated with, in particular, the standards set by consumer countries.
- **Banks** - Loans for plantations and plantations as collateral for loans.
- **Consumers and consumer countries**– product availability, quality, standards and design.
- **Local management authorities (Commune, District, and Province)** –Planning, promotion of plantation development, monitoring and supervision, enforcement.
- **Government (e.g. MARD, VN Forests)**–Policy making, developmental strategies, implementation supervision, capacity improvement, investment and trade promotion.

8. TIMBER PRODUCTION AND MARKETS

Markets are a key driver for plantation policy in Viet Nam, following the market-based focus in National socio-economic development plans and more specific objectives within the FDS for wood processing and trading. New policies are aimed at increased market access, improving product quality and standards, product diversification and meeting legality and sustainability requirements.

WOOD SUPPLY

Wood supply in Viet Nam originates from both domestic and imported sources. In 2012³⁸ the Government of Viet Nam projected wood demand to 2030 (Table 7) forecasting a slight decrease in imported wood, a limited increase in supply from domestic planted forests, and a significant increase in supply from domestic natural forests. While Viet Nam has placed a ban on the logging of natural forests and thus domestic supply is theoretically limited to planted forests and trees, natural forests still appear to remain source of timber into the future.

Table 7: Wood demand projection 2015 -2030

Source	2015 (million m ³)	2020 (million m ³)	2030 (million m ³)
Domestic wood	10.5	14.5	24.5
• Planted wood	6.0	7.5	8.5
• Wood from natural forests	1.5	3.5	12.0
• Scattered trees	1.5	2.0	2.0
• Rubber wood	2.0	2.0	2.0
Imported wood	10.2	9.1	8.2

DOMESTIC WOOD SUPPLY

Statistics on domestic wood production vary. In 2015 VAFS reported that timber production from domestic plantations increased from 6.05 million m³ in 2009 to 15 million m³ in 2013, and was predicted to reach 17.0 million m³ in 2015. According to the ITTO (2015) in 2014 the Vietnamese forest industry produced about 10.75 million m³ of logs, but To *et al.* (2015) reported the 2014 volume of plantation wood was 17-18 million m³. Dong and Phuong (2015) state that in 2015, 19 million m³ was harvested, mainly from plantations and scattered plantings (see also Midgley *et al.* 2016).

Currently, most plantation wood in Viet Nam is used for wood chip (pulp and paper feedstock) and construction materials (solid wood). A lesser proportion of plantation resource is being used for furniture making and other value-added products such as veneer and veneer based products (Redman *et al.* 2013).

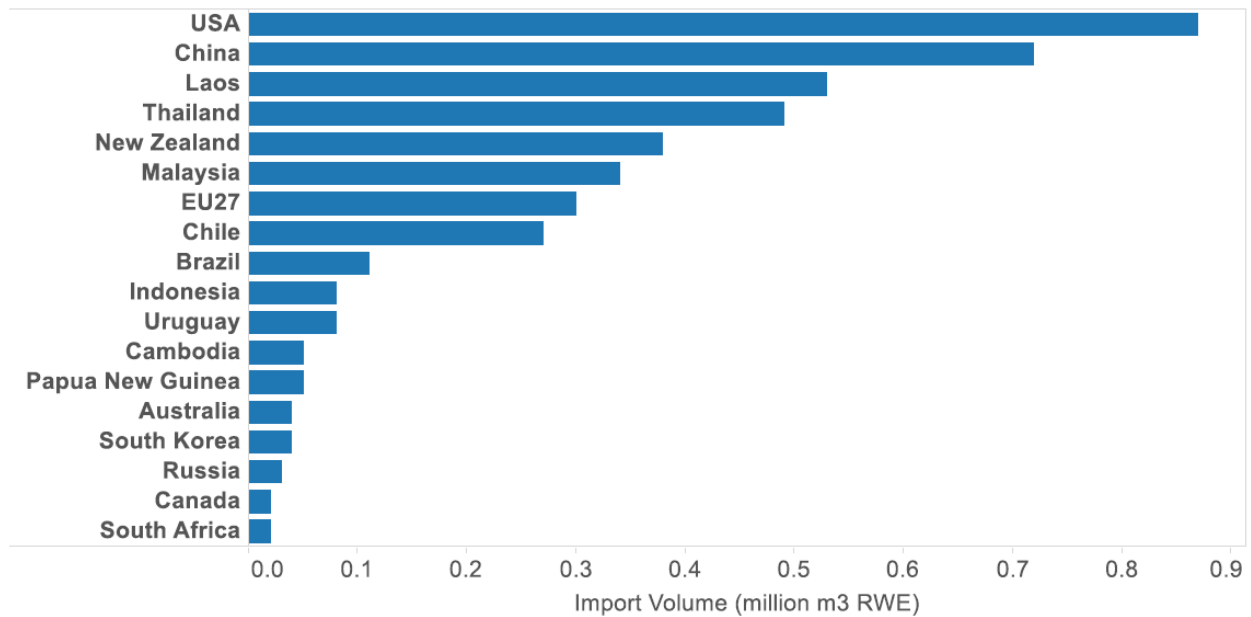
WOOD IMPORTS

Viet Nam is a net importer of timber and Viet Nam's wood processing sector is highly dependent on imported materials from a large number of sources. In 2014, 1.4 million m³ of logs and 2.8 million m³ of sawn timber were imported into Viet Nam, worth US\$ 2.24 Billion (General Department of Customs in Viet Nam in Ngo 2015). In 2015 this increased to 2 million m³ of sawn timber and 1.4 Million m³ of round timber (Dong and Phuong 2015). The General Department of Customs in Viet Nam estimated the value of timber imports in 2014 to be US\$ 2.24 Billion.

Wood imports are sourced from a large number of countries (Figure 7; source Hewitt 2015).

³⁸ Decision No. 2728/QĐ-BNN-CB, 31 October 2012, MARD

Figure 7: Volume of wood product imports by supplier country



Regionally, Viet Nam has had a high dependence on wood imports from Lao PDR and Thailand. From Laos the majority of this wood has historically been from natural forests and while precise volumes are difficult to establish due to discrepancies in trade data between the two countries, the data compiled by Hewitt (2015) suggests in the order of 550,000 m³ round wood equivalent (RWE) was imported in 2013. Only a small proportion of wood imports from Laos are plantation grown; the dominant plantation species in that country being Eucalyptus and Teak. In 2012 Viet Nam imported a total of around 6,700m³ of teak, none which was produced in Laos (Midgley *et al.* 2015); and a limited volume of Eucalypt is being exported from Laos to Viet Nam for construction poles, chipping, pulp and MDF. A recent order made by the Government of Lao PDR³⁹ banning the export of unfinished wood products, including from plantations, is impacting trade between Laos and Viet Nam (Earth Systems 2016).

As both Viet Nam and the countries that supply wood to it seek to meet consumer market standards for sustainability and legality the demand for domestically produced wood in Viet Nam is likely to increase. At present this resource limited in species diversity and products, and may be constrained by socio-economic factors that influence how smallholders choose to manage and harvest their plantations. Strong policy incentives that take into account smallholder needs as well and market demand are required if this transition is to be successful.

WOOD PROCESSING, CONSUMPTION AND EXPORTS

The wood processing sector has expanded rapidly to take advantage of global demand for wood products. In the six years after joining the World Trade Organization (WTO) in 2006, Viet Nam's timber processing and furniture exporting industry registered annual average growth 16%.

In 2012⁴⁰ the Government of Viet Nam projected wood production and exports to 2030 (Table 8). Most notable in this forecast is the complete stopping of wood chip exports by 2020. In 2014 6.97 million Bone Ddry Tonnes (BDT) wood chips (the equivalent⁴¹ of 12.89 million m³) valued at US\$ 958

³⁹Prime Minister's Order 15/PMO banning the export of unfinished wood products.

⁴⁰ Decision No. 2728/QĐ-BNN-CB, 31 October 2012, MARD

⁴¹ 1 BDT=1.85m³ after Byron (2016)

million were exported. In 2015 the reported export value of wood products from Viet Nam was US\$ 7 billion (General Department of Custom, in Ngo 2015).

Wood production can be considered in two broad sectors: furniture manufacturing/building materials and wood-based panel and wood chip.

Table 8: Wood production and export projection 2015 -2030

Use	2015 (million m ³)	2020 (million m ³)	2030 (million m ³)
Total	20.7	23.1	32.7
• Furniture manufacturing/building material	10.05	17.1	24.6
• Wood-based panel and wood chip	10.65	6.0	8.1
Wood products for export	13.5	12.6	16.8
• Furniture manufacturing	7.5	12.6	16.8
• Wood chip	6.0	0	0
Wood products for local market	7.20	10.5	15.9
• Furniture manufacturing/building material	2.55	4.5	7.8
• Wood-based panel and wood chip	4.65	6.0	8.1

FURNITURE MANUFACTURING AND BUILDING MATERIAL

Furniture is produced by around 4000 processing enterprises, mostly small and medium sized, and around 300 wood processing villages (To *et al.* 2013). The sector employs around 270,000 people.

Vietnam is one of the world's largest exporting countries of wooden furniture and parts, with exports valued at US\$4.38 billion in 2013 (ITTO 2015). Export value of manufactured products grew to about US\$7 billion in 2015. Products are exported to over 120 countries.

In 2015 domestic consumption of manufactured wood products was valued at US\$1.3 billion and is expected to increase by 10% by the end of 2016.⁴²

WOOD CHIP AND WOOD-BASED PANELS

In 2012 there were 112 wood chip processing factories in Viet Nam with a total design processing capacity of up to 8 million tons of dry wood chips per year (Tran and To 2013) with a further 18 factories planned. Tran and To predicted that if all 130 wood chip factories were operating at 100% of their design capacity, then the required input materials, which would be mainly provided from acacia and eucalyptus plantations, would increase to 18 million tons RWE but that given the then state of plantations, it was unlikely Viet Nam would be able to supply sufficient input material. By 2014 all 130 chipping mills were operational. In 2004 there were less than 30 reconstituted MDF factories, many of them producing particleboard (Barney 2005). Statistics on the current number of wood-based panel factories is difficult to source.

Of the wood processing enterprises, 95% of are privately-owned and the remaining 5% are state-owned enterprises. The relatively low cost labour force and a favourable environment for foreign investment are the main competitive advantages of the Vietnamese industry.

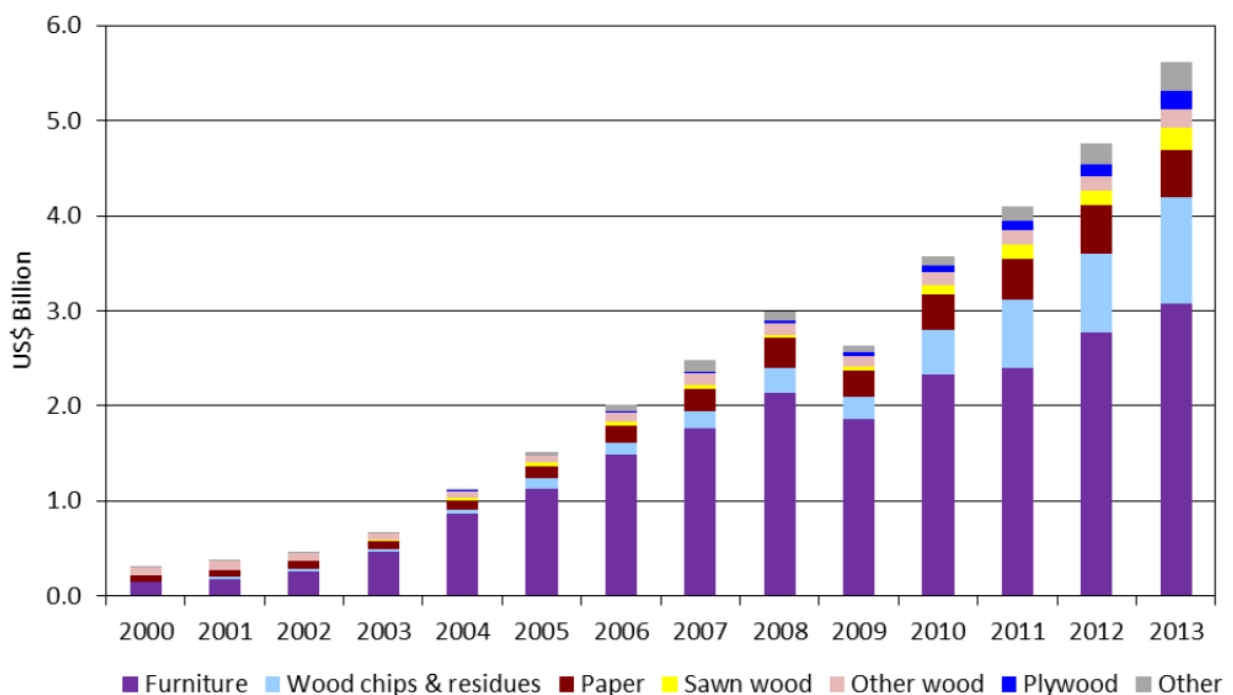
Timber supply to Viet Nam's wood chip industry dominantly comes from commercial and small-scale plantations. Approximately 70% of Vietnamese wood chips are made from acacia, 27% from eucalyptus, and 3% from melaleuca.

⁴² <http://vietnamnews.vn/economy/346510/wood-consumption-to-rise-by-10.html#rcqQKsOtYiOUx3zv.97>

Most wood chip factories, especially large-scale factories, are located near major sea ports and while these locations are convenient for exporting, the distance from timber plantations makes it difficult for large factories to source enough raw material. This has led to severe competition. The small-scale factories that are closer to timber plantations face less challenges in procuring supplies, but they report increased costs in loading, transporting, and unloading materials (Tran and To 2013).

The wood processing sector is now one of the key export sectors of Viet Nam (Figure 8, source Hewitt 2015). In 2015, revenue from exported wood based products was US\$6.8 billion (Dong and Phuong 2015). The key for wood chip and wood-based panels markets are China, Japan, South Korea, Singapore and Taiwan.

Figure 8: Value of Wood based Product Exports



Wood chip policies

The Government of Viet Nam is introducing policy measures⁴³ to promote value added processing and reduce woodchip exports. Interventions include export taxes in wood chips (2% in 2016; with an increase to 5 – 10%), provision of long-term credit with low interest rates for longer rotation plantations (>10 years), improved seedling and plantation management technologies and infrastructure improvements. While wood chip export volumes will initially be maintained they will be gradually reduced in the future. However, given the importance of smallholder owned plantations as a source of timber for wood chips Tran and To (2013) caution the dynamics of introducing policies that are aimed at rapidly reducing demand for woodchips. They recommend that a comprehensive plan is needed to guide the development of the woodchip sector, taking into account the full value chain that focuses on more equal benefit-sharing and risk minimization among all actors across the value chain, from the establishment of timber plantations to export.

⁴³ 147/2007/QĐ-TTg, 38/2016/QĐ-TTg, No. 5115/QĐ-BNN-TCLN, 01/12/2014, Circular 182/2015/TT-BTC

CERTIFICATION, LEGALITY AND OTHER MARKET STANDARDS

Forest policy in Viet Nam is heavily influenced by the requirements of consumer markets and the increasingly strong calls that are being made globally and regionally for sustainability and legality in forests, forest industries and related trade. The response of Viet Nam's trading partners is particularly important. Approaches to certification, verification and governance in forestry in Southeast Asia are described in detail by the World Bank (2012) and in Viet Nam by Laity *et al.* (2015).

This section summarises the two main approaches: voluntary certification and legality assurance and describes their current application in Viet Nam.

CERTIFICATION

Certification programs are voluntary. They are based on the premise that consumers demand and will pay extra for timber that is sourced from sustainably managed forests, including plantations. The two most common forms of certification are

- Forest management – ensuring forest operations are managed sustainably; and
- Chain of custody – tracking certified material from forest to final product.

Certification programs apply a set of standards based on criteria. Once a forestry operation has received certification, they are bound by the standards of the certifying organisation.

The two most prominent certification organisations are the Forest Stewardship Council (FSC) which applies its own standard, and the Program for the Endorsement of Forest Certification (PEFC) an umbrella organisation which endorses domestic forest certification standards; China, Australia and Indonesia, for example, have each developed their own national standard under PEFC.

There is a long history of standard development and in Viet Nam and although there have been many attempts for recognition of a national forest standard, this has not yet eventuated (Laity *et al.* 2015). However, both FSC and the national certification scheme have set ambitious targets. By 2020 the Government aims to⁴⁴ (Trung and Kim 2015):

- have at least 500,000 hectares of production forests certified for SFM, of which 350,000 ha are natural forests and 150,000 ha are plantations.
- develop and have operating a Viet Nam forest certification scheme; and
- build the capacity of stakeholders to implement sustainable forest management and forest certification in Viet Nam.

As of November 2016, 204,617 ha were certified under FSC including 83,386 ha of natural forest and 121,231 ha of plantation (Phuong, Dong and Duc 2016, Table 9). Certification has been achieved through a number of largely externally funded pilot projects (summarised from Laity *et al.* 2015):

- a Japan International Cooperation Agency (JICA) funded project on inventory and planning on sustainable forest management at Kon Plong (Kon Tum) from 2000-2002, finishing in 2003. The second phase, from 2005, was focused on activities of agricultural and forestry improvement and development of modelling of community forest management.
- a WWF Indochina project providing support for improved of forest management within Ha Nung and So Pai State Forest Enterprises (Gia Lai) from 2003-2005.
- a TFT project on planning for forest certification and marketing, supporting forest management units such as Truong Son State Forest Enterprise (Long Dai, Quang Binh), Huong Son Forestry and Service Company (Ha Tinh). TFT in Viet Nam has also been providing technical support for

⁴⁴ Decision No: 83/QD-BNN-TCLN dated on January 12, 2016 of MARD on Approving the Scheme of implementation of sustainable forest management and forest certification period 2016-2020

sustainable forest management units including: Tram Lap, Dakroong and Lo Ku State Forest Enterprises (Gia Lai), Hao Quang Private Forestry Company (Dak Nong), Long Dai Forestry and Industrial Company (State, Quang Binh), Bao Yen Forestry Company.

- an IKEA/WWF and World Bank supported project for FSC Certification in Quang Tri Province.
- The World Bank supported Forest Sector Development Project FSDP-WB3, which was implemented in four provinces: Binh Dinh, Quang Ngai, Thua Thien Hue and Quang Tri from 2005 to 2015.
- a PEFC Pilot project- The Hue University Project, supported by Finnish partners MTK (the Central Union of Farmers and Forest Owners Union), Ylä-Savo Forest Producers' Association (YSFPA), FFD (Finnish Agri-Agency for Food and Forest Development) and Savotta FMA.

Table 9: FSC Certificates in Viet Nam, 2016

Name of Forest Management Unit	Certified area (ha)	Year Certified	Certified forests area	
			Natural forest (ha)	Plantation (ha)
QuyNhon Plantation Forest Company of Vietnam Ltd (QPFL)	9,762	2006		9,763
Forest certification for household groups in Quang Tri province	1,329	2010		1,329
Vietnam Paper Corporation (VINAPACO)	19,370	2010		19,370
DakTo plantation single member limited liability company	15,755	2011	15,702	53
Ben Hai Forest Company, Quang Tri Province	8,559	2011		8,559
Forest Sector Development Project	811	2012		811
Forest Products Export Joint-Stock Company of Quang Nam	1,590	2012		1,590
Vietnam Forest Corporation VINAFOR	35,269	2013	16,492	18,777
Binh Nam Company Limited	2,969	2013		2,969
Truong Son Forest Management Enterprise - Long Dai Forestry Industry Company Limited	31,483	2014	31,483	
Dai Thanh Investment and Development Limited Company	17,552	2015		17,552
Trieu Hai Forestry	5,194	2015		5,194
Duong 9 Forestry One Member Ltd. Co.	4,868	2015		4,868
Thuy Son Joint Stock Company	1,048	2016		1,048
Tuyen Binh Forestry One Member Ltd. Co.	3,468	2016		3,468
Chiem Hoa Forestry One Member Limited Company	5,517	2016		5,517
Uong Bi Forestry Company One Member Ltd.	5,179	2016		5,179
Son Duong Forestry One Member Limited Company	2,481	2016		2,481
Bao Yen Forestry One Member Limited Forestry Company	3,682	2016		3,682
Ba Che Quang Ninh One Member Limited Company	2,446	2016		2,446
Yen The One Member Limitede Company	2,206	2016		
Hai Vuong Private Company	2,631	2016		2,631



Huong Son State Forestry Company	19,709	2016	19,709	
Yen The One Member Limited Forestry	2,206	2016		2,206
Total	204,617		83,386	121,231

The current plan⁴⁵ is for the development of a Viet Nam Forest Certification Scheme (VFCS) that is recognised and endorsed by international certification programs to promote forest certification that meets the requirements of national development and international markets and requirements. VFCS has four main objectives:

- to develop and operate VFCS to deliver requirements of forest certification;
- to develop national standards, policies and toolkits for implementation of forest certification;
- for quality control of forest certification implementation; and
- to build capacity and awareness of stakeholders.

An initial structure of VFCS has been proposed and is undergoing the process to be approved by MARD.

In 2016 The Government of Viet Nam made a Decision⁴⁶ to provide financial; support for businesses, communities and households of up to 70% of the cost of certification of plantations or natural forest areas equal to or greater than 100 ha.

Certification issues and challenges

An observed shortcoming of certification initiatives is the need for more flexible approaches, adaptable to local circumstances. It is also essential that unrealistic economic expectations are not promoted by standard bodies, because they can potentially undermine the benefits that such systems provide (Flanagan and Laity 2015). The failure for market benefits to materialise following certification is one reason that programs fail. Others include complex administrative procedures and early dependence on donor support which may not be sustainable (Hoang *et al.* 2015; To 2012).

The complexity and increased costs faced by smallholders in meeting and maintaining certification standards, in addition to already high transaction costs for plantation timber, are considered to be a significant deterrent to participation in certification programs (Laity *et al.* 2015). Donor funded programs aimed at assisting smallholders through the certification process, have found it difficult to certify a large enough area to supply wood volumes at a level that meets market demand. Similar barriers are less of an issue for state or large private enterprises.

For timber processors who have adopted Chain of Custody systems, complex supply chains based on wood from a number of sources, including timber from natural and plantation forests both within Viet Nam and imported from elsewhere, create administrative challenges in relation to certification. Vietnamese wood processors have imported timber from Laos and Cambodia that has been illegal and poorly documented for decades and there is a need to address the risk associated timber from such sources. However a similar risk profile may not apply to smallholder grown plantation wood.

The financial investment required for planning and forest certification is not generally incorporated into the budgets of forest management bodies. In most certified organizations, the funding for preparing plans and auditing costs are sponsored by external projects and wood processing enterprises. Dependence on external support is not sustainable and in general, FMBs, SoFC and smallholders are not able to cover the costs associated with certification. Although policies exist to incentivize the use

⁴⁵ Decision No: 83 / QD-BNN-VNFOREST Approving the Scheme of implementation of sustainable forest management and forest certification period 2016-2020, 2016.

⁴⁶ Decision No: 38/2016 / QD-TTg, 2016 on Protection Policy, Development and Investment Support Infrastructure, Public Affairs For Agriculture and Forestry Companies.



of financial support from the government budget for forest certification, detailed guidelines for accessing this support are not in place (Phuong, Dong and Duc 2016).

There is limited technical capacity among different forest owners in Viet Nam for development of plans, including FMBs, SoFC and smallholders. The technical capacity limitations are mainly for forest biodiversity survey and assessment, silvicultural measures for productivity improvement, environmental and socio-economic impact assessments and identification of high conservation areas as well as documentation and data management. Current guidelines on the development of plans are insufficient (Phuong, Dong and Duc 2016).

Broad policies, often focussed on protecting natural forests can have unintended consequences for plantations and create an unnecessary level of complexity for plantation growers. This is particularly the case for smallholder and household owned plantations where the degree of risk on an individual level is considered to be low (Laity *et al.* 2015), although on a landscape or regional scale the risk could be higher. A balance is required that considers the, often immediate, needs of participants in the timber value chains, and the longer-term broader benefits certification can provide.

Group certification has been promoted as a means to achieve this balance for smallholder growers, but faces problems associated with the persistent requirements for individuals to maintain the set standards. Group sustainability is challenged where market benefits are not realised or they are not appropriately transferred to group members (Hoang *et al.* 2015). The impacts of group certification are important because one of the primary prospective benefits of groups is lower costs to the members through economies of scale. This is relevant because costs for certification tend to be among the most commonly cited drawbacks of third-party certification schemes (Auer 2012).

More broadly, policies to protect or promote sustainable forest management can benefit from the opportunities that certification programs provide for increasing civil society⁴⁷ participation in the policy making process. This also brings challenges, however, for policy makers in situations where the level or nature of civil society participation anticipated by certification organisations may not be common practice, is heavily regulated, or has emerged as a 'local mode of advocacy' as has been the case in Viet Nam (Kepa 2015).

Certification schemes may also have benefits through a disciplining effect on Viet Nam's forest managers because they call for systematic planning, inventorying, tending, sustainable harvesting and other environmental provisions – concerns that have been lacking in the past management of Vietnam's forests (Auer 2012).

LEGALITY VERIFICATION

Legality verification requires that participants demonstrate that they comply with the relevant laws of the producer country, as described in a framework set by the program, and require a level of traceability of legal timber at all points in the supply chain. Some voluntary certification bodies have introduced legality standards as a second (minimum) tier of certification below sustainability criteria.

Consumer countries such as Australia, The United States and The European Union (EU) have enacted domestic legislation to reduce the risk of the importation of illegal timber or wood products. Of these the EU Forest Law Enforcement, Governance and Trade (FLEGT) program is the most prominent in Viet Nam. The program includes financial and technical support and advice, as well as measures to promote the legal timber trade. Voluntary Partnership Agreements (VPAs) established between the EU and timber-producing countries are a central component of the scheme which requires the development of Timber Legality Assurance System, which has five core components:

- The legality definition

⁴⁷Civil society is not a consistently defined term (see e.g. Gemmill and Bamidele-Izu 2002, Meidinger 2003). It is used as an all-encompassing term for all actors who are neither government nor business sector members. Includes e.g. communities, indigenous peoples, advocacy groups, churches, academics and unions.

- Supply chain control
- Verification of compliance
- FLEGT licensing
- Independent audit.

In 2010, Viet Nam officially announced the start of formal negotiations for a bilateral FLEGT-VPA with MARD the agency responsible for undertaking negotiations for the Government of Viet Nam. To date, Viet Nam and the EU have conducted three negotiation rounds (Technical Working Group Meetings - TWG); and to support the negotiation process there have been numerous Joint Expert Meetings (JEMs), Video Conferences, and several Technical Working Sessions. A draft version of the Timber Legality Definition (LD) exists, and the preparation of the Timber Legality Assurance System (TLAS) is at an early stage, however there are difficulties in the harmonisation of the legal system within Viet Nam with the expectations of the EU (Laity *et al.* 2015).

Other FLEGT projects occurring in Viet Nam include:

- Legal reform projects
- Monitoring projects
- Transparency projects
- Information sharing projects
- Domestic market projects

It was expected that the negotiation process would conclude with the VPA signed by December 2015, however this has been extended and is now planned for the end of 2016.

Issues with legality verification

Viet Nam's wood processing sector is likely to remain highly dependent on imported materials from a large number of sources: currently, 80% of the industry's raw materials are imported and demonstrating the legality of wood from other sources will be dependent upon systems applicable to those countries. In source countries where regulation is weak or enforcement poor this will be an ongoing challenge. In countries where these are strengthened, Viet Nam's wood processing sector may face reduced wood supply.⁴⁸

The Government of Viet Nam and industry both have an interest in expanding to new markets in order to diversify its consumer base beyond the US, EU and Japan (e.g. to Russia, India, Middle East, central Asia). This is to protect from economic risks as well as to find markets for wood products that may not impose the more stringent requirements regarding legal or sustainable sourcing (To and Canby 2011).

There can be adverse impacts on vulnerable stakeholders. In 2013 and 2014 an investigation of the potential implications of Vietnam's proposed VPA on vulnerable stakeholder groups and households was undertaken using a Livelihood Impacts Assessment (LIA) method (SRD 2015). The main objectives of the study were to assess the likely impacts of the VPA on vulnerable stakeholders, identify key social safeguard issues and responses, explore opportunities for enhancing livelihood outcomes and identify implementation risks and risk reduction and mitigation measures. It focussed on four vulnerable stakeholder groups: furniture manufacturing households, plantation timber processing households, forest-dependent ethnic minority households and forest growers without a Land Use Right Certificate (LURC).

The policy impacts analysis undertaken by the study revealed some likely adverse impacts associated with the implementation of the VPA:

⁴⁸ For example following Order No 15/PMO On Strengthening Strictness of Timber Harvest Management and Inspection, Timber Transport and Business in Lao PDR

For furniture manufacturing households:

- production costs are likely to increase due to a price increase of legal raw materials;
- productivity and household income will decline, although households with the capacity to adapt and with a stronger legal basis will benefit in the long term;
- households that are not legally compliant face the risk of closure; and
- increased powers of relevant authorities may lead to higher transaction costs, at least in the short-term.

Timber plantation processing households:

- may face a shortage of raw material as illegal timber is excluded from the market;
- will experience an increase in the price of legal wood, leading to higher costs of production and reduced household income;
- may lose access to institutional credit since their production facilities do not comply with new regulations;
- may face increased fees and tax payments;
- may face closure if they do not achieve legality, and laborers, especially women, face losing jobs; and
- will be impacted by the increased power of local authorities;

Forest- dependent ethnic minority households:

- will face increased demand for land for timber plantations which may cause them to sell their ancestral lands, and consequentially this may increase forest encroachment due to their ongoing need for farmland;
- may lose access to land previously used for non-timber forest products and timber where the expansion of timber plantations occurs on forest land previously available to them for these purposes.
- may increasingly rely on off-farm employment; and
- may have their customary rights and institutions weakened through increased powers given to forest rangers, forest companies and forest owners.

For timber growers without LURCs:

- the sale price of legal timber will increase, but timber from non-LURC land will fall in price, reducing household incomes;
- transaction costs (including for bribes) could increase if a mechanism for legalising non-LURC timber is developed;
- employment opportunities may be lost as non-LURC households discontinue tree growing, particularly affecting female laborers who provide most of the forest-based labor;
- there is a risk of losing land (weak land ownership);
- the increased power of authorities and strict enforcement of legal requirements would place them in an increasingly weak situation.

Land policy and clarification of legal land use rights, or loss of these remains a significant issue for timber legality in Viet Nam. Conflicts regarding land use and forest boundaries between local communities and FMBs and SoFCs are still quite common (Phuong, Dong and Duc 2016). Land encroachment by local people is often difficult to control. This situation is exacerbated by the rural



poverty rate and the lack of alternative livelihoods for food security. Continued efforts to issue land use certificates clarifying land use rights are needed to facilitate any national efforts to define the legality of Viet Nam's domestic timber supply, and to increase volume of timber harvest from plantation and natural forest in the long run (To and Canby 2011). Some exporters to the US and EU markets that use wood from plantation forests in Viet Nam may face risks associated with non-formalised land use rights, however, this risk can be minimised in the future if local authorities can verify the legality of timber harvested from plantation forests. The ease or difficulty in legal verification by local authorities depends on the scope of the timber legality definition of Viet Nam (Nguyen and Tran 2011). This is still under development.

Market regulations bring opportunities and risks for different industry actors. Certification and legality are likely to carry negative costs for some actors in the wood processing sector, while others will benefit. The majority of Viet Nam's wood processing industry is privately-owned and is of small or medium size⁴⁹, and half have some form of foreign investment. Requirements for legal timber for all of these processors are unclear but are likely to disproportionately affect SMEs, particularly small-scale wood processors. Larger companies with strong capital and resources may be able to capture the opportunity and derive more benefits from using legally certified timber and exporting to US, EU, and Japan markets. The SMEs with lower capital and capacity, and weak or absent mechanisms for assessing or controlling the legality of timber, are more at risk. These SMEs may be those most likely to opt for markets with less sensitive requirements.

Alternatively, SMEs may transition to being subcontractors for the larger enterprises, or disappear if they cannot meet market requirements (To and Canby 2011). This could disproportionately affect some Vietnamese provinces more than others, making it politically controversial. There are some policy options, for example, public policies could be targeted to support 'at risk' SME's, or a more hands off approach may allow the private sector to be left to work out their responses to new sustainability and legality requirements.

Continued support for verified legality and certification systems can deliver sustainability benefits that enhance market access and long-term profitability. Maintaining these benefits requires further commitment and action from governments, industry and the third parties involved. Systems must be practical, cost-effective, and easy to implement. While sustainability and legality can be demonstrated through a number of different processes, care must be exercised where changing policy directions which create business uncertainty (Laity *et al.* 2015). The advocates of the various schemes (FSC, PEFC, FLEGT etc.) should also be mindful of the adverse impacts that competition between schemes for policy and market space may have on policy making.

With the application of appropriate policy measures the plantation resource has the potential to help address challenges faced by Viet Nam with respect to meeting the legality and sustainability requirements of markets. Plantation grown wood can be an alternative to wood sourced from natural forests (either in Viet Nam or imported from elsewhere). It can also add value along supply chains through the generation of additional employment opportunities associated with market focused domestic wood processing industries. These will emerge where there is a secure, predictable resource of known volume and quality. However achieving this may be challenged by the requirement for cash flow among the owners of Viet Nam's smallholding plantation resources for both planned and unplanned livelihood purposes. The challenge for certification and legality verification approaches it to be sufficiently flexible to accommodate local requirements for poverty alleviation and livelihood improvements.

⁴⁹According to Government Decree 90/2001/ND-CP, 2001, SMEs in Viet Nam are defined as independent production and business establishments, registered as a business according to the current law, each with registered capital not exceeding VND 10 billion or annual labor not exceeding 300 people.



With a view to progressing sustainable forest management, certification and timber legality, through a VPA/TLAS Viet Nam recently reviewed status of these programs in the country several recommendations for intervention for FMBs, SFCs and smallholders have been made (Phuong, Dong and Duc 2016).

- Interventions for SFM for FMBs should focus on the development of options for forest co-management, improving the capacity, livelihoods and income of local communities, forest rehabilitation and enhancement. Co-management of forests should promote effective engagement of local communities and mobilize sources of finance for forest management. This can be achieved through the application of sustainable extraction of timber to supply subsistence needs for home use (housing, furniture etc); development of NTFPS in forest areas for income generation; expansion of fruit trees and other cash crops on farms and home gardens; planting of scattered trees for subsistence use of timber and fuel wood; intensification techniques for agricultural crops and the development of eco-tourism.
- With regards to SFM interventions for SFCs, the focus should be on improved and sustainable productivity of plantation forests and natural forests, improvement of benefit and access to capital and markets and capacity building. Productivity of plantations can be improved through forest business planning, including land suitability assessment for tree species selection, application of suitable silvicultural measures, for example spacing, pruning, thinning techniques, fertilizer application, and use of certified germplasm. The value of plantations will be improved by promoting interventions across value chains, linkages between forest growers and wood industries and access to markets for certified products. Strengthening capacity for SoFCs is required to ensure effective development and implementation of SFM plans, value chain analysis and forest business planning.
- Interventions for smallholder on the sustainable management of plantations and natural forests include the promotion of the establishment of forestry cooperatives, improvement of plantation productivity, strengthening the process of forest land allocation and forest allocation, promotion of linkages with the wood processing industry, exploration and mobilization of funding sources for plantation development and awareness raising and capacity building.

9. ENABLING ENVIRONMENT

LAND TENURE AND PLANTATION OWNERSHIP

Land tenure and land use rights, including for the establishment and ownership of plantations are set through the Land Policy and the Land Law. Between 1997 and 2007, the National Assembly passed laws on land use and a number of significant policy statements were made with respect to land and forest (Table 10, after Sandewall *et al.* 2010). Approved by the National Assembly in 2003, the Land Law⁵⁰ reaffirms land as the property of the State that could be allocated for specified land uses to public or private entities, for periods of between 20 and 70 years with rights set out in Land Use Right Certificates (Red Books). The Land Law states that forest is attached to land in the allocation process, with forest regarded as connected property (To and Nghi 2014; To *et al.* 2013).

Table 10: Significant policy statements influencing forest land management in Vietnam

Year, Statement	Relevance
1981 Decree 100	Local authorities were given the right and obligation to contract the management of collective land to others who could pay back in kind to the cooperative. The official start of the demise of producer cooperatives.
1986 Doi Moi	The formal decision on the introduction of a 'free market' economy
1988 Resolution 10	Collective agricultural land allocated on a long-term lease, to individual households who pay the lease in cash. In effect the end of the period of collectivisation which started in the early 1960s.
1991 First National Forest Policy	Indicates a shift from state forest towards privatisation of some forest land. SFEs were also encouraged to lease out forest land to households.
1992 Decision 327/CT	Concerns policies on the use of bare land and denuded hills. Although initially generally integrated rural development, eventually a strong re- and afforestation component.
1993 Land Law	Allocation of agricultural and forest land to individual households through the provision of permanent land-use certificates was formalised.
1995 Decree 01/CP	Formalised the leasing-out of SFE land to individual households
1998 Decree 661	1998–2010 The 5 Million Ha Reforestation Programme. A framework for reforestation of 5 million ha, of which 2 million ha by individual entities such as households and entrepreneurs, e.g. the private sector.
2003, Promulgation of Land Law, Order No 23	Defines the rights and obligations of land users, including regulations for mortgaging land and regulation of land prices.
2004, Promulgation of the Law on Forest Protection and Development	Recognition of communities, e.g. upland communities, as legal operators and owners of forest and forest land; specifies the rights of the owners and operators to sell, inherit, the produce and the forest land.
2007, Decree No 18/2007/QĐ.TTg Promulgation, Vietnam Forest Development Strategy 2006–2020	Emphasises the move from State to social and private forestry; forestry based upon market mechanisms

⁵⁰Land Law 2003, Decision 13/3003/QH11, November 26, 2003, National Assembly

The Land Law helped to clarify the framework for forestry land tenure and created for the first time the opportunity to allocate forestry land to communities as well as to individual households, public management boards, and other state entities.

Table 11: Scope of land use rights for forestland

Use Rights	Special Use Forests	Protection Forests	Natural Production Forests	Planted Production Forests
Timber Harvesting	Not allowed	Limited	Allowed	Allowed
Land Use Right Certificate	Contract is made with individuals or households	Contract is made with individuals or households	LURC is issued with limited rights	LURC is issued with full rights
Term of use right	varies under contract	varies under contract	20-50 years	50 years
Transfer	Limited	Limited	Limited	Yes
Exchange	Limited	Limited	Limited	Limited
Lease	No	No	No	Yes
Bequeath	No	No	No	Yes
Mortgage	No	No	No	Yes
Inherit	Limited	Limited	Limited	Yes
Investment	No	No	Limited	Yes

Broadly, the following four major forest tenure arrangements were recognised (Tan 2006):

- Private property, which is the most common forest management arrangement in Viet Nam. It includes forest management by individual households and by State and joint venture enterprises. Under this arrangement, forest is allocated for long-term management (50 years). Most forest owners under this arrangement are entitled to a land-use certificate.
- State property, through which forests are managed by people’s committees at different levels, army units and forest management boards. Under this arrangement, forest is allocated to a State body for an unspecified period. Where the forest falls into the special-use or protection category, its owners are entitled to receive State budget for its management.
- Common property, through which forest is managed by collectives that are legally recognized by the State. Forest under this arrangement is allocated to a group of individuals, each of whom has similar rights and responsibilities. Owner groups are also entitled to land-use title for the area of forest they are allocated. At present, only a small area of forest is under the common property arrangement, but the potential for the future is promising.
- Forest contracting, whereby a management arrangement is formed when an owner of forest (under State property) signs a contract with an organization, household, group of households or village to protect the forest. Under this arrangement, rights of ownership of the forest under contract remain with the contractor, and the contractee has only the rights specified in the contract. The contractee is entitled to cash remuneration for protecting the contracted forest area. Contracts are usually for one year and renewable based on the satisfactory performance of the contractee.

While forests and forestland can be allocated to private entities for long term tenure agreement, but the tenure regimes vary greatly across the type of forests (Phuong 2016). The Forest Protection and

Development Law recognises eight categories of forest ownership, with varying responsibilities and rights for forest management:

- Households and individuals
- Commune People's Committees (CPC)
- Economic entities
- State-owned organizations
- Other types of organizations
- Joint-venture companies
- Foreign companies
- Communities

In 2014 12.1 million ha of forestry land had been allocated to the 8 groups, including 4.5 million ha (37.5%) to households and individual of which about 70% is production forest land and the remainder (about 30%) protection forest land. Forest companies have been allocated 2.2 million ha of forest land, making up 19% of total forest land nationwide. Approximately 81% of the land allocated to forest companies is production forest land. The scope of rights of Forest Land is summarised in Table 11 (after To and Nghi 2014).

STATE FOREST ENTERPRISES (OR COMPANIES)

State Forest Enterprises (SFE's) are semi-autonomous state-owned entities that were initially created to be responsible for the management of all production forestland in Viet Nam. SFEs were established in the 1960s to manage Viet Nam's forests and to supply the industry with raw material. The SFEs often imported their own workers from other provinces, while the local population used the forest land for other needs (Sandewall *et al.* 2010). In 1997, SFEs still controlled 6.8 million ha of land, including protection and production forests, barren land, and agriculture land. In the early 2000's the Government made a decision to⁵¹ reform SFEs and Forest Management Boards. Resolution 28/NQ-TW by Viet Nam's Political Bureau in 2003 and Decree 200 by Viet Nam's Government in 2004 regulated the shift of SFE towards Forest Companies (FCs). As a result, 256 SFEs were transformed into 148 FCs, 3 joint-stock companies, and 91 forest management boards (FMBs); 14 ineffective SFE were dissolved entirely. Ten of the 148 FCs remained under central management, while the 138 SFEs were managed by their respective Provincial People's Committees (To and Nhgi 2014). By 2006, the area under SFE control and management had been reduced substantially. Since 2007, some SFE have been renamed State Forest Companies. In the past the government assigned SFCs with responsibility for carrying out forest protection and development programmes such as the 327 and 661 Programmes. In accordance with such programmes, SFCs plant and protect forest through a budget allocated for programme activities.

The Provincial Departments of Agriculture and Rural Development are responsible for a majority of the State Forest Companies. About 10 percent are administered centrally under MARD. Their main business activities include timber harvesting from natural and plantation forests, the operation of sawmills, non-wood forest product processing, and seedling production.

Today Some SFCs conduct contract-based allocation of parts of their land holdings to local people to enable participation in forest protection and new plantation development programs. Under Decree 01 dated 1 January 1995, the Government provided regulations on forest land allocation based on contracts to state enterprises for agricultural, forestry, or aquaculture development purposes. Specifically SFC's and protection/special-use FMBs could be allocated land for forestry purposes by the State. These entities then allocate forest land (including protection, special use, and production forest land/bare land slated for forest planting) to land recipients such as households, labourers, civil

⁵¹28/NQ-TW by Viet Nam's Political Bureau in 2003



servants working for them, local residents, and households and organizations from other regions seeking to develop production forest. The Decree specified the responsibilities and benefits for each party and an allocation period for production forests based on the tree rotation period (To and Nghi 2014). Subsequently Decree 135 of 2005 indicated that SFE were allowed to allocate natural forest, plantations and production forest land to land recipients, including households seeking to receive land, with priority given to poor ethnic minority groups in mountainous areas. The forest land contract could be varied with a maximum period of 50 years. SFC's could share the role in forest development with land recipients, with benefits divided between the two parties. The contract-based allocation is overseen by various regulations and it is always the state that is the ultimate representative of land owners.

A criticism of contract-based allocation is that it is thought to encourage excessive land clearance for the collection of land rental fees. If SFCs are unable to manage their allocated land effectively, they typically choose to lease out the land to others as a quick source of revenue. On-going inequality in land access has also led to conflicts between SFCs and local people, the scale of which is difficult to realistically gauge (To *et al.* 2013).

The review of SFCs is ongoing with a view to convert them into more commercially oriented businesses through a process known as equitization. The review recognises that problems persist including excessive debt, dysfunctional business arrangements, unclear land rights, poor forestry practices, high overheads and unnecessarily large numbers of employees. The Government of Viet Nam has struggled unsuccessfully for three decades to put SFCs on a productive, profitable and sustainable track. Reform efforts have been frustrated by a burdensome regulatory framework, high costs of compliance, a poor appreciation for private-sector forestry and lack of responsiveness by the companies themselves (World Bank 2016b). In addition a lack of reliable and complete information about SFEs makes evidence-based reform difficult.

SFCs continue to have an important stake in forest plantation development and control around 25-30 percent of all production forest plantations. These plantations are generally considered to be more productive and comprise larger plots than plantations owned by smallholder households. Some SFCs have established joint ventures with private foreign companies, such as VIJACHIP, a joint venture between Nissho Iwai Company and Vietnamese Government (World Bank 2010). VIJACHIP has multiple sub-companies and plantation holdings in VN.

State Forest Companies may manage land directly or enter into contracts with local people under a variety of arrangements involving land, labour inputs and timber volume commitments after harvest (see for example To *et al.* 2013). While the SFCs may control up to 30% of Viet Nam's production forest area, much of the forest land is leased out to farmers and entrepreneurs (Sandewall *et al.* 2010).

FOREST MANAGEMENT BOARDS

Forest Management Boards (FMBs) primarily manage protected forest areas belonging to the state. Of the total area managed by FMBs (538,992 ha) about 88% are natural forest, and the remaining 12% are plantation forests. FMBs receive central government budget allocations, and in many cases, contract local people to implement protection and conservation activities (To and Canby 2011).

COMMUNE PEOPLE COMMITTEES

Commune People Committees (CPC) manage around 833,000 ha, most of which are natural forests. Owing to the lacking of staff and capacity, CPCs are often unable to effectively manage these areas. Despite governmental efforts to allocate these areas to other forest user groups, delays have been caused by lack of budget for allocation processes, weak collaboration between MARD (responsible for managing the forest resources) and MONRE (responsible for managing the land) (To and Canby 2011).



COMMUNITY AND MASS ORGANIZATIONS

Community and mass organizations such as farmer unions, women and youth groups, manage approximately 130,000 ha of forest.

INDIVIDUALS AND HOUSEHOLDS

Individuals and household own and managed around 1,747,781 ha of plantation. From a policy perspective forest land allocation to households and individuals is considered to be a mechanism that will improve civil access to land and long-term land use rights are considered to be an incentive for investment in forest protection and development, resulting in improved livelihoods and an ability to move beyond swidden cultivation.

In accordance with the Land Law up to 30 ha forest land may be allocated for production (Land Law 2003, Article 70.3). Land Use Rights are provided. Individuals and households are encouraged to establish farm businesses, including through forestry; plantations may be established by individuals, household or businesses on land allocated to them. Family households and individuals using land for farm businesses may convert the land use in accordance with a business or production plan approved by the people's committee of the district, town or provincial city.

Under the Law on Forest Protection and Development 2004, ownership rights over planted production forests provides the forest owners with rights to possess, use and dispose of trees, animals and property associated with planted forests, based on investment by the forest owner during the term of the allocation or lease.

Production forest can be recovered by the State in circumstances in which forest owners fail, for a period of 12 consecutive months, to use the land for development purposes, in accordance with land use plans, because a lease term has expired or as a result of violation of the law. Forests may also be compulsorily acquired by the State, in which case compensation is payable. This can take the form of assignment or lease of other forest areas for the same use; assignment of land for the planting of new forests or compensation in kind or cash.

Land leases

The allocation of forestland areas greater 30 ha is by way of lease. Under the Land Law 2003 (Article 35) The Government of Viet Nam may lease state land for forest production to individuals, households, economic organisations and foreign companies. Lease may be by way of an annual or one-off rental. Land that is leased for forest production should be bare. The authority for allocating land by lease is vested in the Provincial People's Committee, District People's Committee or Commune People's Committee depending on the intended use⁵².

Under the Law on Forest Protection and Development the State can lease planted production forests to overseas Vietnamese, foreign organizations and individuals with the lump-sum rent payment for the whole lease term or with the annual rent payment, for execution of forestry investment projects according to the provisions of investment legislation.

The Law on Foreign Investment encourages foreign companies to invest in agriculture production with special priorities, including land lease.

PLANTATION CONTRIBUTION TO LIVELIHOODS

The expansion of farm-based forestry in Viet Nam is a result of the combined effect of supportive policies, markets, economic development, improved infra-structure and communication, tenure reforms and changing conditions for agriculture (Sandewall *et al.* 2010). Studies make various estimates of the contribution that household plantations make to the scale of the resource. Nambiar *et*

⁵²Decree No 23/2006/ND-CP of March 2006 on the Implementation of the Law on Forest Protection and Development



a/ 2014 suggest 46% of plantations are owned by individuals and households while others report as much as 70%. In 2013, of the total plantation area managed by households, only 51% was considered to be productive (To and Nghi 2014).

How trees and plantations are incorporated into household livelihood systems may be locally specific and influenced by a range of factors including general access to land, access to land for agriculture, quality of land for plantations, household size and available labour, income, access to wood market/remoteness, access to markets for other crops, capital, access to finance and credit, off-farm labour opportunities and other factors (Sikor 2011; Sandewall *et al.* 2010). The tree and plantation components of livelihood systems consequently vary in scale and complexity from as little as 0.1 ha or scattered trees to complex multi-species agroforestry and stand-alone woodlots; 80%, have areas smaller than 5 ha and most are less than 1 ha in size. These factors may influence the overall production perspective of the households as being survival-focussed, investment-oriented or surplus-oriented, with the former focussed on meeting their immediate needs, primarily food and basic consumer items, and possibly saving a small surplus as a buffer against unexpected expenses latter more likely not to integrate plantations into the household economy, each year seeking to generate surplus from all their activities. Investment-oriented households make decisions about plantations independently of other livelihood decisions (Sikor 2011). This differentiation is important because it impacts the effectiveness of policy measures designed to influence the behaviour of plantation owners particularly those that are aimed at increasing length of plantation rotations and altering the types of products.

PLANTATION DEVELOPMENT PROCESS

The process for plantation approval and development follows a number of pathways depending on the scale of the plantation project, the nature of the investment and the land allocation process. These processes are described in the Forest Protection and Development Law, and environmental and social impact mitigation measures are described in the Law on Environment Protection and relevant regulations.

GENERAL PROVISIONS

In all cases owners of planted production forests must develop plans to manage, plant and protect forests accordance with the forest protection and development plan of each region and the forest management regulations.

In cases where forest owners invest their own money in planting, tending, managing and protecting forests, they are entitled to decide on the harvesting of their planted forests. Products harvested in this way may be freely circulated in the market. If planted forest trees are special or rare timber species, their exploitation must comply with the Government's regulations.

In cases where forests are planted with the State budget and capital, forest owners must compile harvesting dossiers and submit these to the relevant agencies for approval.

Forests must be replanted immediately after exploitation or natural regrowth measures must be applied in the harvesting process.

PLANTATION REGISTRATION

Forest owners may register forest use rights and ownership rights over planted production forests⁵³.

The initial process of registration of forest use rights must be conducted simultaneously with the land use right registration process according to the provisions of the Land Law and regulations and the Forest Protection and Development Law. The registration of ownership rights over planted production forests must also comply with provisions on property registration.

⁵³Law on Forest Protection and Development, Article 31.



ENVIRONMENTAL AND SOCIAL IMPACT PROTECTION MEASURES

The Law on Environmental Protection 2014 prohibits all activities that destroy or damage forests. It specifies requirements for strategic and project-level environmental assessment, including for both forestry projects and projects that could impact on forests.

Planning for Environmental Protection occurs at two levels - National and Provincial, undertaken respectively by MONRE and provincial People's Committees. Planning is undertaken at a broad level, taking into account socio-economic development plans and objectives.

Strategic environmental assessments are made in the planning of socio-economic regions, key economic regions, corridors and belts, including planning and proposals for industrial and sectoral development at the national, local and provincial level that can significantly affect the environment.

For individual projects and environmental impact assessments (EIAs) or and Environmental Plan (EP) may be required. An EIA is required for:

- a) Projects subject to decisions on investment intentions made by the National Assembly, Government and the Prime Minister;
- b) Projects that use land parcels situated in wildlife sanctuaries, national parks, historical – cultural monuments, world heritage sites, biosphere reserves, scenic beauty areas that have been ranked;
- c) Projects that can cause negative effects on the environment.

EIAs are the responsibility of the project owner and must be undertaken within the preparation phase of a project, and have a life of 24 months - that is, an EIA must be repeated if a project is not executed within a period of 24 months after the EIA has been approved.

EPs are required for "Investment projects that are not identified as objects that require the environmental impact assessment" (Article 29).

Specific measures have been introduced to minimize and mitigate the negative social, economic and environmental impacts associated with different tree plantation development approaches. These are articulated in Law, regulations and guidelines, including:

- The Law on Environmental Protection, 2014.
- The Law on Biodiversity 2008.
- The Law on Access to Information 2016 (to be in effect from July 1st 2018).
- The Law on Complaint 2011.
- The Law on Anti-Corruption (revised) 2012.
- Decree 18/2015/ND-CP dated 14 February 2015 of the Government on strategic environmental assessment, environmental impacts assessment, and environmental protection plan.
- Decree 19/2015/ND-CP dated 23 June 2014 of the Government guiding on (some articles) of LEP.
- Decree No. 29/2011/ND-CP dated 18/04/2011 on regulations on strategic environmental impact assessment and environment protection commitment.
- Decree 65/2010/ND-CP dated 10 June 2010 of the Government regulating and guiding on implementation of some articles of biodiversity law.
- Decree 21/2008/ND-CP Amending and supplementing a number of articles of the Government Decree 80-2006-ND-CP, 28 February 2008.

- Decree 80/2006ND-CP Providing detailed regulations for implementation of Law on Environment Protection, 9 August 2006.
- Decision 1439/QD-BNN-TCLN dated 25 April 2016 of MARD promulgating regulations on FORMIS management and use.
- Decision 90/QD-TTg dated 12 January 2016 of Prime Minister approving the national network planning for natural resources and environment monitoring in the period 2015-2025, vision to 2030.
- Decision 166/QD-TTg dated 21 January 2014 of Prime Minister promulgating implementation plan for national environmental protection strategy by 2020 and a vision to 2030.
- Decision 81/2014/QD-TTg dated 31 December 2014 of Prime Minister on collaboration between ministries, sectors and (different level) people committees with (different level) farmer associations in receiving/listening citizens, solving farmers' grievance/complaints
- Decision 1250/QD-TTg dated 31 July 2013 of Prime Minister approving national strategy on biodiversity to 2020 and a vision to 2030.
- Decree 160/2013/ND-CP dated 12 November 2013 of the Government regulating criteria for species determination and management of endangered, precious and rare species for protection purposes.
- Circular 25/2015/TT-BTNMT dated 29 May 2015 by Ministry of Natural Resource and Environment (guiding) on strategic environmental assessment, environmental impacts assessment, and environmental protection plan.
- Circular 05/2008/TT-BTNMT Guidance on SEA, EIA and CEPs 8 December 2008.
- Circular 08/2006/TT-BTNMT Guidance on SEA, EIA and CEPs, 8 September 2006.

With respect to forestry projects,⁵⁴ EIAs are required for projects:

- with a forestation area of 1,000 ha or larger;
- involving exploitation of a forest area of 200 ha or larger, for planted forests,
- involving exploitation of a forest area of 50 ha or larger, for natural production forests, and
- involving exploitation of a forest area of 10 ha or larger, for natural protection forests

With respect to timber processing EIAs are required for projects:

- to build timber processing mills with an annual capacity of 3,000 m³ of timber or more
- to build chip plants with an annual capacity of 50,000 tons of products or more
- to build plywood plants with an annual capacity of 100,000 m^e or more
- to build plants of domestic, construction or industrial wood products with an annual capacity of 10,000 products or more
- to build pulp and paper plants with an annual capacity of 300 tons of products or more
- Projects to build paper plants with an annual capacity of 5,000 tons of products or more, for production of paper from pulp, and all plants with production of paper from waste

It is not explicitly stated whether smaller projects require an Environmental Plan.

⁵⁴Government's Decree No. 29/2011/ND-CP of April 18, 2011, Appendix II, List of Projects subject to Environmental Impact assessment reporting

MONRE is the lead agency with respect to environment protection and the administration of EIAs. However, six other ministries share approval responsibilities with MONRE's EIA Department and as a result inter-ministerial coordination can be a challenge. General departments under MARD (such as Fisheries and Forest Protection) are responsible to approve EIAs in relevant areas. Meanwhile, cross-cutting agricultural or irrigation EIAs are approved by MARD's Department of Science, Technology and Environmental Management. The Ministry of Industry and Trade approves EIAs for projects under its responsibility, including hydropower and mining (World Bank 2014, in Wells-Dang *et al.* 2016).

In practice, the EIA system is highly decentralized (Clausen *et al.* 2011). In several decades of administrative devolution, the centre has ceded significant authority to provinces, so that the province is now the key level for EIA implementation. According to Decree 80 (2006), EIAs for small projects can be approved at the provincial level, making up 75% of total EIAs in the country. Provincial departments (of Natural Resources and Environment, Planning and Investment, etc.) report primarily to the Provincial People's Committee, and only secondarily to national ministries, meaning the ministries have limited leverage (Wells-Dang *et al.* 2016). Provinces compete with each other to attract investment and Provincial leaders who want to improve their economic development performance frequently allow project owners to delay in submitting an EIA report which allows the project owners to receive approval for investment first and conduct an EIA later.

At present many environmental regulations are reportedly unrealistic, of poor quality and cannot be implemented properly. They are also contradictory (Wells-Dang *et al.* 2016). Lack of clarity, perceptions of illegitimacy where rules are seen as unreasonable, regulatory complexities and inconsistencies, high real and hidden transaction costs all increase risk and uncertainty for projects, which may exacerbate non-compliance.

INCENTIVES, DISINCENTIVES AND FINANCE

The Government of Viet Nam has promoted plantation wood industries and tree planting through the following programs and policies:

- **Land fee exemptions**– By the end of 2003 the National Assembly promulgated a policy exempting and reducing land use taxes for farmers engaging in forest rehabilitation. Households that established forest plantations and owned an allocated area of less than 30 ha were exempt from land use tax. Other economic organisations that managed forest plantation were entitled to a 50% reduction. This policy, which remained in place until 2010, was intended to encourage participation in the 5MHRP. Some land fee exemption remain in place. For example there is an exemption of land rental fees for tree planting (Land law 2013; Decree 46/2014/NĐ-CP; Decree 210/2013/ND-CP) which applies to individuals, households, organisations and cooperatives, however economic organisation are no longer exempt.
- **Value added tax (VAT) incentives:** e.g. Ministry of Finance (MOF) Circular 113 on exemptions to value added tax (VAT) for imported wood to be used for export.
- **Export tax incentives:** e.g. Decision 109/2008/QĐ- BTC on export tax exemptions for products made from plantation timber, and from imported wood.
- **Export tax imposts** - such as the proposed tax on wood chips.
- **Fee flexibility** – e.g. allowing leases to be paid lump-sum or annually.
- **Direct Grants-** Payments were made to farmers or entities for planting tree or protecting forest in association with the 5MHRP. At the beginning of the program farmers received amounts averaging VND 2.5 million/ha and this increased to VND 4 million/ha in 2004. Households and individuals who invested their own means in establishing plantation of rare and valuable species with a long rotation (30 years) were eligible to receive grants⁵⁵ of VND 2 million per ha (de Jong *et al.* 2006).
- **Subsidies** - for example, under Decision 37 in 2004, the government provided for subsidies relating to costs associated with transport of products produced by companies located in the

⁵⁵ Decision 210/QĐ-TTg,

Northwest region. Under Decision No: 38/2016 / QD-TTg, 2016 financial support is provided across a range of forest activities.

- **Compensation** - Forests may be compulsorily acquired by the State, in which case compensation is payable. This can take the form of assignment or lease of other forest areas for the same use; assignment of land for the planting of new forests or compensation in kind or cash.
- **Finance and lending** - Tree growers have been provided with several opportunities for preferential loan credit associated with reforestation programs, for example:
 - Decree 106 in 2004 and Decree 20 in 2005 enabled conditions for households participating in the government's forest plantation program to gain access to government credit. Organisations and individuals that engaged in production forest plantation and regeneration could access preferential credit with an annual interest rate of 5.4% per year.
 - Decision 147 in 2007 and 131 in 2009 provided accessibility to government loans for the establishment of plantation forests and other production activities.
 - Under decree 55/2015 ND-CP Tree growers can access a loan without security assets, with concessional interest and terms.⁵⁶
 - The Bank of Social Policy (BSP) typically grants households loans of VND 10–15 million for 3 years.
 - Vietnam Bank for Agriculture and Rural Development (state-owned but operates largely independent from influence by People's Committees) offer loans to farmers typically for three years, requiring Land Use Certificates as collateral.

However in reality many organisations and individuals could not benefit from this opportunity (Dong and Phuong 2016, de Jong *et al.* 2006).

- **Donor assisted activities** - for example:
 - The Forest Sector Development Project offers plantation loans to households under a loan agreement between the Vietnamese government and the World Bank signed in April 2005. The project objective was to establish production oriented plantations on a 66 000 ha by 2010 by providing loans to for up to 75% of total investment costs for terms of up to 15 years.
 - Forestry Sector Development Project funded by the World Bank assists in measuring forest land and issuing Redbooks for households. The households then use their red books to ask for a loan from a revolving fund of the project which is managed by Vietnam Bank for Social Policies. The project also provides technical supports to forest growers.
 - Reforestation projects funded by KfW support household tree plantations through grants in kind and cash. They provide free tree seedlings and fertiliser to households. They also set up savings accounts at BSP for participating households to compensate for their labour inputs.

TECHNICAL SUPPORT, CAPACITY BUILDING AND ASSISTANCE

The Forest Sector Development Plan 2011-2020 prioritises a number of research, technology and extension programs including:

- a) formulating and finalizing procedures, technical standards on forest fire prevention and fighting, forest harvesting and utilization, intensive afforestation in identified areas.
- b) strengthening research in, and transfer of, science and technology with special attention paid to select new high-yield, high quality varieties. Research the application of appropriate advanced technology and use and further development of, traditional knowledge to improve the effectiveness of resource utility, value of outputs and quality of forest environmental services.

⁵⁶ Decree 55/2015/ND-CP on credit policies for agricultural and rural development; Decree 75/2015/ND-CP



- c) The use of harvesting and processing equipment and appropriate advanced technology, linking research with production and diversification of products in order to increase their value-added and reduce environmental pollution.
- d) reinforcing the forestry extension system at the grassroots level, particularly in the communes with large areas of forest and forest land in remote locations.

The program on research, education, training and forestry extension focuses on capacity building for university students and government staff in the areas of sustainable forest management and forest processing. Research focuses on some key fields including bio-technology, high-yielding plantations, agroforestry and improvement of processing technologies for the wood industry.

Extension services are provided particularly to local households with regard to forest protection, production and management skills.

RISKS

There are risks associated with plantations of all scales. Smallholders are often viewed as particularly vulnerable because they bear a disproportionately high share of the risks associated with tree plantations (Midgley 2006). However, a similar position could be taken with respect to all growers in the plantation value chain. Technical, environmental, market, livelihood and policy/regulatory risks are all present.

MARKET RISKS

- Fluctuations in price
- Changes in wood quality, specifications and standards
- Changes in consumer demands (such as design needs)
- Market competition
- Introduction of consumer country certification or legality measures (also a regulatory risk)

POLICY AND REGULATORY RISKS

- Changes in policy with respect to land allocation
- Changes in regulation restricting market access (e.g. Wood chip taxes)
- Introduction of new regulations that add to costs of production (e.g. the introduction of EISA regulations increasing establishment cost, or phytosanitary requirements required for export)
- Introduction of new regulations to meet the requirements of importing and consumer countries

TECHNICAL AND ENVIRONMENTAL RISK

- Impact of disease or pests
- Impacts of natural disasters such as floods, typhoons or fire
- Climate change
- Lack of skills or expertise, e.g. appropriate silviculture, meeting certification needs
- Lack of species diversity

LIVELIHOOD RISK

- Changes in socio-economic condition resulting in unplanned harvesting or plantation sale (smallholders)
- Loss of plantations due to compulsory acquisition for National development projects

10. CONCLUDING REMARKS AND RECOMMENDATIONS

This study reviewed the current policy settings, legislation and governance arrangements for forest plantations in Viet Nam and identified issues and challenges for further analysis. It revealed a comprehensive legal framework with 40 laws, decrees and decisions relating to forest plantations and eight national government agencies and many provincial government agencies responsible for administering this regulatory framework and providing a supporting environment.

The study found that while policies have broadly been successful, there are a number of key issues and consequences of current policies. These include:

FOREST COVER, TIMBER PRODUCTION CAPACITY AND SUSTAINABILITY

Plantations have contributed substantially to past targets for increasing forest cover. These plantations provide a range of environmental services (e.g. carbon sequestration, soil and catchment protection) but are not a full substitute for natural forests.

Opportunities to expand plantations are becoming limited because of demand for land for agriculture, infrastructure and urban development. Current plantations managed on short rotations supply volatile markets - woodchips for pulpwood. Depending on land regulations and policy incentives, growers of short rotation plantations may shift to other agricultural commodities. Forest area provided by plantations may therefore not be permanent.

Export market requirements have driven new policies for timber legality and sustainable forest management in Viet Nam and in exporting countries, and have reduced imports of natural forest wood. New Policies for harvesting and conversion of natural forest, and for strong and growing wood industries may increase demand for wood the future. Meeting targets for increased domestic timber production will therefore need to come from sustainably managed sources including plantations. Current requirements to demonstrate legality and sustainability through certification can impose high costs on smallholder growers and have had limited uptake.

There are relatively few tree species grown in plantations in Viet Nam. This is advantageous for meeting current market and for focusing research for tree improvement and silviculture to improve production. However, low species diversity may make plantations more susceptible to pests, diseases, fire or climate change.

RECOMMENDED POLICY RESPONSES

- Investment in measures to improve production capacity and management of existing plantations, for example quality control of seedlings and targeted advice and technical assistance for smallholders on pests and diseases.
- Enforce compliance with existing laws to maintain forest cover and land under plantations, and provide incentives to maintain land under tree cover (e.g. through carbon payments for afforestation, payments for forest environmental services, environmental offsets and penalties for deforestation).
- Implement and support low-cost, easily adopted mechanisms to ensure the sustainability and legality of local and imported timber, including through voluntary, group certification standards.
- Continue research to test and deploy different tree species and develop more market options for plantation growers to build resilience to environmental hazards, disease or market volatility.

HIGHER VALUE WOOD PRODUCTION

Current timber production by small holders involves high stocking and short rotations that produce limited amounts of saw logs for higher value furniture markets. Trees grown on lower stocking or

longer rotation systems could replace timber sourced from natural forests in Viet Nam or imported from elsewhere.

Semi-processed woodchips sold into international markets currently provide a good return to tree growers and exporters but have lower potential benefits to the wider Viet Nam economy. Policies to promote production by smallholders of larger logs will be challenged by farmer decisions on risks and returns. Different growers have different income and management goals. Perception of risk of losses from typhoon, fire, insects or disease may be as important as the actual risks. The production of larger wood will require investment in new machinery for harvesting, loading and transport. To maximise economic benefits from tree growing, markets for woodchips and smaller logs will be required in future. Parts of the plantation area are also not suitable for long-rotation production.

A full range of production options should therefore be available to growers.

RECOMMENDED POLICY RESPONSES

- Undertake analysis of the most suitable species, timber yields and areas most appropriate for conversion to long-rotation plantations.
- Improve information provision to forest growers on projected timber yields, different markets and prices, silvicultural interventions and the benefits of using good germplasm in these areas.
- Investigate measures, such as tax or fee deductions, insurance or carbon payments to encourage growers to extend the rotation age of plantations.
- Investigate support for cooperative management and building links and shared value along supply chains, including through forest certification.
- Undertake analysis of risks and appropriate risk management tools for longer rotations such as loans or insurance.
- Ensure there are no regulatory barriers to markets for small wood and harvesting residues.

FOREST PLANTATIONS AND POVERTY ALLEVIATION

Many national policies aim to support poverty alleviation and expand agricultural, forestry, fishery activities and extension services to improve livelihoods of poor people. For example, the Forestry Development Strategy 2006-2020 aims to contribute to poverty alleviation, improve livelihood of mountainous rural people and to maintain national security. Poor households are allocated land and entitled to receive low interest loans for forest plantations. Data from this project indicates that forest plantations have contributed to economic development but less to reducing poverty. Across communities, livelihoods and wellbeing have generally improved, but the poorest groups have not benefitted as much and their asset base may be inadequate, unstable and risky.

RECOMMENDED POLICY RESPONSES:

- Undertake further analysis to better understand why growers prefer shorter rotation plantations.
- Support local entrepreneurs and enhance capability of smallholders to engage with companies and diverse markets and products.
- Provide platforms for improved communication between state forest companies, local government agencies and smallholders around forest land allocation and use.
- Support and mobilise learning platforms to enhance social capital for greater community cohesion and capacity to learn and act collectively on growing, certifying and marketing plantation grown wood.
- Enhance forestry extension capacity for poorer tree growers to provide targeted and timely on-the-ground support to tackle technical issues around plantation management.
- Understand and enhance the safety net functions of trees to mitigate financial or climate risks.



- Review existing policies to ensure that they effectively contribute to poverty reduction goals. Pro-poor plantation policies need to address a range of poverty aspects beyond improving incomes, and include measures to create stronger asset base and greater decision-making capacity at household level.



REFERENCES

- Auer, M. A. (2012) Group Forest Certification for Smallholders in Vietnam: An Early Test and Future Prospects. *Human Ecology* 40:5–14
- Barney, K. (2005) Central Plans and Global Exports: Tracking Vietnam's Forestry Commodity Chains and Export Links to China. *Forest Trends*, 85 pp.
- Batra, P. and Piraud, R. (2015) Is a *typology for planted forests feasible, or even relevant?* CIFOR InfoBrief No. 121, May 2015
- Byron, N. (2016) *The Acacia Economy of Vietnam*. Technical Report to the Australian Centre for International Agricultural Research (ACIAR), Canberra (in review).
- Carle, J and Holmgren, P. (2008) Wood from Planted Forests. A Global Outlook 2005-2030. *Journal of Forest Products*, 58 (12) 6-16
- Castella, J. C., Boissau, S., Nguyen, H. T. and Novosad, P. (2006) Impact of forestland allocation on land use in a mountainous province of Vietnam. *Land Use Policy* 23, 147–160
- Clausen, A.; Vu, H.H. and Pedrono, M. (2011) An evaluation of the environmental impact assessment system in Vietnam: The gap between theory and practice. *Environmental Impact Assessment Review* 31, 2: 136-143.
- Clement, F. and Amezaga, J. M. (2009) Afforestation and forestry land allocation in northern Vietnam: Analysing the gap between policy intentions and outcomes. *Land Use Policy* 26, 458–470.
- Dang, H. H. and McPherson, M. (2010) Land Policy for Socioeconomic Development in Vietnam. Harvard Kennedy School, the Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD).
- de Jong, W., Sam, D. D. and Hung, T. V. (2006) *Forest Rehabilitation in Vietnam: Histories, reality and future*. CIFOR publication, 90 pp.
- Dong, T. L. and Phuong, V. T. (2016). "Status and future directions for tree plantations in Vietnam" Presentation to IUFRO Asia and Oceania Conference, Beijing
- Duc, L. T. (2015) Analysis of State Forestry Companies with Emphasis on Sustainable Natural Forest Management Case Studies from the Central Highlands, Vietnam. Institut für Internationale Forst- und Holzwirtschaft. 280 pp.
- Earth Systems (2016) *Lao PDR Eucalypt Sector Discussions paper, Towards Sustainable Management: An industry Perspective*, Vientiane Capital, August 2016, 27 pp. Draft.
- Flanagan, A. and Laity, R. (2015) *Over-regulated and under marketed: Challenges in supporting feasible verification processes in Lao PDR*. Discussion Paper completed as a component of the Australian Centre for International Agricultural Research (ACIAR) funded Project FST/2010/012 Enhancing Key Elements of the Value Chains for Plantation Grown Wood in Lao PDR.
- Gemmill, B and Bamidele-Izu, A. (2002) The Role of NGOs and Civil Society in Global Environmental Governance, In D. C. Esty and H. Ivanova, (eds) *Global Environmental Governance : Options and Opportunities*. Yale Center for Environmental Law & Policy, 255 pp.
- Government of Viet Nam (2003) The Comprehensive Growth and Poverty Reduction Strategy
- Government of Viet Nam (2005) The Five-Year National Socio-Economic Development Plan 2005-2010
- Government of Viet Nam (2007) Viet Nam Forestry Development Strategy 2006-2020



Hardy, A. (2003) *Red Hills: Migrants and the State in the Highlands of Vietnam*. University of Hawaii Press, 359p.

Harwood, C. E. and Nambiar, E. K.S. (2014) Productivity of acacia and eucalypt plantations in Southeast Asia. 2: trends and variations, *International Forestry Review* Vol.16(2) 249-260.

Hewitt, J. (2015) *Vietnam Trade Data Analysis: Furniture Sector*. Presentation to TREE Workshop:Vienna Sep 17, 2015.

Ho, D. H. and McPherson, M. (2010) *Land Policy for Socio-economic Development in Vietnam*. Fulbright Economics Teaching Program and Ash Center for Democratic Governance and Innovation, John F. Kennedy School, Harvard University with IPSARD

Hoang, H. T. N., Hoshino, S. and Hashimoto, S. (2015) Cost Comparison between FSC and Non FSC Acacia Plantations in Quang Tri Province, Vietnam. *International Journal of Environmental Science and Development*, 6 (12) 947-951.

Houng, T. T. T, Zeller, M. and Hoanh, C. (2014) The 'Five Million Hectare Reforestation Program' in Vietnam: An Analysis of its Implementation and Transaction Costs a Case Study in Hoa Binh Province. *Quarterly Journal of International Agriculture* 53, 4: 341-375.

ITA (2015) *Sector Note on Wood and Furniture in Vietnam*, 9 pp.

ITTO (2015) *Biennial review and assessment of the world timber situation 2013-2014*. http://www.itto.int/annual_review/

Katz, L. (2010), 'Red Tape and Grid lock.' *Canadian Journal of Law and Jurisprudence* 23(1) 99.

Kepa (2015) Reflections on Vietnamese Civil Society. <http://www.kepa.fi/international/english/kepa-south/kepa-in-mekong-region/mekong-links%20>

Kirk, M. and Tran, N. (2009). *Land Tenure Policy Reforms: Decollectivization and the Doi Moi System in Vietnam*. IFPRI Discussion Paper 00927. International Food Policy Research Institute, Washington DC. November 2009. <http://www.ifpri.org/sites/default/files/publications/ifpridp00927.pdf> (accessed 2 January 2013).

Laity, R., Flanagan, A., Ha, H., Ha, N. and Cu, H. V. (2015) *Leveraging sustainability with profitability: verification mechanisms for smallholder plantations in Vietnam*. Report prepared for ACIAR project "Enhancement of production of acacia and eucalyptus peeled and sliced veneer products in Vietnam and Australia" FST/2008/039,

MARD (2015) *Forest Sector Development Report 2014*. For distribution at the FSSP Annual Meeting on 4 February, 2015, 51 pp.

Marsh, S.P. and MacAulay T. G. (2006) Land reform and the development of commercial agriculture in Vietnam: policy and issues.

McElwee, P. (2004) You Say Illegal, I Say Legal. *Journal of Sustainable Forestry*, 19:1-3, 97-135

Meidinger, E. (2003) Forest Certification as a Global Civil Society Regulatory Institution. In. E. Meidinger, C. Elliott and G. Oesten (eds.) *Social and Political Dimensions of Forest Certification*, Kessel, 364 pp.

Meyfroidt, P. and Lambin. E. F (2009) Forest transition in Vietnam and displacement of deforestation abroad. *Proceedings of the National Academy of Science of the United States of America* (PNAS), 106, 38, 16139-16144.

Midgley, S. (2006) *Position Paper on Tree Plantation Development in Lao PDR*. Forestry Strategy 2020 Implementation Promotion Project, Department of Forestry.



- Midgley, S. J., Stevens, P. R. and Arnold R. J. (2016). Hidden Assets: Asia's Smallholder Wood Resources, and their Contribution to Supply Chains of Commercial Wood. Australian Forestry (submitted).
- Midgley, S., Mounlamai, K., Flanagan A, and Phengsopha, K. (2015) *Global Markets for Plantation Teak; Implications for Growers in Lao PDR*. Completed as a component of the Australian Centre for International Agricultural Research (ACIAR) funded Project FST/2010/012 Enhancing Key Elements of the Value Chains for Plantation Grown Wood in Lao PDR. 75 pp.
- Midgley, S.J., Pinyopusarerk, K., Harwood, C.E. and Doran, J.C. (1996) Exotic plant species in Vietnam's economy – the contributions of Australian trees. Working Paper 1997/4, Resource Management in Asia - Pacific Seminar Series, Research School of Pacific Studies, Australian National University. 13 pp
- MONRE (2011) Biodiversity Strategy to 2020, Vision to 2030, 176 pp.
- Nambiar, S., C. Harwood & N. Duc Kien (2014): Acacia plantations in Vietnam: research and knowledge application to secure a sustainable future. *Southern Forests: a Journal of Forest Science*: 1-10.
- Ngo, S. H. (2015) The development of the Vietnamese Plantation Forestry & Woodchip Industry: Its status in 2015 & Future Trends
- Nguyen, Q.T. and Tran, N.H., (2011). How Viet Nam is prepared to meet legal requirements of timber export markets, Tropenbos International Viet Nam. Tropenbos International Viet Nam, Hue.
- Pham, M. C. (2012) Vietnam National Forest Monitoring Program: Experience and Future Direction. www.gofcgold.wur.nl/documents/CIFOR-GOFC_WS_2012/MCPham.pdf
- Phoung, V. T. (2016) Forest Policies and Governance for Tenure Reform and Improved Livelihoods: Vietnam. Paper presented at Asia Pacific Forestry Week. 2016
- Phoung, V. T., Dong, T. L. and Duc L. T. (2016) Sustainable Forest Management in Vietnam: Status, challenges and interventions. Draft Policy Brief, Viet Nam RDD+ Office.
- Pistorius, T., Hoang, H. D. T., Tennigkeit, T., Merger, E., Wittmann, M. and Conway, D (2016) *Business Models for the Restoration of short-rotation Acacia plantations in Vietnam*. A project supported by the German International Climate Initiative
- Putzel, L., Dermawan, A., Moeliono, M. and Trung, L. Q. (2012) Improving Opportunities for Smallholder Timber Planters in Vietnam to Benefit from Domestic Wood Processing. *International Forestry Review*, 14, 2:227-237.
- Redman, A., Tung, N. T. and Bailleres, H. (2013) *Vietnamese Acacia and Eucalyptus resource analysis: Milestone report – Activity 1.1.1*. Report submitted for ACIAR project “Enhancement of veneer products from acacia and eucalypt plantations in Vietnam and Australia”.
- Rudengren, J. Houn, N. T. L. and von Wachefelt, A. (2012) Rural Development Policies in Vietnam: Transitioning from Central Planning to a Market Economy. Institute for Security and Development Policy 27 pp.
- Sam, D. D and Trung, L Q. (2001) *Forest Policy Trends in Vietnam*. Policy Trend Report, 69-73.
- Sam, D. D. (1994) *Shifting Cultivation in Vietnam: its social, economic and environmental values relative to alternative land use*. International Institute for Environment and Development
- Sam, D. D., Hung, T. V., Mau. P. N. and De Jong, W. (2004) How does Vietnam Rehabilitate its Forests? Review of Forest Rehabilitation Projects – Lessons from the Past, a project coordinated by CIFOR in Vietnam, Indonesia, China, Philippines and Peru.. Participating partners in Vietnam are the Ministry of Agriculture and Rural Development of Vietnam (MARD), The Forestry Science Institute of



Vietnam, The Center for International Forestry Research, The Forestry Department, the Department of International Cooperation, the Forestry Sector Support Program Coordinating Office, WWF Indochina Office and the Tropenbos International Vietnam Program. Funds for the study have been provided by the Government of Japan to CIFOR.

Sandewall, M., Ohlsson, B., Sandewall R.K. and Viet, L.S. (2010) The expansion of farm based plantation forestry in Vietnam. *Ambio* 39: 567–579.

Sikor, T. (2006) Politics of rural land registration in post-socialist societies: Contested titling in villages of Northwest Vietnam. *Land Use Policy* 23, 617–628.

Sikor, T. (2011) *Financing household tree plantations in Vietnam: Current programmes and future options*. Working Paper 69, 40 pp.

Sikor, T. (2012) Tree plantations, politics of possession and the absence of land grabs in Vietnam. *The Journal of Peasant Studies*, 39:3-4, 1077-1101,

So, N. V. and Thoan, V. V. (1999) Review of Forest Land Allocation in Vietnam SR.
<http://www.mekonginfo.org/document/0001357-planning-cadastre-review-of-forest-land-allocation-in-s-r-vietnam>.

SRD (2015) Livelihood Impact Assessment of Vietnam's Proposed Voluntary Partnership Agreement. Undertaken by Centre for Sustainable Rural Development (SRD) on behalf of The Vietnamese Non-Government Organization Network on Forest Law Enforcement, Governance and Trade.

Sunderlin, W.D. and Huynh, T. B., (2005). *Poverty alleviation and forests in Vietnam*. CIFOR. 84 pp.

Tan, N. Q. (2006) *Land Law Reforms in Vietnam – Past & Present. Understanding forest tenure in South and Souteast Asia*. Asian law Institute Working Paper Series No. 015. 6pp.

Thulstrup, A.W. (2014) Plantation livelihoods in central Vietnam: Implications for household vulnerability and community resilience. *NorskGeografiskTidsskrift–Norwegian Journal of Geography* 68, 1–9.

To, P .X. and Nghi, T. H. (2014) Forest Land Allocation in the Context of Forestry Sector Restructuring: Opportunities for Forestry Development and Upland Livelihood Improvement. Tropenbos International Viet Nam, 86 pp.

To, P. X. (2012) Forest Certification in Vietnam. Forest Trends Information Brief No 2, May 2012, 4pp.

To, P. X. and Canby, K. (2011) Baseline Study 3, Vietnam: Overview of Forest Law Enforcement, Governance and Trade

To, P. X., Nghi T. H. and Zagt, R. (2013) Forest land allocation in Viet Nam: Implementation processes and results. Info brief, May 2013, Tropenbos International Viet Nam.

To, P. X., Nguyen, Q.T., Huynh, V. H., Tran, L. H. and Cam, C. T.(2015) 'Export and Import of roundlog and sawntimber in Vietnam in 2014'. Forest trends

Tran, L. H. and To, P. X. (2013) Vietnam's Wood Chip Industry: Status of the Sector in 2012 and Challenges for Future Development. Forest trends Info Brief May 2013.

Trung, L. Q. Phuong, V. T., Yang, A. and Hai, V. D. (2015) *The distribution of powers and responsibilities affecting forests, land use, and REDD+ across levels and sectors in Vietnam: A legal study*. CIFOR Occasional Paper 137, 86 pp.

Trung, N. T. and Kim, N. T. (2015) Viet Nam Forest Certification Scheme. VAFS Presentation

UNODC (2013) Criminal Justice Reponses to the Illegal Timber Trade in Vietnam, 44 pp.

UN-REDD (2013) UN-REDD Viet Nam Phase II Programme: Operationalising REDD+ in Viet Nam



USAID (2013) Property Rights and Resource Governance. Vietnam Country Profile.

<http://www.usaidlandtenure.net/vietnam>.

VNFOREST (2013) Study on Reviewing 1-Year Implementation of Forest Protection and Development Law 2004. Study conducted by Dr. Pham Xuan Phuong, Dr. Doan Diem, Dr. Lê Khắc Côi, Prof. Le Hong Hanh, Assoc. Prof. Dr. Tran Quang Bao, Nguyen Quoc Dzong for the Forest Sector Support Partnership.

Wells-Dang, A., Soe, K. N., Inthakoun, L., Tola, P., Socheat, P., Nguyen, T. T. V., Chabada, A. and Youttanakorn, W. (2016) A Political Economy of Environmental Impact Assessment in the Mekong Region. *Water Alternatives* 9, 1: 33-55

World Bank (2010a) Aligning Public Spending with Strategic Priorities in the Forestry Sector. 90 pp.

World Bank (2010b) Forest Governance and Trade: Socialist Republic of Vietnam.

World Bank (2012) Certification, Verification and Governance in Forestry in Southeast Asia: Discussion Paper. The International Bank for Reconstruction/World Bank 2012. 192 pp.

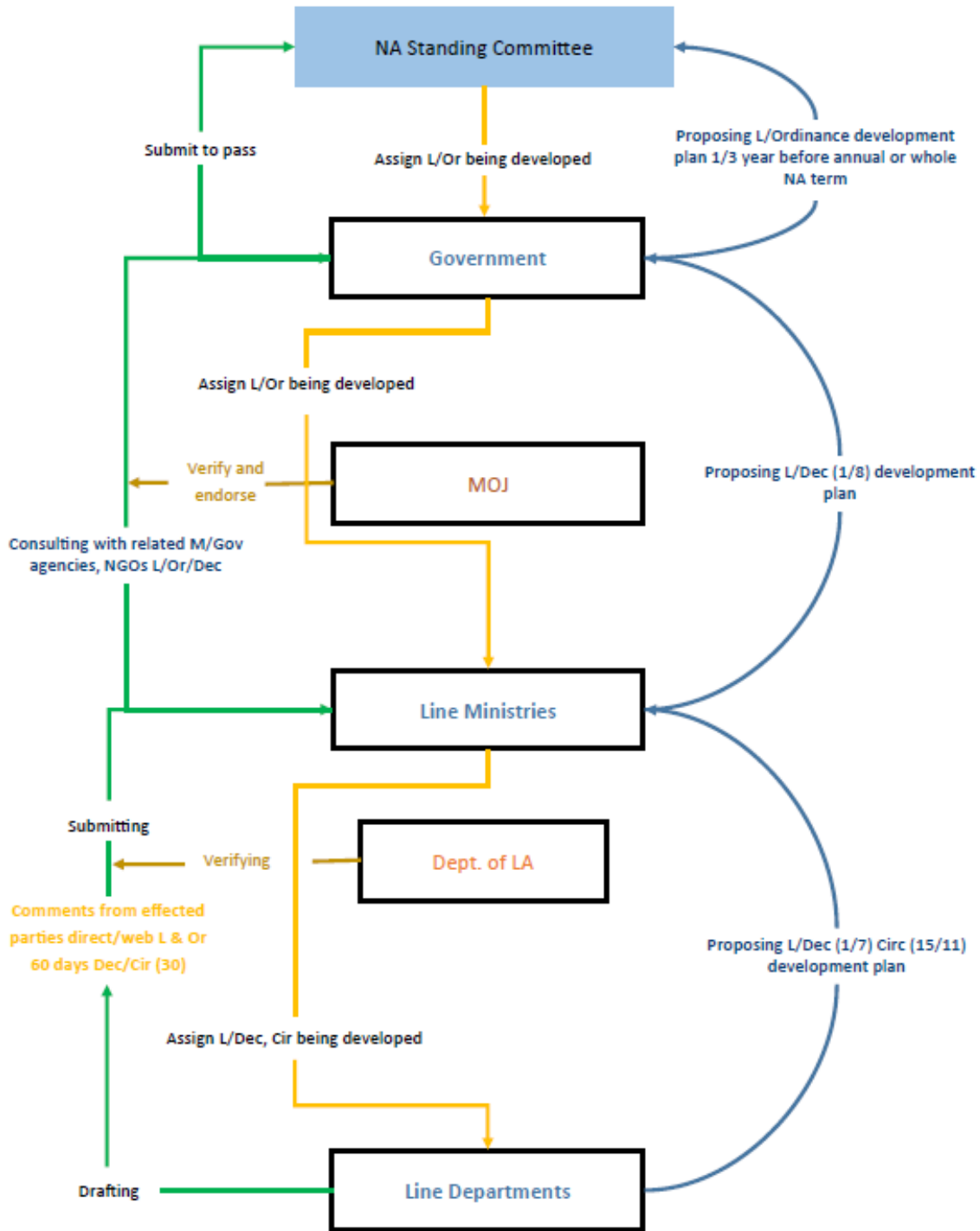
World Bank (2016a) Financial and Economic Analysis Forest Sector Development project. EAP Forestry Working Paper No. 2. EAP Environment GP, authors: G E. Frey, T. T. T. Ha, C. P. Quoc, N. V. Dzong, J. B. Carle, R. R. Davis.

World Bank (2016b) Socialist Republic of Vietnam State Forest Company Reform Summary Report (Draft) Report No: ACS19311.

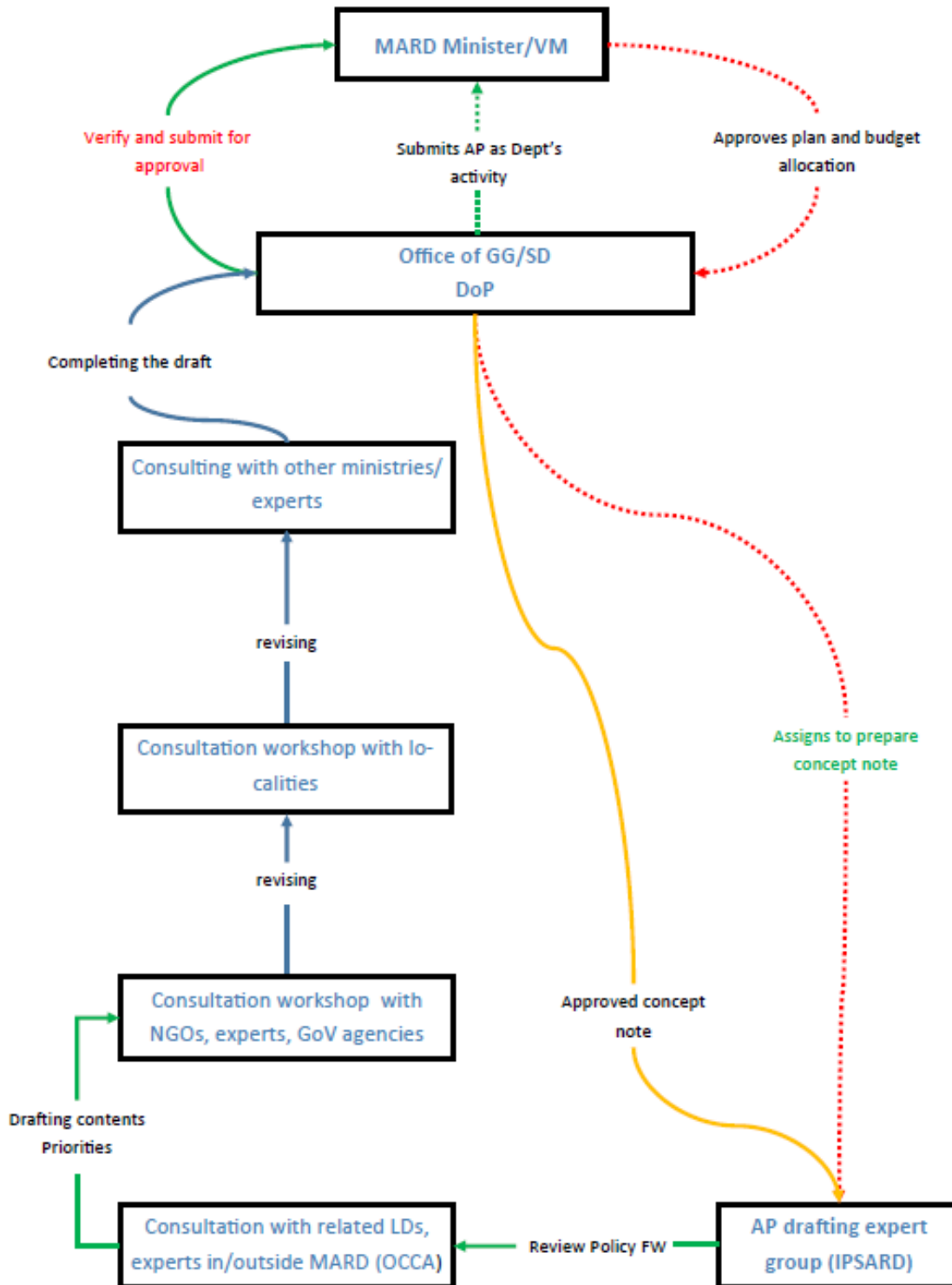


APPENDICES

Appendix 1: Process for developing policy framework according to the Law on development of policy framework 2015.



Appendix 2: Planning framework (from subsector plans, action plan, restructuring plan) development at ministry level (MARD)





Appendix 3: Forestry Programs of the National Forest Development Strategy 2006-2020

Program	Targets
Sustainable Forest Management and Development	<ul style="list-style-type: none"> a) Establish the national permanent forest estate for three forest types, mapping and boundary demarcation in field, manage sustainably and effectively all stable production forest areas, including 3.63 million ha of natural forests and 4.15 million ha of plantation forests (including industrial raw material plantations, NTFP and other plantation forests). b) All forests and forest lands are to be allocated, or leased, to forest management entities before 2010. c) Establish and implement plans of forest management and capacity building for forest owners, such as: forestry companies, cooperatives, communities, and foreign fund investment enterprises, etc. d) Stabilize wood production from natural forests, plantation forests and scattered planted trees with timber production targets of 9.7 million m³/ year by 2010 and 20 – 24 million m³/ year by 2020 (including 10 million m³ large timber) and develop NTFPs to meet major demands for domestic consumption and export. e) Provide small timber for pulp processing: 3.4 million m³/year by 2010, and 8.3 million m³/year by 2020. f) Improve the productivity and quality of plantation forests, with an average annual increment of 15 m³/ha based on the implementation of forest tree seed strategy during period 2006-2020. g) Enrich 0.5 million ha of poor degraded forests contributing to increase the quality of natural forests. h) Afforest 1.0 million ha of new forests by the year 2010 (of which, 0.75 million ha of production forest and 0.25 million ha of special-use forest) and 1.5 million ha for the next phase, and harvested forest will be replanted after logging operations at the rate of 0.3 million ha/year. i) Annually plant 200 million scattered trees, equivalent to 100,000 ha of plantation forests, to serve local demands of wood and fuelwood for home consumption. j) Undertake forest inventory periodically; consolidate and update database of forest resources and related socio-economic aspects. k) 100% of production enterprises will develop, implement, monitor and evaluate the forest management proposals (plans). l) At least 30% of production forest areas are to be issued with certification on sustainable forest management by 2020. m) Invest in equipment to modernize forest management work.
Forest Protection, Biodiversity Conservation and Environmental Services Development	<ul style="list-style-type: none"> a) Allocation of 1.5 million hectare of special use forests and protection forests and issuance of protection contracts by 2010 b) Reduction of forest law violations by 80 percent and infrastructure investments for forest protection and



Program	Targets
	<p>control</p> <ul style="list-style-type: none"> c) Demarcation of 5.68 million hectare protection forest and 2.16 million hectare of special use forests and allocation to permanent owners d) Piloting of community-based forest management models e) Establishment of a Forest Protection and Development Fund by 2007
Forest Products Processing and Trade	<ul style="list-style-type: none"> a) Reorganize the wood and NTFP processing industries in order to match the production capability with the sustainable raw material supply sources. b) Strengthen the production capacity of forest product processing industry to meet the basic demands for domestic consumption and for export, which are: <ul style="list-style-type: none"> o Total capacity of sawn timber: 6 million m³/year o Particle board: 320,000 m³ of products/year o MDF board: 220,000 m³ of products/year o Value of exported wood products: 7.0 billion USD (3.5 million m³ of products)
Research, Education and Forestry Extension	<ul style="list-style-type: none"> a) Research in key areas, such as bio-technology, processing of non-timber forest products, plantation forestry, agro-forestry, rehabilitation of degraded natural forests, environmental services. b) Improving forestry training institutions and curricula and provision of training to students, technical staff and forest owners c) Improve the quality of the forest extension system, including delivery of extension services through the private sector
Renovating the forest sector institutions, policy, planning and monitoring	<ul style="list-style-type: none"> a) Develop and update the policy, legal and forestry institutional systems, to be more decentralized to local levels and to develop the forestry sector sustainably, according to the market orientation and socialization of forestry activities. b) Develop mechanisms and policies to create momentum to encourage the participation of various economic entities in forest protection and development, and to stimulate development of the forestry economy among domestic and international economic entities. c) Reorganize and improve the effectiveness of the state management system in forestry aiming at unified forest management, protection, utilization and development functions; clarify the functions and tasks of forestry organizations at all levels and diversify the modalities of forestry services. d) Reorganize some forestry companies to be operated according to the market mechanism in remote forestry



Program	Targets
	<p>areas facing many difficulties where there is lack of investments from non-state economic entities; moving towards equitization of inefficient forestry production and forest product processing enterprises.</p> <p>e) Develop, implement and scale-up modalities related to management and protection of community forests.</p> <p>f) Establish the state forest extension system at different levels and provide supporting mechanisms for voluntary extension organizations in communes and villages having forests.</p> <p>g) g) Establish specialized units in monitoring and evaluation, to be linked with consolidation of the sectoral planning system at all levels</p>

Appendix 4: The Hierarchy of Laws

Authority	Text
National Assembly	Constitution, Laws, Resolutions
Standing Committee of National Assembly	Ordinance and Resolution
President	Order and Decision
The Government	Decrees
Prime Minister	Decisions
The Supreme Court	Resolutions
The Chief Judge of the Supreme Court	Circulars
The Procurator General	Circulars
Ministries or Ministerial Entities	Circulars
The general State Auditor	Decisions
Local People's Committees	Decisions and Directives
Local Peoples' Councils	Resolutions



Appendix 5: Legal Instruments related to the plantation value chain

(sources: Ministry of Justice Legal documents database, <http://vbpl.vn/TW/Pages/vbpqen.aspx>, Viet Nam REDD: <http://Viet Nam-redd.org/>, Viet Nam Law <http://Viet Namlawmagazine.vn/gazette.html#vnpositionyl>, WWF 2012,)

Number	Description	Date
FOREST MANAGEMENT, PROTECTION AND DEVELOPMENT		
Law		
29/2004/QH11	Law 29/2004/QH11 on Forest Protection and Development	14/12/2004 Effect 01/04/2005
52/2005/QH11	Law 52/2005/QH11 on Environmental Protection	12/12/2005 Effect 01/07/2006
20/2008/QH12	Law 20/2008/QH12 on Biodiversity	28/11/2008 Effect 01/07/2009
45/2009/QH12	Law 45/2009/QH12 on Royalties	04/12/2009 Effect 01/07/2010
Resolution		
57/NQ-CP	Resolution 57/NQ-CP on administrative procedure simplification under the management of MARD.	15/12/2010 Effect 15/12/2010
18/2001/QH13	Resolution 18/2001/QH13 approving the execution of Resolution 08/1997/Qh10 and Resolution 73/2006/QH11 on 5 million hectares Reforestation Project	25/11/2011 Effect 25/11/2011
Decree		
09/2006/NĐ-CP	Decree 09/2006/NĐ-CP on forest fire prevention and control	16/01/2006 Effect 13/02/2006
23/2006/ND-CP	Decree 23/2006/ND-CP on the implementation of the Law on forest protection and development	03/03/2006 Effect 25/03/2006
119/2006/ND-CP	Decree 119/2006/ND-CP on organization and operation of the forest protection service	16/10/2006 Effect



		15/11/2006
48/2007/ND-CP	Decree 48/2007/ND-CP on the principles and methods of determining prices of forests of different types	28/03/2007 Effect 04/05/2007
01/2008/ND-CP	Decree 01/2008/ND-CP defining the functions, tasks, powers and organizational structure of the Ministry of Agriculture and Rural Development	03/01/2008 Effect 26/01/2008
50/2010/ND-CP	Decree 50/2010/ND-CP detailing and guiding a number of articles of the Law on Royalties	14/05/2010 Effect 01/07/2010
117/2010/ND-CP	Decree 117/2010/ND-CP on organization and management of the special-use forest system	24/12/2010 Effect 01/03/2011
157/2013/ND-CP	Decree 157/2013/ND-CP promulgating settlements on administrative violations of forest management, forest protection and development, and forest products management	11/11/2013 Effect 25/12/2013
Decision of The Prime Minister		
661/1998/QD-TTg	Decision 661/1998/QD-TTg on Objectives, Tasks, Policies and Organization for the Establishment of Five Million Hectares of New Forest	29/7/1998 Effect 13/8/1998
186/2006/QD-TTg	Decision 186/2006/QD-TTg promulgating the Regulation on forest management	14/08/2006 Effect 07/09/2006
18/2007/QD-TTg	Decision 18/2007/QD-TTg dated approving Viet Nam's forestry development strategy in the 2006-2020 period	05/02/2007 Effect 03/03/2007
147/2007/QD-TTg	Decision 147/2007/QD-TTg on a number of policies for development of production forests in the 2007-2015 period	10/09/2007 Effect 07/10/2007
39/2009/QĐ-TTg	Decision 39/2009/QĐ-TTg dated promulgating the regulation of cooperation between forest ranger and civil defence force on forest protection mission	09/03/2009 Effect 09/03/2009
73/2010/QĐ-TTg	Decision 73/2010/QĐ-TTg promulgating the regulation of management of investment in construction of silviculture work	16/11/2010 Effect 01/01/2011
34/2011/QĐ-TTg	Decision 34/2011/QĐ-TTg amending and supplementing a number of articles of the Regulation on forest	24/06/2011



	management promulgated together with the Prime Minister's Decision No. 186/2006/QD-TTG of August 14, 2006	Effect 19/08/2011
1216/QĐ-TTg	Decision 1216/QĐ-TTg approving the Strategy on national environmental protection towards 2020, with a vision towards 2030	22/07/2011 Effect 22/07/2011
66/2011/QĐ-TTg	Decision 66/2011/QĐ-TTg amending and supplementing a number of articles of Decision No. 147/2007/QĐ-TTg of September 10, 2007, on a number of policies for development of production forests during 2007-	09/12/2011 Effect 01/02/2012
57/QĐ-TTg	Decision No. 57/QĐ-TTg approving the forest protection and development plan during 2011-2020	09/01/2012 Effect 09/01/2012
07/2012/QĐ-TTg	Decision 07/2012/QĐ-TTg promulgating some regulations on intensified enforcement of forest protection.	08/02/2012 Effect 30/03/2012
126/QĐ-TTg	Decision 126/QĐ-TTg promulgating the piloting benefit sharing mechanism of management, protection and development for special- use forests	02/02/2012 Effect 02/02/2012
24/2012/QĐ-TTg	Decision 24/QĐ-TTg on the policy of special used forest development and investment for the period 2011-2020	01/06/2012 Effect 20/07/2012
Decision of the Minister of Agriculture and Rural Development (MARD)		
3031/1997/QĐ-BNNPTNT	Decision 3031/1997/QĐ- BNNPTNT of MARD promulgating the regulation of defining the forest boundaries and setting up landmarks amongst three forest types	20/11/1997 Effect 05/12/1997
516/QĐ-BNN-KHCN	Decision 516/QĐ-BNN-KHCN promulgating technical procedure on planning operation design	18/02/2002 Effect 18/02/2002
78/2002/QĐ-BNN-KL	Decision 78/2002/QĐ-BNN-KL promulgating technical procedure on forest and forestland monitoring of forest ranger	28/08/2002 Effect 13/09/2002
06/2005/QĐ-BNN	Decision 06/QĐ-BNN to issue acceptance of plantation, zoning for rehabilitation, plantation tending, forest protection, zoning for reforestation	24/01/2005 Effect 27/02/2005
61/2005/QĐ-BNN	Decision 61/2005/QĐ-BNN promulgating the regulation on norms of protection forest classification	12/10/2005 Effect 06/11/2005



62/2005/QĐ-BNN	Decision 62/2005/QĐ-BNN promulgating the regulation on norms of special- use forest classification	12/10/2005 Effect 06/11/2005
106/2006/QĐ-BNN	Decision 106/2006/QĐ-BNN to issue Guidelines on forest management for local communities	27/11/2006 Effect 26/12/2006
434/QĐ-QLR	Decision 434 /QĐ-QLR promulgating Guidelines on development of forest protection and development at commune level and community-based land & forest land allocation issued by the FPD.	11/04/2007 Effect 11/04/2007
550/QĐ-QLR	Decision 550/QĐ-QLR issuing the “Guidelines on developing Agreements on forest protection and development for local communities” issued by the Director of FPD.	08/05/2007 Effect 08/05/2007
3551/QĐ-BNN-HTQT	Decision 3551/QĐ-BNN-HTQT approving Operational Manual on implementation of community development Component of KfW7 project	31/12/2010 Effect 31/12/2010
1119/QĐ-BNN-KHCN	Decision 1119/QĐ-BNN-KHCN approving temporary cost norms applying for forestry extension programs and projects	02/06/2011 Effect 02/06/2011
1253/QĐ-BNN-TCCB	Decision 1253/QĐ-BNN-TCCB amending and supplementing regulations on management and implementation of FSDP.	13/06/2011 Effect 13/06/2011
1588/QĐ-BNN-TCCB	Decision 1588/QĐ-BNN-TCCB establishing the Steering Committee of the Viet Nam Conservation Fund under the FSDP	14/07/2011 Effect 14/07/2011
1828/QĐ-BNN-TCLN	Decision 1828/QĐ-BNN-TCLN declaring the status of national forest in 2010 issued by the Minister of MARD	11/08/2011 Effect 11/08/2011
2164/QĐ-BNN-HTQT	Decision 2164/QĐ-BNN-HTQT approving the investment plan of project “Recover Viet Nam’s coastal mangrove protection forests” (phase I)	20/09/2011 Effect 20/09/2011
500/QĐ-BNN-TCLN	Decision 500/QĐ-BNN-TCLN assigning tasks on implementation of forest development and protection in 2012.	13/03/2012 Effect 13/03/2012
900/QĐ-BNN-TCCB	Decision 900/QĐ-BNN- establishing the PMU “Reinforcement of community forestry in Viet Nam”.	24/04/2012 Effect 24/04/2012



957/QĐ-BNN-KHCN	Decision 957/QĐ-BNN-KHCN on the extension of the project “Optimal management of silviculture and acacia plantation’s yield for high quality plank timber”	02/05/2012 Effect 24/04/2012
52/QĐ-BCĐBV&PTR	Decision 52/ QĐ-BCĐBV&PTR dated 14 th May, 2012 to issue operational regulations of National Steering Committee on forest protection and development for the period 2011-2020.	14/05/2012 Effect 14/05/2012
161/QĐ-BNN-TCLN	Decision 161/QĐ-BNN-TCLN to assign tasks to implement the plan on forest protection and development in 2013	24/01/2013 Effect 24/01/2013
1182/QĐ-BNN-HTQT	Decision 1182/QĐ-BNN-HTQT of MARD to revise and extend the FSDP.	02/06/2011 Effect 02/06/2011
Directive of the Government		
02/CT-TTg	Directive 02/CT-TTg to take directions on reforestation replacing areas which have been used for other purposes.	24/01/2014 Effect 24/01/2014
Circular		
34/2009/TT-BNNPTNT	Circular 34/2009/TT-BNNPTNT on Criteria for forest identification and classification	10/6/2009 Effect 25/7/2009
51/2012/TT-BNNPTNT	Circular 51/2012/TT-BNNPTNT guiding on forest protection and development stipulated in Decision 57/QĐ-TTg dated 9 th January, 2012 of the Prime Minister	19/10/2012 Effect 05/12/2012
10/2013/BNNPTNT-BKHĐT	Joint Circular 10/2013/BNNPTNT-BKHĐT between the MARD and MPI provides guidelines on management and use of State fund to implement forest protection and development for the period 2011-2020 according to Decision 57/QĐ-TTg dated 09/01/2012	01/02/2013 Effect 20/03/2013
20/2013/TTLT-BNNPTNT-BTC	Joint Circular 20/2013/TTLT-BNNPTNT-BTC between the MARD and MoF to amend and supplement some articles of Joint Circular 61/2007/TTLT-BNN- BTC dated 22 nd June, 2007 guiding on management and use of State budget for forest rangers at all levels; payments for organizations, individuals taking part in prevention of illegal forest destruction, forest fire prevention and control	27/03/2013 Effect 15/05/2013
23/2013/TT-BNNPTNT	Circular 23/2013/TT-BNNPTNT of the MARD to improve extremely poor natural forests which are production forests	04/05/2013 Effect 01/07/2013
24/2013/TT-BNNPTNT	Circular 24/2013/TT-BNNPTNT MARD regulating on alternative options of reforestation when objectives of forest use are changed	06/05/2013 Effect 01/07/2013



80/2013/TTLT-BTC-BNN	Joint Circular 80/2013/TTLT-BTC-BNN between the MoF and MARD guiding on management and use of state budget for forest protection and development	14/6/2013 Effect 20/07/2013
LAND USE PLANNING		
13/2003/QH11	Law on Land 13/2003/QH11	10/12/2003 Effect 01/07/2004
17/2011/QH13	Resolution 17/2011/QH13 on the land use planning up to 2020 and national five-year (2011-2015) land use plan	22/11/2011 Effect 22/11/2011
181/2004/NĐ-CP	Decree 181/2004/NĐ-CP on the implementation of the Land	29/10/2004 Effect 16/11/2004
198/2004/NĐ-CP	Decree 198/2004/NĐ-CP to collect land use fees	03/12/2004 Effect 24/12/2004
178/2001/QĐ-TTg	Decision 178/2001/QĐ-TTg on rights and responsibilities of HHs, individuals allocated and employed with forest and forestry land	12/11/2001 Effect 27/11/2001
04/2005/QĐ-BTNMT	Decision No. 04/2005/QĐ-BTNMT promulgating the establishing procedure and adjustment of land use planning and land use plan issued	30/06/2005 Effect 04/10/2005
150/2005/QĐ-TTg	Decision 150/2005/QĐ-TTg approving the restructure plan on agriculture, forestry and fishery productions by 2012 and vision up to 2020	20/06/2005 Effect 12/07/2005
1174/QĐ-TTg	Decision 1174/QĐ-TTg approving pilot plan for forest allocation, forest protection contract for HHs and communities in ethnic minority groups in Central Highlands	07/11/2005 Effect 07/11/2005
16/2006/QĐ-BTNMT	Decision 16/2006/QĐ-BTNMT promulgating unit price for development and amendment of land use plan nationally and provincially.	09/10/2006 Effect 06/11/2006
23/2007/QĐ-BTNMT	Decision 23/2007/QĐ-BTNMT to promulgate maps' signs for land use status and land use planning issued by the Minister of MONRE.	17/12/2007 Effect 13/01/2008
112/2008/QĐ-BNN	Decision 112/2008/QĐ-BNN of MARD promulgating the economic- technical norm on forest allocation, forest lease and certificate issue for tenure in forestry purpose associate with development of forest management	19/11/2008 Effect



	dossier.	18/12/2008
800/QĐ-TTg	Decision 800/QĐ-TTg of the Prime Minister approving the national target program on building a new countryside during 2010-2020	04/06/2010 Effect 04/06/2010
102/2006/TT-BNN	Circular 102/2006/TT-BNN guiding on Decree 135/2005/NĐ-CP regulating the allocation and contract of agricultural land, production forest land and aquaculture land in stated-owned agricultural and forestry enterprises.	13/11/2006 Effect 10/12/2006
01/2005/TT-BTNMT	Circular 01/2005/TT-BTNMT provides guidance on Circular 181/2004/NĐ-CP to implement Land Law issued by MONRE	13/04/2005 Effect 06/05/2005
TIMBER AND NON TIMBER LOGGING		
152/1999/QĐ-BNN-KL	Decision 152/199/QĐ-BNN-KL of MARD promulgating regulations on the use of fund for prevention of forest destruction and illegal transport and trading of forest products.	05/11/1999 Effect 20/11/1999
04/2004/QĐ-BNN-KL	Decision 04/2004/QĐ-BNN-KL of MARD promulgating the regulation on timber and non-timber logging	02/02/2004 Effect 17/02/2004
59/2005/QĐ-BNN	Decision 59/2005/QĐ-BNN of MARD promulgating the regulation on inspection and control of forest products.	10/10/2005 Effect 06/11/2005
44/2006/QĐ-BNN	Decision 44/2006/QĐ-BNN of MARD promulgating regulations on management and use of forest ranger's hammers	01/06/2006 Effect 01/07/2006
107/2007/QĐ-BNN	Decision 107/2007/QĐ-BNN of MARD providing amendments, supplements on regulations for management and use of forest ranger's hammers attached with Decision 44/2006/QĐ-BNN dated 1 st June, 2006 of the Minister of MARD	31/12/2007 Effect 25/01/2008
19/2004/CT-TTg	Directive 19/2004/CT-TTg of the Prime Minister on some solutions for development of timber processing and timber products exporting	01/06/2004 Effect 30/06/2004
08/2006/CT-TTg	Directive 08/2006/CT-TTg to reinforce urgent measures to prevent forest destruction and illegal exploitation	08/03/2006 Effect 08/03/2006
87/2009/TT-BNNPTNT	Circular 87/2009/TT-BNNPTNT dated 31 st December , 2009 of MARD guiding on design, exploitation and selection of timber	31/12/2009 Effect 14/02/2010
35/2011/TT-	Circular 35/2011/TT-BNNPTNT on exploiting, taking full advantage of timber and NTFPs	20/05/2011



BNNPTNT		Effect 04/07/2011
70/2011/TT-BNNPTNT	Circular 70/2011/TT-BNNPTNT of MARD amendments and supplements to Circular 35/2011/TT-BNNPTNT dated 20 th May, 2011 guiding on exploiting, taking full advantage of timber and NTFPs	24/10/2011 Effect 08/12/2011
STATE FOREST ENTERPRISES		
28-NQ/TW	Resolution 28-NQ/TW of Politburo on the continuing of rearrangement, innovation, and development for agriculture and forest enterprises.	16/06/2003 Effect 16/06/2003
200/2004/NĐ-CP	Resolution 200/2004/NĐ-CP of Viet Nam Government on rearrangement, innovation of forest enterprises.	03/12/2004 Effect 04/01/2005
135/2005/NĐ-CP	Decree 135/2005/NĐ-CP of the Government regulating the allocation and contract of agricultural land, production forest land and aquaculture land in stated-owned agricultural and forestry enterprises	08/11/2005 Effect 03/12/2005
142/2006/QĐ-TTg	Decision 142/2006/QĐ-TTg approving the scheme on reorganization and renewal of state-run agricultural and forestry farms under the Ministry of Agriculture and Rural Development	19/06/2006 Effect 13/07/2006
477/QĐ/BNN-TCCB	Decision 477/QĐ/BNN-TCCB of the MARD on the establishment of the Central Steering Committee on arrangement, reform and development of state-owned agricultural and forestry enterprises	07/03/2005 Effect 07/03/2005
POLICIES FOR ETHNIC MINORITY GROUPS		
539/NQ-UBTVQH13	Resolution 539/NQ-UBTVQH13 of the Standing Committee of the National Assembly on the results of implementation of policies, laws on residential land, production land for ethnic minority groups	30/10/2012 Effect 30/10/2012
352/QĐ-TTg	Decision 352/QĐ-TTg of the Prime Minister issuing the implementation plan for Resolution 539/nq-ubtvqh13 dated 30th October, 2012 of the Standing Committee of the National Assembly on the results of implementation of policies, laws on residential land, production land for ethnic minority groups	23/02/2013 Effect 23/02/2013
ENVIRONMENTAL IMPACT ASSESSMENT		
80/2006/NĐ-CP	Decree 80/2006/NĐ-CP guidance on Law on environment protection	09/08/2006 Effect 03/09/2006
21/2008/NĐ-CP	Decree 21/2008/NĐ- revising Decree 80/2006/NĐ-CP on guidance of Law on environment protection	28/02/2008 Effect 21/03/2008
113/2010/NĐ-CP	Decree 113/2010/NĐ-CP specifying on damages to environment	03/12/2010



		Effect 18/01/2011
29/2011/NĐ-CP	Decree 29/2011/NĐ-CP of the Government on strategic environment evaluation, environmental impact assessment, environmental protection commitment	18/04/2011 Effect 05/06/2011



Appendix 6: International Agreements and Treaties Ratified by Lao PDR

Treaty or Agreement	Relevance
Mekong River Commission Agreement on the Cooperation for the Sustainable Development of the Basin ratified in 1995	Sustainable development, utilization, management and conservation of the water and related resources of the Mekong River Basin
United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa, ratified in 1995	Land and soil productivity in arid, semi-arid and dry sub-humid areas
ASEAN Agreement on the Conservation of Nature and Natural Resources, ratified in 1985	
Ramsar Convention on Wetlands of International Importance Especially as Waterfowl Habitat, ratified in 2010	Conservation and wise use of wetlands. Controls for development and around Ramsar wetlands
United Nations Convention on Biological Diversity, ratified in 1994	Conservation of biological diversity, the sustainable use of its components and the fair and equitable sharing of the benefits arising out of the utilization of genetic resources
World Heritage Convention Concerning the Protection of the World Cultural and Natural Heritage, ratified in 1987	Protection and management of world heritage sites
Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), joined in 1994	Trade in endangered plant and animal species
The United Nations Framework Convention on Climate Change (UNFCCC), ratified in 1995	Adaptation Mitigation Land Use, Land Use change and Forestry Reduced Emissions from Deforestation and Degradation
Kyoto Protocol to the United Nations Framework Convention on Climate Change, ratified in 2005	Greenhouse Gas Emissions reductions
International Plant Protection Convention, ratified in 1995	Plant health, protect cultivated and wild plants by preventing the introduction and spread of pests.
Plant Protection Agreement for the Asian and Pacific Region, 1956	Phytosanitary measures
Membership of the World Trade Organisation, 2007	Sanitary and phytosanitary (SPS) measures The transport of hazardous waste.
Cartagena Protocol on Biosafety to the Convention on Biological Diversity, 2000	Safe handling, transport and use of living modified organisms (LMOs), resulting from modern biotechnology. Minimise effects on biological diversity and risks to



Treaty or Agreement	Relevance
	human health
Vienna Convention for the Protection of the Ozone Layer, year of accession 1994.	Use and destruction of ozone depleting substances
Basel Convention on the Control of Trans-boundary Movements of the Hazardous Wastes and Their Disposal, ratified in 1995	Environmentally sound waste management Limit/control transboundary movement of hazardous waste
Stockholm Convention on Persistent Organic Pollutants. Stockholm, ratified in 2002	Prohibit and/or eliminate the production and use, as well as the import and export, of the intentionally produced Persistent Organic Pollutants
Rotterdam Convention on Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (PIC), 2007	Environmentally sound use of certain hazardous chemicals Trade of certain hazardous chemicals Safe use of certain hazardous chemicals Appropriate labelling of certain hazardous chemicals
Globally Harmonized System of Classification and Labelling of Chemicals	Classification and labelling of hazardous chemicals Safe use, transport and disposal of hazardous chemicals
International Labour Organisations conventions	Women and young person's working at night Forced or compulsory labour Minimum wage Child labour Fair remuneration Discrimination