

**National Report to the Fifth Session of the
United Nations Forum on Forests**

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Acronyms and Abbreviations

327	Programme 327
556	Programme 556
661	Programme 661 (Decision 661 to implement 5MHRP)
5MHRP	Five Million Hectare Reforestation Programme (implemented by Decision 661)
ADB	Asian Development Bank
AFP	Asia Forest Partnership
APFC	Asia-Pacific Forestry Commission
ASEAN	Association of South East Asian Nations
C & I	Criteria and Indicators (for Sustainable Forest Management)
CBD	Convention on Biological Diversity
CDM	Clean Development Mechanism
CIFOR	Center for International Forestry Research
CITES	Convention on International Trade in Endangered Species of Fauna and Flora
CO	FSSP Coordination Office
CPRGS	Comprehensive Poverty Reduction and Growth Strategy
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FD	Forest Department
FIPI	Forest Inventory and Planning Institute
FOMIS	Forest Sector Monitoring and Information Systems
FPD	Forest Protection Department
FSC	Forest Stewardship Council
FSM	Forest Sector Manual
FSIV	Forest Sciences Institute of Vietnam
FSSP	Forest Sector Support Program
FSSP & P	Forest Sector Support Program and Partnership
GDP	Gross Domestic Product
GEF	Global Environment Facility
GSO	General Statistics Office
ha	hectare(s)
HIF	Harmonisation of Implementation Frameworks (study)
IFF	Intergovernmental Forum on Forests
INBAR	International Network for Bamboo and Rattan
IPF	Intergovernmental Panel on Forests
ITTO	International Tropical Timber Organization
JBIC	Japanese Bank for International Cooperation
KfW	Kreditanstalt für Wiederaufbau (German development bank)
km ²	square kilometer(s)
M	million
m ³	cubic meter(s)
MARD	Ministry of Agriculture and Rural Development
MOA	Memorandum of Agreement
MOET	Ministry of Education and Training
MOF	Ministry of Forestry (no longer existent, now part of MARD)
MONRE	Ministry of Natural Resources and Environment
NCB	National Coordinating Body (for UNCCD implementation)
NFDS	National Forest Development Strategy (2001-2010)
NFP	National Forest Programme
NFS	National Forest Strategy (2006-2020)
NGO	Non-governmental Organisation
NSEDP	National Socio-economic Development Plan (5-year plan)
ODA	Official Development Assistance

Acronyms and Abbreviations (continued)

PRG	FSSP Provincial Reference Group (representing 7 agro-ecological zones)
PSC	FSSP Partnership Steering Committee
RAMSAR	RAMSAR Convention on Wetlands
SFE	State Forest Enterprise
SFM	sustainable forest management
STAG	Science and Technology Advisory Group (for UNCCD)
SUF	Special Use Forest
TEC	Technical Executive Committee (TEC)
UNCCD	United Nations Convention to Combat Desertification
UNFCCC	United Nations Framework to Control Climate Change
UNFF	United Nations Forum on Forests
USD	United States dollar
VCF	Vietnam Conservation Fund
VND	Vietnamese dong (national currency)
WB	World Bank
WG	FSSP Working Group
WTO	World Trade Organisation

II. Progress and issues related to implementation of IPF/IFF proposals for action

General Introduction to Forestry Issues in Vietnam

Vietnam has a total area of 331.123 km². According to 2004 estimates, currently 36 percent of the country's land is covered by forest.

In 2003, Vietnam's population was estimated to be 80,9 million people, with a growth rate of 1,47 %. Three-quarters of the population lives in the rural areas (General Statistics Office). An estimated 25 million people live in and near forests, and their lives are very dependent upon forest resources. The highest and most persistent rates of poverty in Vietnam exist in remote mountainous forested regions, primarily among different ethnic minority groups.

Vietnam has are two climatic zones: from latitude 16⁰ northward there is a gentle winter from December to February without a clear dry season, while southward there is no winter but a typical dry season lasting from November to April. These climatic conditions greatly influence the composition of the country's flora and fauna and forest ecosystems.

Forests have been classified into 3 categories: production forests, (watershed) protection forests, and special use forests, which covers forests managed for biological diversity conservation and protected for other purposes. Most recent data indicates that 4.6 million hectares are classified as production forests, 5.7 million ha as protection forests, and 1.8 million ha as special-use forests.

Initially, Vietnam was richly endowed with high-quality forest, covering virtually the whole country, but by 1943 the forest cover of Vietnam had been reduced to only 14,3 million (M) ha, or 43 % of the national land territory. Subsequently, the total forest decreased very rapidly, especially during the war and the period of 1976-1985. Beside forest loss, every year, thousands hectares of the forests are degraded.

Forest loss and degradation are major reasons for desertification and land impoverishment, creating a wide range of negative impacts and challenges for economic development, the society, and its environment, such as causing more serious flooding and drought, creating difficulties in forest product supply, reducing arable land, and finally worsening rural poverty and unemployment.

In order to prevent further deforestation and degradation of forests, the Government of Vietnam has announced a series of policies relating to management, protection and development of the forest resources and promoting sustainable participatory management of forests. Such policies include the Forest Protection and Development Law (1991 and 2004), the Land Law (1993 and 2003), Policy on "Closing Natural Forests", and the Forest Land Allocation (FLA) programmes, which have been conducted since the Land Law revision of 1993.

Major national programmes for afforestation, reforestation, and improved forest management have included Programmes 327, 556, and 661. In 1993, the Government started the Programme 327, "Regreening Open Land and Barren Hills," for the period 1993-2000, with the objective to afforest barren land and open treeless hills throughout Vietnam. In 1995, a revised programme, named Programme 556, was adopted.

In 1998, National Assembly agreed to adopt the ambitious 5 Million Hectare Reforestation Programme (5MHRP) for the period 1998-2010. The 5MHRP is implemented by Government's Decision 661 (and thus often referred to as Programme 661). This decision was further endorsed by the Ninth Party Congress. The 5MHRP is estimated to cost about US\$ 2,5 billion. The main objectives of the 5MHRP are as follows:

- Establishing and restoring 2 M ha of protection forests and 3 M ha of production forests to increase the forest cover to 43% by 2010, to ensure environmental protection requirements;
- Ensuring the forest products supply for development (every year 15 M m³ of timber and 20 M steres of fuel wood), thereby reducing the pressure on natural forests; and

- Implementing efforts for poverty alleviation, hunger eradication and development of rural mountainous areas, by creating forestry-related employment for 2 M people, and increasing the income of people living in forest areas.

To achieve successful implementation of this program, the following measures were to be undertaken:

- Encourage household forestry and community forestry. The state planned to complete the land allocation by the end of 2003. (As of early 2005, this target, however, has not yet been achieved.)
- The Government decided that the government budget would provide financial support for management of protection forests and special use forests, whereas farmers would get favorable loans for development of production forests.
- Adopt benefit-sharing policies to encourage people in implementation of the programme;
- Strengthen the capacity through training and extension activities;
- Encourage joint-ventures and foreign investment to plant production forests by giving low tax and land use rights, especially in remote areas.
- Give technical support and conduct technology transfer, with the state-owned forest enterprises being the main forces to help people in seedling production, silvicultural techniques and forest product marketing.

Prior to the establishment of Programme 327, Government estimated that the forest cover had declined to 28,2 % in 1990. According to 1999 national statistics, the total forested area was 10.88 million ha, of which 9.5 million ha were natural forest and 1.39 million ha were plantations, while the bare hilly land was as much as 9.0 million ha. In 2003, the total forested area is about 12.094 million ha, of which 9.878 million ha are natural forests and 1.914 million ha are plantations.

As of 2003, the 5MHRP has achieved approximately 2 million out of the planned 5 million ha of improved forest management or rehabilitation. The majority of the achievements have been in the area of protection and special use forests, whereas performance for the production forests is lagging behind the targets. Consequently, the Ministry of Agriculture and Rural Development is now undertaking a study to look at how the implementation of the 5MHRP can be improved.

According to official statistics, forest cover has increased by 1.5 million ha, reaching 36,1% in 2004 (MARD 2004). Nonetheless, it is generally acknowledged that the quality of natural forests continues to be degraded. Among the production forests, currently only 9% are classified as rich forests (with the timber volume of 150 m³/ha) and 33% as medium forests (with the timber volume of 80-150m³/ha).

Forestry's contribution to the national economy is under-valued. The official estimates are that forestry contributes only about 1 % to GDP. Such estimates, however, do not account for forestry's contributions to industrial production, firewood (which contributes 7% of national energy needs) or to a range of environmental goods and services, such as carbon sequestration, eco-tourism, or biological diversity conservation. These figures also do not include the contribution of timber extracted "illegally," which could account for over 50% of national roundwood supply.

1. Please provide additional or new information on initiatives taken or lessons learned since 1997 further to the information on forests included in your national reports to UNFF 2, UNFF 3 and UNFF 4, the Commission on Sustainable Development, and other international instruments and organizations on the following points:

- *assessment (including of the relevance, priority, status of implementation, planned actions) of the IPF/IFF proposals for action in the national context*

To date, Vietnam has not yet undertaken a systematic assessment of the IPF/IFF proposals for action in the national context. Currently, however, work is ongoing to prepare a new National Forestry Strategy for Vietnam (NFS, 2006-2020). In the context of this strategy development work, efforts will be made to review and assess the national relevance of the IPF/IFF proposals.

- *development and implementation of your national forest programme or similar national policy framework for forests,*

Although Vietnam does not use the term “national forest programme,” Vietnam’s forest sector has elements of such a framework. Vietnam has just been selected as a new partner country to receive support from FAO’s National Forestry Programme (NFP) Facility, as well as from the parallel FAO-Netherlands Partnership Programme (FNPP).

The Government’s major forestry programme is its Five Million Hectare Reforestation Programme (5MHRP), adopted by the National Assembly in 1997, which is implemented through Government’s Decision 661. The 5MHRP runs from 1998 through 2010. Currently a review of 661 implementation is ongoing, with plans to revise and improve the implementation procedures. An important Harmonisation of Implementation Frameworks (HIF) study has been undertaken, looking at how Government’s 661 procedures and those of major donors, such as ADB, WB, EU, KfW, and JBIC, could be harmonised and streamlined.

In 2001, Vietnam’s Ministry of Agriculture and Rural Development (MARD) approved the National Forest Development Strategy (NFDS, 2001-2010). This strategy is currently being revised and updated, to take account of major macro policy changes and to harmonise with other relevant strategies, such as Government’s Comprehensive Poverty Reduction and Growth Strategy (CPRGS), Public Administration Reform (PAR), decentralisation, and other renovations aiming to restructure Vietnam’s economy. The goal is to move from a top-down centrally-planned economy to a more participatory, socialised market economy. These changes are to be more firmly established in the next National Socio-economic Development Plan (2006-2010), which will also be merged with an update of the CPRGS. The new National Forest Strategy (2006-2020) will be submitted to the Prime Minister for approval in mid-2005.

In November 2004, the National Assembly adopted the revised Law on Forest Protection and Development, which becomes effective on 1 April 2005. Work is currently ongoing to develop a number of implementing decrees, regulations, and circulars in support of the revised law.

In collaboration with other relevant Ministries and agencies, MARD is working to develop a forest sector monitoring and information system (FOMIS). The first phase of FOMIS involves establishing a sectoral database, to be available on a new website, www.vietnamforestry.org.vn

Other efforts, such as public administration reform, and development of medium-term financial frameworks and medium-term expenditure frameworks for the Ministry, and a forest sector financing study, aim to improve the effectiveness of the sector.

- *international cooperation, including development and implementation of partnerships,*

After launching the 5MHRP in 1998, the Government asked the international community to provide its support. This collaboration led, initially, to the creation of a 5MHRP Partnership, with 15 international partners. Subsequently, the broader Forest Sector Support Program and Partnership (FSSP & P) was established in November 2001, as a means of cooperation in the forest sector among 18 (now 24) international partners and government. Most, but not all, of ODA support to the forest sector is now coordinated under the FSSP & P, which provides a valuable forum for dialogue on important sectoral issues. FSSP international partners include not only multilateral and bilateral agencies, but also international non-governmental organisations (NGO) focusing on environment and development issues and international research organisations working on forestry issues in Vietnam. For 2005-2010, ODA support continues to finance a significant portion of MARD's forest sector budget (excluding processing, which goes via the Ministry of Trade).

In 2004, four bilateral FSSP partners and MARD agreed to establish a multi-donor Trust Fund for Forests (TFF). This new fund is intended to provide financing to promote pro-poor sustainable forest management, and a transition towards a sector-wide approach (SWAp) to management of the forest sector.

Although the aim of the FSSP & P was to support Government's own forest strategy and plans, the FSSP & P formulation process resulted in a separate (parallel) document, the Memorandum of Agreement (FSSP & P MOA). This MOA contains 15 basic principles for development cooperation, and a programme framework with 9 different result areas. The idea was that the international and national partners would then map out their areas of support against this framework through a common work programme, which would then be periodically monitored, evaluated, and updated. In addition, plans were made to share information on key issues through development of a Forest Sector Manual (FSM). The MOA also established the institutional structures through which the FSSP&P would operate, including the Partnership Steering Committee (PSC), the Technical Executive Committee (TEC), the Provincial Reference Group (PRG), various thematic Working Groups (WGs), and the FSSP Coordination Office (FSSP CO), which is an independent unit within MARD.

The first three years of FSSP & P implementation have underscored the difficulties of having both a national strategy and a parallel FSSP programme framework. It is therefore the intention that the new National Forest Strategy will merge and update these two separate frameworks. The FSSP & P is providing support to MARD in its work on the revised law and implementing decrees, new strategy, revision of the 5MHRP, development of FOMIS, and undertaking important studies, including those on HIF, gender issues in forestry and forestry, poverty, and rural livelihoods.

Beside the national efforts to protect forest resources, Vietnam also has joined international efforts in environment protection and sustainable development by ratifying several international conventions related to environment protection, especially to the forestry sector, and strengthening international cooperation.

The Government of Vietnam has ratified several international agreements related to forests, such as the UN Convention to Combat Desertification (UNCCD), RAMSAR, the Convention on International Trade in Endangered Species (CITES), the UN Framework Convention on Climate Change (UNFCCC), and the Convention on Biological Diversity (CBD). It has signed regional agreements on forestry, such as the forest agreement of the ASEAN member states and Asia Forest Partnership (AFP). According to the Ministry of Natural Resources and Environment (MONRE), Vietnam is signatory to 28 different international and regional environmental agreements. In addition, Vietnam is a member of a number of international organizations that promote sustainable forest management, such as the Asia Forest Partnership (AFP), Asia-Pacific Forestry Commission (APFC), International Network on Bamboo and Rattan (INBAR), Center for International Forestry Research (CIFOR), and the Regional Community Forestry Training Centre (RECOFTC). Vietnam is not, however, yet a member of the International Tropical Timber Organization (ITTO). Vietnam also has bilateral agreements with several Asian countries, such as Korea, Lao PDR, Myanmar, and China, to collaborate on forestry issues.

- ***mechanisms or initiatives to facilitate stakeholder participation, including indigenous and local communities, in forest sector planning, decision-making and/or forest management.***

Vietnam is pursuing a process of decentralisation, whereby progressively more decision-making authority is being delegated to provinces, districts, and local authorities. This general trend is also being followed within the forest sector. The revised Law on Forest Protection and Development specifies the involvement of stakeholders at various levels.

Vietnam has a strong tradition of consensual decision-making, which is followed within the forest sector as well as throughout the broader society. For development of the revised law, preparation of the new strategy, or revision of 661, the Government is consulting with stakeholders at various levels, through provincial field visits, consultations, and meetings, regional and national workshops, and inter-ministerial working groups (that also have NGO and private sector representatives). The revised law provides rights to traditional communities for community forest management.

Implementation of the IPF/IFF proposals for action related to thematic issues of UNFF 2

Please provide information on: activities undertaken since 1997, progress made, constraints encountered, lessons learned, and issues that have emerged, as well as relevant information related to means of implementation (financing, transfer of environmentally sound technologies, and capacity-building) related to the following elements:

Combating deforestation and forest degradation

2. preparing diagnostic studies to analyse historical and underlying causes of deforestation and forest degradation, including processes outside the forest sector

The Forest Protection Department has primary responsibility for monitoring deforestation and forest degradation. This issue had been examined under several projects and programmes, especially during the development of Forestry Sector Review in 1991. Some relevant analysis has been undertaken by the Swedish International Development Agency (SIDA) and by the World Bank. To date, however, no in-depth diagnostic research studies have been conducted. During 2005 and 2006, diagnostic studies are planned within the context of the UNCCD national action plan.

The main causes of deforestation in Vietnam are believed to be as follows:

Conversion of forests to agricultural land: Over the years, a major cause of forest loss has been the conversion of land use to agriculture, to meet the needs of the growing human population. Furthermore, timber harvesting activities often create roads, and subsequently people use these roads to go into forests to develop farms, thus changing the use of land from forest to agriculture. In recent years, production of agricultural commodities, such as coffee and livestock, has also resulted in conversion of forests to agricultural use.

Unsustainable and illegal harvesting: The forest harvesting period is generally short and not followed by suitable silvicultural treatment activities. From 1986-1991, timber harvesting conducted by State Forest Enterprises (SFEs) caused the loss of 3.5 million m³ of timber per year. In addition, each year about 30-50% of timber volume is harvested by illegal cutting. In 1991, illegal harvesting resulted in the loss of an estimated 80,000 ha of forests (Ministry of Forestry 1991). According to official statistics, from 1998-2003, illegal logging caused a loss of about 60,000 m³ annually (FPD 2004). The illegal cutting is not limited only in production forests, but also extends to protection and special use forests.

Based upon existing data, it is not possible to reliably estimate the extent of unsustainable and illegal logging, as data is inadequate to calculate the sustainable annual yields. Recent analysis indicates, however, that the sustainable log supply is possibly exceeded by 1.7 million m³ per year, or 70%.

Wars: in the last two wars, mainly in the war against America, bombs and especially chemicals destroyed a lot of forests and ecosystems in Truong Son Range and Southwest region. It was estimated that about 13 million tons of poisonous chemicals were used during the war in South Vietnam. Many forest areas in the region were affected by 72 million liters of grass-destroying chemicals, resulting in about 4.5 million ha of forests destroyed (The World Bank 1995). After the war, the timber demand for post-war reconstruction also was a major cause of deforestation.

Infrastructure development: The construction of new infrastructure also leads to forest loss. It was estimated that annually there were about 30,000 ha of forests lost due to reservoir building (The World Bank 1995). Construction for electricity supply and large-scale roads are also causes of forest loss.

Unsuitable management of waste dumping places and mining: Thousands of hectares of mining sites and waste dumping areas cause serious deforestation, creating negative environmental impacts and leading to land degradation.

Forest fires: Every year, forest fires destroy forests in many parts of Vietnam. In recent years, about 6,000 ha of forest are destroyed by fire every year (FPD 2004). The most sensitive areas are Central Highland and Mekong River Delta in the dry season. Beside the climate change causing severe drought, the reasons for forest fire also include the demand of arable land for food security, unplanned economic development, and the lack of a professional forest fire protection force.

Unsuitable legal framework, institutional and management capacity: In general, the legal framework is not yet harmonized, to adequately deal with environmental management and development issues. Policy incentives are inadequate to encourage sufficient investment in sustainable forest management. With the existing framework, it is still difficult to mobilize adequate local resources and people for sustainable natural resources management. The management, the long-term planning, policy-making, information access and monitoring and evaluation capacity of staff are still too limited to meet the requirements for the national renovation (*Doi moi*) process. Technical facilities to support research, technology transfer, training and extension for local people are very poor and backward. The number of forestry staff at local levels, especially at districts and communes, is very few.

3. formulating and implementing national policies and strategies, through an open and participatory process, for addressing the underlying causes of deforestation

The Government has involved its population in widespread debate on the importance of forestry. The country's 5 Million Hectare Reforestation Programme was adopted by the National Assembly and endorsed by the Ninth Party Congress. More recent efforts to update the Law on Forest Protection and Development, and to prepare a new National Forest Strategy (NFS, 2006-2020), involve consultation with a wide range of stakeholders throughout the country.

To mobilize people to participate in forest protection and reforestation, the Vietnamese Government has adopted a series of policies of promoting community forestry, such as the policy of forest land allocation to give land use rights up to 50 years, land-use tax reduction and exemption, soft loan and credit for plantation development, and technical support, etc. The following chart shows the proportion of land allocated to each stakeholder category, which indicates that 2,738,917 ha of forest land has been allocated to the private sector, including households (FPD 2004). Although Decision 178 aimed to specify benefit-sharing, however, consultation processes are still ineffective to encourage people to be actively involved in all activities, especially the benefit-sharing mechanism development process.

According to FPD estimates, approximately 3.4 M ha of forest has been allocated to State enterprises, 2.7 M ha to households and collectives, 1.3 M ha to Special-Use Forest Management Boards, 1.1 M ha to Protection Forest Management Boards, and 95,605 ha to the armed forces. But in many cases, however, these forest land allocation figures exist only on maps and in documents. Most stakeholders, especially State enterprises and households, still do not have their land allocated at the field level with

clear site matching. Formal allocation of land use certificates, (known as Red Books, due to their red cover), has been proceeding slowly, as it requires cadastral work and other field activities, which in turn require funding.

Government plans to reorganize many of the State Forest Enterprises (SFEs). An estimated 1 M ha of land currently under management of SFEs might be transferred to local authorities, for reallocation to communities and households. Some of the other land currently under SFE management may be transferred to Forest Management Boards to manage as protection or special-use forests.

4. raising awareness of the importance of issues related to deforestation and forest degradation and the multiple values of forests

In Vietnam, environmental protection has been a great concern of the Government since the 1980s. This issue together with poverty alleviation has been mentioned in the 1980 Constitution of the Socialist Republic of Vietnam. The First National Action Programme on Environment and Sustainable Development 1991-2000, the 1991 Law on Forest Protection and Development, and the 1993 Land Law constituted a very important starting point for the follow-up activities in environment protection in general, and forest protection specifically, throughout the country. Many of these laws have been recently revised, such as the Land Law in 2003 and Law on Forest Protection and Development in 2004.

Over the years, the Government has promoted awareness-raising on forestry and environmental issues, through use of magazines, leaflets, demonstrations, on-site training, field visits, direct interviews, television programmes in local languages (with specific programmes on environment protection, daily forecasts of forest fire risks, and the impacts of forest loss on increasing natural disasters, such as flood, drought, etc.).

Forest conservation and protection of unique types of forest and fragile ecosystems

5. creating or expanding protected areas to safeguard forest and related ecosystems and their full range of values and, developing and applying criteria and methodologies for assessing the conditions and management effectiveness in protected forest areas

Biological diversity conservation is a key issue in sustainable forestry development. When the whole world pays more and more attention to the existence of natural tropical forests, the long-term sustainable development of forestry is the most important target for forestry. The Government of Vietnam has adopted a series of measures to protect the forest resources and its biodiversity. This commitment is shown clearly in the National Nature Conservation Strategy of Vietnam (1984), the Tropical Forestry Action Plan (1991), the National Biodiversity Action Plan (1994), the Law of Forestry Protection and Development (1991 and 2004) and the Law on Environment Protection (1993 and 2003), etc.

Since 1986, the government has promulgated the establishment of 28 national parks, 49 nature reserves, 11 protected wildlife areas, and 39 protected landscape areas, with a total area of about 2 million ha (about 6 % of the total country area). All the national parks and nature reserves areas are classified as special-use forests, which are strictly protected. The Government provides considerable budget for management of these protected areas.

Vietnam has an official list of 331 endangered animal species and 356 endangered plant species in the Vietnam Red List¹. In 1993, the Government announced a strict ban on harvesting of 13 plant species and 36 animal species. In 2005, this list will be reviewed and updated.

¹ Vietnam has a list of rare and endangered species, called the Vietnam Red List (or Book), which parallels the international Red Book of species developed by the World Conservation Union (IUCN). This list is not to be confused with the "Red Books," or land use certificates (which have red covers) issued by various levels of Government to land users, allocated agricultural or forest land for long-term use and management

A comprehensive assessment of priority special-use forests (SUFs) was undertaken by FPD with support from the Global Environment Facility (GEF) and World Bank in 2003. This assessment identified 50-55 priority SUFs. Vietnam is in the early stages of preparing baseline assessments of protected areas management effectiveness for all priority Special Use Forests. Management effectiveness tracker tools have now been prepared for 5-10 SUFs, with completion of this program for the 50+ priority SUFs scheduled for 2005 and 2006.

6. developing and implementing partnership mechanisms to engage forest owners, private sector, indigenous people and local communities in the planning and management of forest conservation areas and developing and implementing a range of innovative mechanisms for financing and encouraging forest conservation

The Government had issued several policies to promote active participation of forest owners, private sector, indigenous people, and local communities in forest management and utilization. For example, in 1999, Government's Decree 163 authorizes forest land allocation and land lease to organizations, households and individuals for long-term and stable use for forestry activities. The 2004 revision of the Law on Forest Protection and Development authorizes allocation of forest land to rural communities (communes, villages and hamlets).

In National Forestry Development Strategy for 2001-2010, the Government also set targets that by 2010 2-3 million households would be participating in forest trading, and 6-8 million of labourers would have forestry-related jobs. The aim is that forests and forestry will become important economic sectors in the upland and mountainous areas in order to improve ecosystems, to protect the human environment to ensure quality of life and to promote sustainable development.

The Government also promotes policies on forest development and investment for science and technology, such as in seedlings, forest protection, and processing, to assist different economic sectors to be able to have higher profits from forests.

To promote forest conservation, Government has a policy of providing payments of 50,000 Vietnamese dong (VND)/hectare/year. These payments are provided to individual households, who may be allocated, for example, 30 ha to protect, thereby receiving a payment of 1.5 million dong (almost US\$ 100) per year. This policy is part of the 5MHRP, and is currently under review. Controversy exists over this policy: some advocate that the payment should be increased, to 100 000 VND/ha/yr, whereas others advocate that the forest protection contracts should be replaced by an improved policy on benefit-sharing, i.e., limited sustainable use of forest resources found in protection forests.

Vietnam has recently prepared a national Clean Development Mechanism (CDM) Strategy. Several activities are being carried out under the CDM programme, however, these efforts are still at a pilot scale. Specific mechanisms to mobilize CDM financial sources are still not available. At the moment, active partners on this issue include Japan, Netherlands, and Germany.

A GEF-TFF-EU financed mechanism, the Vietnam Conservation Fund (VCF), will be established in 2005. This fund will provide funding on a competitive grant basis to priority Special Use Forests. The emphasis of the fund will be to support development of co-management based approaches to SUF management, and also to strengthen management capacity at site level. At central level, the VCF will support appropriate policy and institutional reforms.

7. giving high priority in national forest programs to the rehabilitation and sustainable management of forests and trees in environmentally critical areas, recognising the linkage between forest protection and sustainable development and improving the coordination among such policies and programmes

The 5MHRP was given one of the highest priorities in the National Socio-economic Development Strategy of Vietnam, 2001-2010. Similarly, in the Comprehensive Poverty Reduction and Growth Strategy, adopted by Government in 2002, the 5MHRP is considered to be the second-largest national target programme aiming to contribute to national poverty reduction.

Successful implementation of the program was foreseen to be a basic solution in addressing the country's challenges such as watershed capacity, forest product supply, environment improvement, and significant contribution to poverty alleviation and famine eradication in mountainous areas.

In its 2001 National Environmental Protection Strategy, the Government set up some priorities, such as: capacity building for forest participatory management; sustainable use and protection of water resources; forest and forest land classification, sustainable land use planning, river basin planning and promoting special use forest system, promoting coastal areas, enhancing sustainable wetland areas, etc. (MONRE 2001).

Rehabilitation and conservation strategies for countries with low forest cover

- 8. expanding forested area, establishing and managing plantations to enhance production of forest goods and services, while avoiding the replacement of natural ecosystems, and recognizing the role of imports in satisfying the needs for forest products and services**
- 9. promoting the regeneration and restoration of degraded forest areas including through partnerships and building capacities to promote effective participation in decision making, and development and transfer of environmentally sound technologies**
- 10. improving the efficiency of international cooperation to support the management, conservation and sustainable development of all types of forests and building capacity to monitor forest resources**

Items 8, 9 and 10 are not applicable, since Vietnam does not meet the definition of a "low forest cover country." As of 2004, Vietnam has more than 36 % forest cover. Nonetheless, the Government still intends to further increase the amount of forest cover, as described under Item 11 (below).

Rehabilitation and restoration of degraded lands and promotion of natural and planted forests

- 11. promoting the creation of new forest resources through plantations and recognizing their role in rehabilitation of degraded lands and forests in environmentally critical areas**

The 5MHRP aims to re-establish a 43% forest cover in the country by 2010, through a comprehensive programme aimed enhancing environmental protection, reducing poverty and increasing the contribution of the forest sector to the national economy. Together with the objective of forest protection, reforestation is one of the highest priorities in the forestry policy.

Although the plantations in Vietnam currently contribute only a small amount to national timber production, the future potential of plantations in meeting timber demand for industry and energy is significant. Vietnam regards this potential as a very important solution to release the pressure on natural forests and create timber sources for daily demand. Already, Vietnam is importing significant amounts of forest products, to meet its needs for raw materials in the forest products processing industries. Government aims to increase local supplies, in order to reduce imports in the future. In addition, Government is promoting plantations to reduce the problem of the 10 M ha of barren land, which are creating more and more socio-economic and environmental threats for development. Now each year

approximately 180,000-200,000 ha of industrial plantations are established and an estimated 200-300 M scattered trees are planted.

To date, however, the 5MHRP has not placed particular emphasis on identification of environmentally-critical areas as the top priority for forest protection and rehabilitation. In the ongoing work to prepare a new National Forest Strategy (2006-2020), however, this issue is receiving attention. The Forest Inventory and Planning Institute has already identified the environmentally-critical watershed (protection) forests. Similar work has been done to review the Special Use Forests, to determine which ones are highest priorities in terms of biological diversity conservation objectives, as part of the preparation of the National Biodiversity Action Plan.

12. promoting policies to meet increasing demand for wood and non-wood forest products and services, through sustainable forest management.

The Government has issued several policies to promote the participation of all stakeholders in development of forests and in timber and non-timber forest products processing and trading. These policies also aim to respect the legal framework of exporting countries as well as limiting the illegal logging and trading. Government policies promoting sustainable forest management include policies both inside and outside of the forest sector, such as: the land policies; investment and credit policies; policies on science and technology; policies on promotion of forest product processing; and benefit-sharing policies.

Implementation of the IPF/IFF proposals for action related to thematic issues of UNFF 3

Please refer to your national report if appropriate, or provide new or updated information on: activities undertaken since 1997, progress made, constraints encountered, lessons learned, and issues that have emerged, as well as relevant information related to means of implementation (financing, transfer of environmentally sound technologies, and capacity-building) to support the following actions:

Economic aspects of forests, including trade

13. valuation of forest goods and services (this may include, among other things, the development and use of new valuation methodologies, valuation of a wider range of goods and services, and policy decisions that reflect a more comprehensive assessment of forest values)

Currently, the value of forest products and services is under-estimated. Calculations only indicate that forestry contributes approximately 1 percent to the national GDP. The value of forest services is still not adequately estimated due to inadequate methodologies and inadequate data.

According to MARD's Agriculture and Forest Products Processing Department (2004), in 2001-2003, harvested forest products amounted to an estimated 3 million m³ of timber, 500,000 tons of bamboo and 20,000 tons of other non-timber forest products (e.g., resins, rattan, shellac, star anise, pine oil and resins, cinamomum, medicinal plants, etc.). In 2003, the export value of forest products was US\$ 567 million and an estimated US\$ 1 billion in 2004.

An estimated 25 million people currently live in or near forest areas. They derive about 20% of their household income from non-forest products.

The revised 2004 Law on Forest Protection and Development specifies that forest valuation will be carried out, to determine the rates to be used for leases of forest land and also for government taxation.

Currently the Government is preparing a legal decree on the methodologies for forest goods and services valuation. This decree will be one of many legal documents promulgated to support implementation of the revised law. As part of preparation of this decree, the FSSP partnership will support training to be provided to key Vietnamese staff on international best-practices in forest valuation.

14. the amount, scope, or quality of market data and information for wood and non-wood forest products and their substitutes

Vietnam does not yet have very reliable or comprehensive market data on wood and non-wood forest products and their substitutes. Although Ministry of Agriculture and Rural Development, General Statistics Department, Ministry of Trade, Customs Department, and other government agencies collect a wide range of data, the existing data base is inadequate and fragmented. Currently, in the context of preparing a new National Forest Strategy and developing Forest Sector Monitoring and Information Systems, the issue of how to improve amount, scope, and reliability of market data and information will be further assessed.

15. use of economic and policy instruments to facilitate progress toward sustainable forest management (these may include improved tax policies and forest revenue collection systems)

Vietnam has a broad range of legal and policy documents that attempt to promote sustainable forest management. The Government's current policy, for examples, aims to ensure that all forest is allocated to an "owner," to promote sustainable forest management². This approach is incorporated into the revised 2004 Law on Forest Protection and Development. The Government also promotes sustainable forest management through other policies, such as investment in forestry research, training, and extension.

To date, relatively little attention has been devoted to analysis of how Vietnam's economic policies and economic incentives could be used to promote sustainable forest management. For the new law, however, a decree will be developed on forest valuation, which will establish the framework and methodologies to be used for valuation of forest, for purposes of leases and taxation.

16. efforts to reduce negative impacts of trade

Currently Vietnam is negotiating to join the World Trade Organisation (WTO). In order to limit the negative impacts of trade, the Government encourage producers to pay attention to the following:

- Establishing trademarks for products to make sure that the products are known with respecting to their high quality on the broader market.
- Enhancing the marketing and advertising of their products on internet and television, and participating in domestic and international fairs and exhibitions.
- Promoting skills on negotiating prices, preparing market forecasts and market analysis.
- Encouraging producers to develop strategies on sustainable resource supply through finding alternative materials to replace the imported timber and non-timber forest products.
- Developing a national strategy on international economic integration.

17. participation in forest certification and labelling schemes and work toward mutual recognition and comparability of such schemes:

These issues will be mentioned in Item 30.

² According to the Constitution, all land in Vietnam belongs to the people, i.e., the State is the ultimate owner of all land. The Government does, however, allocate use rights to different "owners." For forest land, use rights may be allocated for 50 years, with possibility of renewal. According to the 2004 law, forest land may be allocated to individuals, households, communities, State Forest Enterprises, the armed forces, and other legal entities.

18. efforts to reduce illegal trade (exports from or imports into your country) in wood or non-wood forest products. Please indicate achievements made, lessons learned, constraints encountered, and planned initiatives:

Vietnam is a member of the Asia Forest Partnership, a joint agreement with other ASEAN countries to control illegal logging and trade. Vietnam is a member of several other international organizations and has ratified several international and regional agreements that are concerned with these issues. In addition, Vietnam has recently developed Vietnam's own Criteria and Indicators (C&I) for sustainable forest management, which will enable the country to undertake several actions to minimize illegal trade.

As already discussed in Item 2, the Forest Protection Department has responsibility to control illegal timber harvesting. The recorded volume of illegal timber harvested has declined slightly over the past 6 years, from 61.012 m³ in 1998 to 56.747 m³ in 2003. It is well known, however, that much larger volumes of illegal harvesting occur, and thus are unrecorded.

The revised 2004 Law on Forest Protection and Development includes provisions for strengthening forest protection, which will be further elaborated in a forthcoming decree on the organisation of the forest protection force. Vietnam has become a member of the Asia Forest Partnership (AFP), which deals with several issues, including control of illegal logging. In 2005, Vietnam will receive support from the European Union to undertake activities on Forest Law Enforcement, Government and Trade (FLEGT), including the development of a national action plan and capacity building at national and local level.

Forest health and productivity

19. If damage to forests from air pollution is a significant problem in your country, please provide information on recent national strategies or programmes to minimize damaging air pollution. Please indicate if your country is involved in any international cooperation efforts aimed at strengthening scientific knowledge, increasing information access or reducing the impacts of long-range air pollution on forests, as well as your views on the role of enhanced cooperation at the regional and international levels to facilitate such work :

Damage to forests from air pollution is not considered to be a significant problem in Vietnam. Nonetheless, Vietnam has signed the ASEAN agreement on controlling air pollution.

Maintaining forest cover to meet present and future needs

20. Please indicate progress made and lessons learned in efforts to harmonize or to make compatible policy frameworks in your country (e.g. national forest programme or a similar policy framework for forests, biodiversity strategies and action plans, national action plans to combat desertification, etc.) that collectively address the full range of forest values.

On a national level, Vietnam continues to implement the 5MHRP, which is overseen by an inter-ministerial Steering Committee. It also conducts several actions promoting sustainable forest management, such as continuing to strengthen capacity in development of comprehensive forest management plans, implementation of reduced impacts logging guidelines, promotion of active participatory approaches in decision-making, land use planning and development of benefit-sharing mechanisms, etc.

As already discussed, MARD is currently preparing a new National Forest Strategy (2006-2020) and examining ways to update implementation of its Five Million Hectare Reforestation Programme. MARD is the national focal agency for the UNFF, the UNCCD, and the National Action Programme on Combating Desertification (NAP) development and implementation as well as the member of steering committee of national action plan on biodiversity. All those responsibilities enable MARD to ensure the good integration of these initiatives. MARD also participates in the National Coordinating Body (NCB) for UNCCD implementation, which has members from related ministries dealing with forest management, combating land degradation and promoting biodiversity conservation. The NCB will be supported by a Science and Technology Advisory Group (STAG) to review draft of NAP for 2006-2010 and all proposals elaborated by different provinces and institutions. STAG will consist of international and national experts from relevant agencies, which will need some financial support.

21. Please provide information on recent efforts to assess long-term trends in national supply and demand for wood, non-wood forest products and services and whether your country's national forest programme or similar policy framework for forests takes into consideration future needs for forest goods and services. Please provide views on how enhanced cooperation at the regional and international levels, including through UNFF, could further facilitate implementation of the IPF/IFF proposals for action

Currently work is ongoing, as part of preparation of a new National Forest Strategy (2006-2020), to assess long-term trends in national supply and demand for forest products and services. It is anticipated that the new strategy will further specify needs and approaches for further work in this area, including enhanced regional and international cooperation.

Implementation of the IPF/IFF proposals for action related to thematic issues of UNFF 4

Please refer to your national report if appropriate, or provide new or updated provide information on: activities undertaken since 1997, progress made, constraints encountered, lessons learned, and issues that have emerged, as well as relevant information related to means of implementation (financing, transfer of environmentally sound technologies, and capacity-building) related to the following elements:

Social and cultural aspects of forests

22. promoting the fair and equitable sharing of the benefits arising from the utilization of forest genetic resources and addressing the issue of intellectual property rights, including the identification of the origins of forest genetic resources, taking into account work undertaken by the Convention on Biological Diversity and other international agreements

Vietnam is a signatory to the Convention on Biological Diversity, and recognizes the importance of this issue. A series of conservation projects have been implemented to identify areas of high biodiversity value for conservation and to improve the management of the existing protected areas. To date, however, Vietnam does not yet have in place feasible benefit-sharing mechanisms to encourage local people to protect forest resources. Work is still needed to develop guidelines for utilization of forest genetic resources and addressing the intellectual property rights.

23. strengthening the role of women in sustainable forest management, including through capacity building and greater participation in community-based forest management

According to the Constitution and the 2003 Land Law, women have full rights decision-making in family activities and also in land use, thereby also in sustainable forest management. For example, the land use

certificate (Red Book) for agricultural or forest land allocated to households has both the names of the husband and the wife. Therefore, women can participate in training, and have the right to obtain loans (using the land use certificate as collateral). Many of the micro-credit programmes in the country are administered by the Vietnam Women's Union.

The 2004 Law on Forest Protection and Development recognised the village community as a legal entity in all forestry activities. In 2005, as this law becomes operational, considerable work will be done to develop training programmes for community forest management, which will provide training to rural women, men, and youth in forest management issues. Many forestry development projects in Vietnam have paid attention to gender issues and promotion of women's participation in community-based forest management.

The FSSP & P is currently sponsoring a study on Gender Issues in Forestry, which is being managed by MARD's Committee for the Advancement of Women. Another important FSSP & P study is being conducted on Forestry, Poverty, and Rural Livelihoods. Other important work on this topic is being undertaken by CIFOR and other FSSP & P partners. These studies will provide inputs on gender and poverty issues into the forthcoming National Forest Strategy (2006-2020).

24. integrating local and indigenous communities in sustainable forest management programmes, particularly as regards (a) recognition and respect of the customary and traditional rights and privileges of indigenous and local communities, (b) participation in decision making regarding the management of forests, (c) the attainment of secure land tenure arrangements, (d) capacity building and technology transfer for sustainable forest management directed at indigenous and local communities

The Government considers the traditional knowledge of indigenous and local communities to be a valuable asset the country. Realizing the important role of village communities in forest management activities, the revised 2004 Law on Forest Protection and Development recognizes village community as a legal entity to participate in all forestry activities, including being allocated forest land use certificates, and thus being allocated responsibility for management of forests. Therefore, from now on, village communities can be more widely involved in all initiatives.

Considerable work will be needed, however, to develop adequate guidelines, operational procedures, training programmes, and extension services to support rural communities to effectively manage these forests. This issue is particularly difficult and challenging, yet urgent, as the most heavily forested areas remaining in Vietnam are remote mountainous areas where the local population belongs primarily to ethnic minority groups, who are disadvantaged in terms of education, access to infrastructure and other aspects of development, and thus suffer the highest and most persistent rates of poverty in the country.

Traditional forest-related knowledge

25. inventorying, cataloguing, and applying traditional forest related knowledge for sustainable forest management and promoting research on TFRK with the involvement of the knowledge holders

The indigenous and local communities in Vietnam have traditional customs that are built upon their close relationships with forests, such as for meeting their daily demands. Therefore, it is commonly accepted that the local and indigenous people have good experience and considerable traditional knowledge related to forest use and management. It is recognized that their TFRK should be compiled, documented and widely circulated to contribute to sustainable forest management in the country. Unfortunately, the literature shows that almost no research has been carried out to date, and the application of TFRK related to sustainable forest management is still very limited.

26. supporting the application of intellectual property rights and/or other protection regimes for traditional forest related knowledge, and the fair and equitable sharing of benefits arising from the use of traditional forest related knowledge, innovations and practices

In Vietnam, there is not yet any legal framework nor any other mechanism that promotes the application of intellectual property rights and/or other protection regimes for traditional forest related knowledge, and the fair and equitable sharing of benefits arising from the use of traditional forest-related knowledge, innovations and practices.

Scientific forest-related knowledge

27. disseminating scientific knowledge to all interested parties, including through new and innovative ways, and strengthening capacity and mobilizing funding for national and regional research institutions and networks

For research, extension, training and education systems, the priority is for MARD, the Ministry of Natural Resources and Environment (MONRE) and the Ministry of Education and Training (MOET) to ensure the transfer of knowledge and skills needed to meet the demand. To meet this objective will require an adjustment of the existing educational curricula, as well as more demand-driven training delivery systems. These should not only take into account the changing skills needs, but also the special demands of different trainees, including women and ethnic groups. One of the FSSP partners, Helvetas, has recently assessed the existing linkages among forestry research, extension, training, and education (RETE). A priority activity for the FSSP is to see how such linkages can be improved, and how these systems can be made more responsive to user demands.

One objective of the FSSP partnership is to improve communication among national and international partners working on forestry issues, including the scientific community. Dissemination of research findings occurs through traditional means, such as publications, newsletters, use of the public media, workshops, and conferences. In terms of more innovative approaches, the FSSP Partnership, as well as other collaborators, are now increasingly making data available on websites.

28. enhancing interaction between scientific research and policy processes, including priority setting of research, addressing of knowledge gaps and using scientific knowledge to support decision-making

In formulating policies for the forest sector, the Ministry of Agriculture and Rural Development aims to build national consensus, through a process of consultation with relevant stakeholders, from the grassroots to central levels. This process involves close collaboration with the scientific community. In 2002, the FSSP and CIFOR organised a meeting in Dalat, to develop a Forestry Research Action Plan. Subsequently efforts have been undertaken by the Forest Sciences Institute of Vietnam (FSIV) and Forest Inventory and Planning Institute (FIPI) to prepare an updated forest research strategy, which is more responsive to the needs of the end users of research,, ranging from policy makers to farmers. This work has been supported by Tropenbos International and other FSSP &P partners. FSIV, FIPI, and representatives of Vietnam's universities are also active participants in various important working groups and task forces dealing with key sectoral issues, as well as the decision-making structures of the FSSP & P, including its Technical Executive Committee (TEC) and Partnership Steering Committee (PSC). The Ministry also addresses these issues through the activities of its Department on Science and Technology, and its Planning Department.

monitoring, assessment and reporting, concepts, terminology and definitions

29. improving information on national forest resources, making the information widely available, assisting other countries in their related efforts

The forest sector in Vietnam recognises the need to improve the availability of information on national forest resources, and to make such information more widely available. Currently the FSSP & P is working with MARD and an inter-ministerial committee to develop Forest Monitoring and Information Systems (FOMIS). As an initial step, a sectoral database has been created, which combines information from several different departments and ministries, and provides the most recent information on 36 indicators. Work will be done to test and further develop this database, by building historical datasets and increasing the number of indicators. In addition, efforts will be taken to look at ways to link this national database with other relevant databases, provincial monitoring efforts, and monitoring and evaluation (M&E) systems for individual forestry projects. The FSSP & P is developing a number of other information sources, including an electronic reference library and a Forest Sector Manual. These new information sources, as they become available, will be posted on the new website, <http://www.vietnamforestry.org.vn>

The Forest Inventory and Planning Institute has also been discussing with FAO how to improve the quality of forest resource assessment, and the analysis of inventory data collected. The aim is to improve national policy-making, as well as to share this information internationally. Such activities will need to be coordinated with work to further develop the FOMIS database, as well as other overall efforts of the Government of Vietnam and MARD to improve monitoring and information systems, and to develop systems of electronic governance.

criteria and indicators of sustainable forest management

30. developing and using criteria and indicators of sustainable forest management (at national level and/or subnational level and for policy, planning, management and/or monitoring purposes), and participating in regional and/or international C&I processes

Vietnam has developed the Vietnam Criteria and Indicators (C&I) for sustainable forest management. These national C&I have been submitted to the international Forest Stewardship Council (FSC) for approval. The Vietnam C&I were prepared by the national working group on SFM, through a wide consultation process that involved workshops and meetings with participation of all related stakeholders, such as State Enterprises, private companies, household and community representatives, and related government agencies. To date, some preliminary pilot assessments have been conducted in Kon Tum and Nghe An provinces. Since MARD considers the use of such national C&I to be a voluntary action of the private sector, to promote their products in international markets, it is considered unnecessary to get the Vietnam C&I officially approved by Government.

III. Preparation of the Report

31. Describe the process of preparing this report, including which government agencies and stakeholder groups were involved, and the extent to which they contributed. Provide information on successes, challenges and lessons learned in the preparation of this report.

This report has been prepared through consultation with a range of key stakeholders at national level. First, consultative meetings were held with related sections and units within Department of Forestry, which serves as the National Focal Agency of UNFF. Subsequently, consultations have been held with other departments within the Ministry of Agriculture and Rural Development, and the FSSP Coordination Office. A number of national and international colleagues have commented on the draft. After receiving this feedback, the report has subsequently been revised and finalized.

Given the challenges faced in assembling the information for this report and the limited involvement of different stakeholder groups in its preparation, the Ministry plans to take steps to improve the process for future reporting. In 2005, the Ministry plans to establish a task force, to review all the international and regional environmental conventions to which Vietnam is a signatory, and to look at ways to improve its reporting to these conventions. This effort will be part of a larger effort to improve forest sector (and broader) information and monitoring systems, and to make such systems more participatory, transparent, and accessible.