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và Phát triển Nông thôn
CHXHCN Việt Nam**



**NƯỚC ĐỨC Ở VIỆT NAM
DEUTSCHLAND IN VIETNAM
2010**



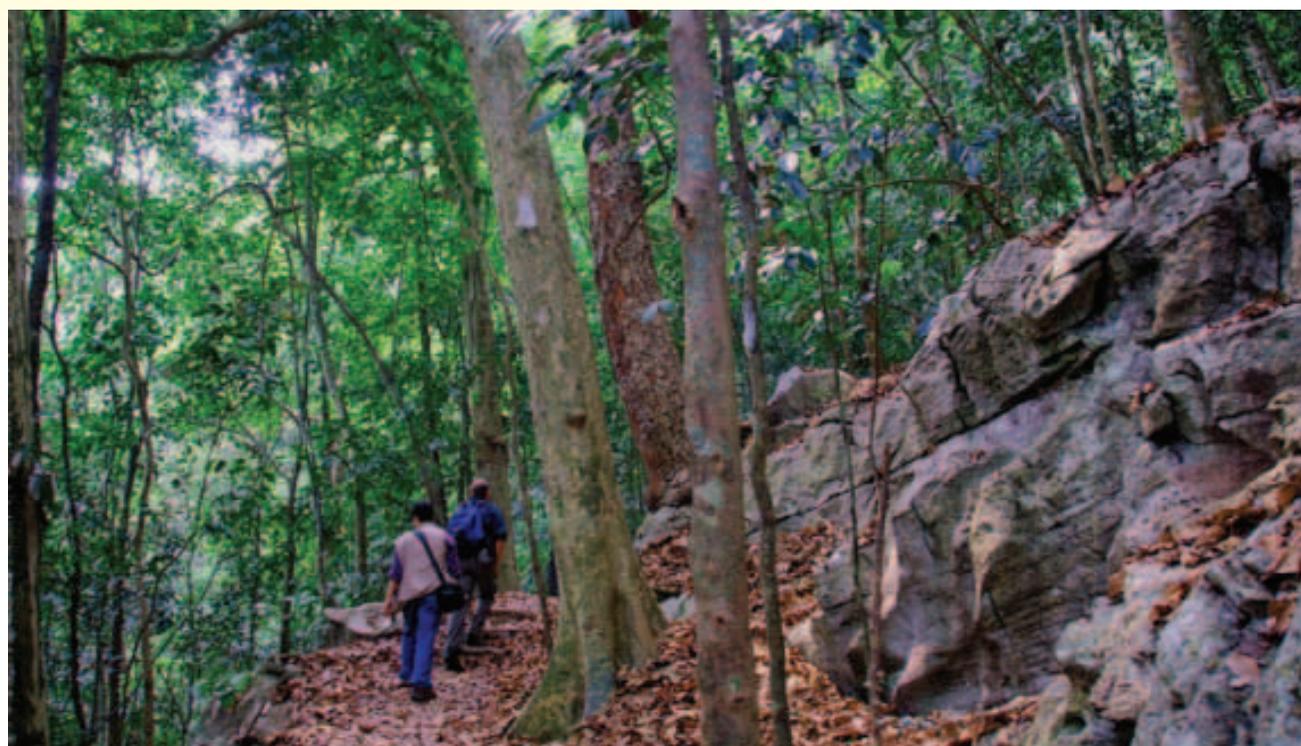
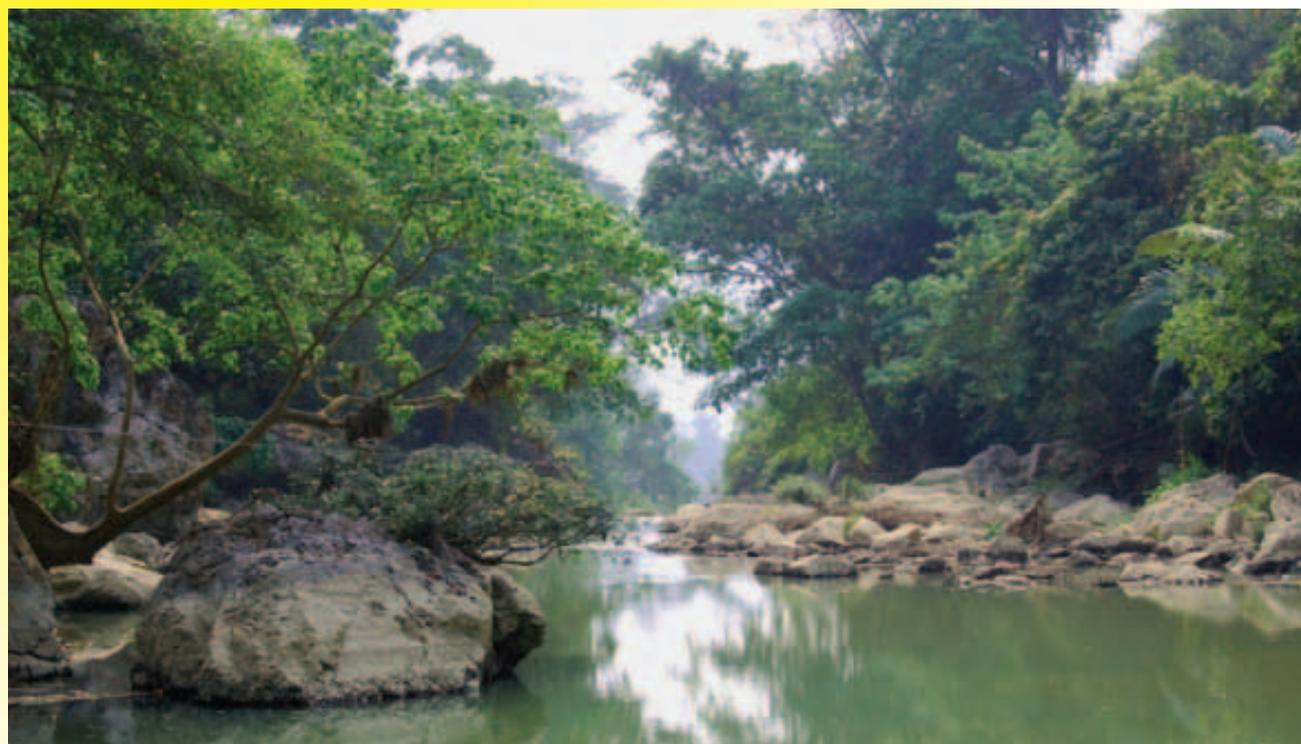
**Federal Ministry
for Economic Cooperation
and Development**

BACKGROUND DOCUMENT

**Regional Conference on
Sustainable Forest
Development in a
Changing Climate**

Hanoi, Meliã Hotel
7th – 8th September 2010

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LIST OF ABBREVIATIONS



5MHRP	Five Million Hectares Reforestation Programme
ADB	Asian Development Bank
Bio	Billion
C	Celsius
CBD	Convention on Biological Diversity
CC	Climate Change
CCB	Climate Community and Biodiversity
CCX	Chicago Climate Stock Exchange
CDM	Clean Development Mechanism
CDM-A/R	Clean Development Mechanism, Afforestation / Reforestation
CFM	Community Forest Management
CIM	Center for International Migration
CITES	Convention on International Trade in Endangered Species
CO2	Carbon Dioxide
COMAP	Comprehensive mitigation assessment process
COP	Conference of Parties
CPRS	Comprehensive Poverty Reduction and Growth Strategy
CSR	Corporate Social Responsibility
DARD	Provincial Department of Agriculture and Rural Development
DDR	German Democratic Republic
DED	Deutscher Entwicklungsdienst (German Development Service)
DONRE	Department of Natural Resources and Environment
EU	European Union
FAO	Food and Agriculture Organisation of the United Nations
FDS	Forest Development Strategy
FFI	Flora and Fauna International
FLEGT	Forest Law Enforcement , Governance and Trade
FP&D	Forest Protection and Development Law
FPDF	Forest Protection and Development Fund
FSSP	Forest Sector Support Partnership
GNP	Gross National Product
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (German Agency for Technical Cooperation)
Ha	Hectare
INGO	International Non-Governmental organisation
INWENT	Internationale Weiterbildung und Entwicklung (Capacity Building International)
IUCN	International Union for the Conservation of Nature
JBIC	Japan Bank for International Cooperation
JICA	Japan International cooperation Agency
KfW	Kreditanstalt für Wiederaufbau (German Bank for Development)
MARD	Ministry of Agriculture and Rural Development
MDG	Millennium Development Goals
MHC	Mekong River High Commission

LIST OF ABBREVIATIONS

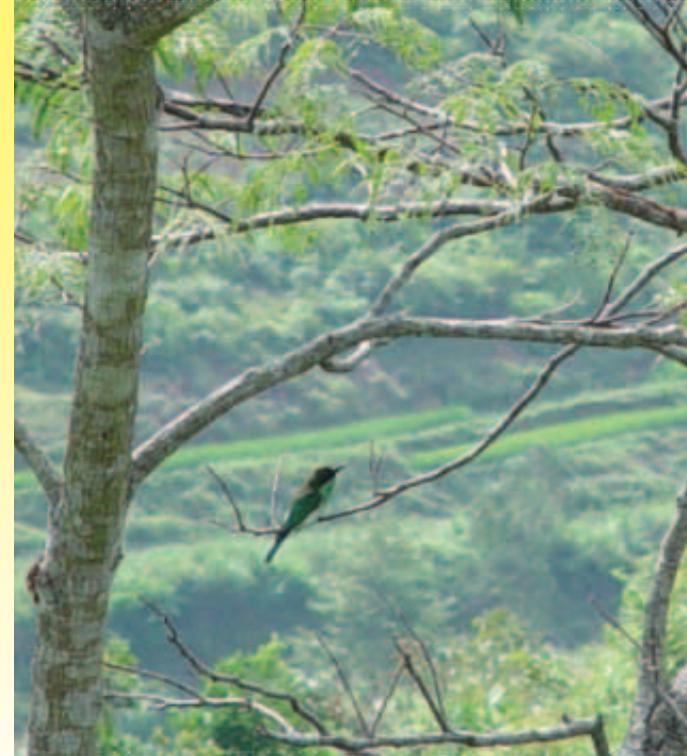


MONRE	Ministry of Natural Resources and Environment
MRC	Mekong River Commission
MTR	Mid-term review
NTFP	Non Timber Forest Products
NTP	National Target Programme
NTP-CC	National Target Programme on Climate Change
nwfp	Non-wood Forest Products
ODA	Official Development Assistance
OTC	Over the Counter
PES	Payment for ecosystem services
PIM	Project Implementation Manual
PPP	Private Public Partnership
REDD	Reducing Emissions from Deforestation and Forest Degradation
REDD+	Reducing Emissions from Deforestation and Forest Degradation plus sustainable forest management
REFAS	Reform of the Forest and Administration System
RETE	Research, education, training, and forest extension
SEDS	Socio-economic Development Strategy
SEPD	Socio-economic Development Plan
SFE	State Forest Enterprise
SFM	Sustainable Forest Management
SNV	Stichting Nederlandse Vrijwilligers Development Foundation of the Netherlands)
SRV	Socialist Republic of Vietnam
SSP	Sektorschwerpunktpapier (sector strategy paper)
SUF	Special use forest
TFF	Trusts Fund for Forests
TU	Technische Universität (Technical University)
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States Dollar
VBARD	Viet Nam Bank for Agriculture and Rural Development
VCF	Vietnamese Conservation Fund
VDS	Viet Nam Development Goals
VER	Verified Emission Reductions
VFDS	Viet Nam Forest Development Strategy
VLUP	Village Landuse Planning
VN	Viet Nam
VNFF	Viet Nam Forest Protection Development Fund
VPA	Voluntary Partnership Agreement
WB	World Bank
WWF	World Wide Fund for Nature

1. INTRODUCTION



In 2010 Viet Nam and Germany celebrate the 35-year anniversary of bilateral diplomatic relations. In 1975, the Socialist Republic of Viet Nam (SRV) resumed diplomatic relations with the German Democratic Republic (DDR). Soon collaboration between both countries started also in the Forestry Sector, which was continued with the Federal Republic of Germany (FRG) after the DDR had joined it in 1990. To draw lessons learnt from 35 years of collaboration in the forestry sector, the Vietnamese Government will host in 2010 a regional forestry conference with the theme “Sustainable Forest Development in a Changing Climate”. The conference will take stock of performance and achievements of the Vietnamese forest sector in particular drawing experiences of the long-lasting Vietnamese German cooperation. It will address current and future challenges in developing and sustaining sound and beneficial forests and biodiversity in a changing climate.



The conference will provide recommendations for decision-makers to enable the financing of cost-efficient and effective development and management of planted and natural forests in Vietnam.

The conference will also strengthen Vietnam’s forestry sector to be prepared for future national, regional, and global markets and to make best use of all forest, especially in contributing to improving livelihoods. Particularly, it will strengthen the sector’s capacity to provide continuous support for

- timber production and processing through sustainable management of natural and planted forests,
- forest sector related climate change mitigation and adaptation measures, and
- management of forest biodiversity.

The present document is to provide the background for the Conference.

2. FORESTRY IN VIET NAM

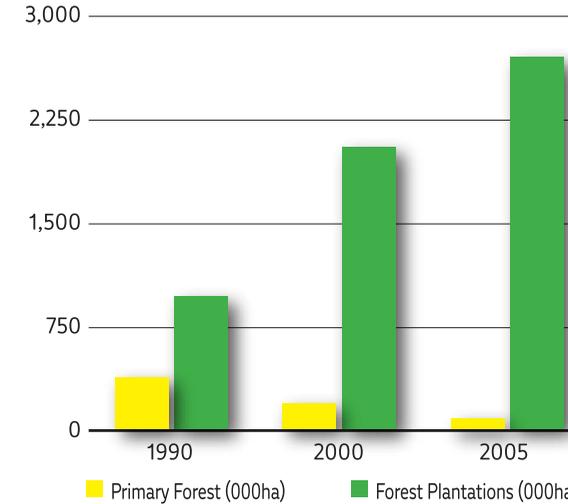


Figure 1. Distribution of natural and planted forests from 1990 – 2005 (ADB, 2009)

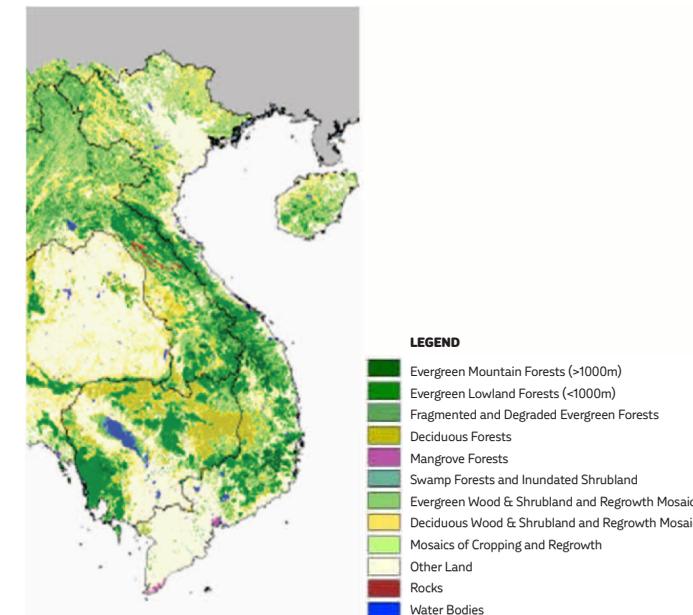


Figure 2. Forest cover map of Viet Nam (Stiebig, H-J. and Beuchle, R. 2003)

2.1. Forest Situation and Conditions

Forest Area

Viet Nam has some 19.2 million hectares of forestland, of which only 13.1 million hectares are covered with forests, and the remainder consisting of denuded hillsides and barren lands. Of the forested land, 10.3 million hectares are natural forests, and 2.8 million hectares are plantations. Forest land-use falls under three categories: special-use forests (mainly protected areas), 2.2 million hectares; protection forests, 5.7 million hectares; and production forests, 8.3 million hectares.

The history of changes in forest area in Viet Nam is dramatic. During the period of 1943 to 1983 about 50% of its forest was cleared due to intensive utilization. Forest cover dropped to a minimum of about 27% around 1990. However, successive reforestation programmes resulted in an increase in forest cover to 38.3% or around 13,118,773 hectares by 2008.

Forests are unevenly distributed throughout Vietnam, ranging from 5% of the land area in the Mekong and Red River deltas to 35% in the north-central, and coastal south-central regions, and 56% in the Central Highlands. Forest types are diverse, and include pine forests, broad-leave forests, mixed coniferous stands, moist and dry dipterocarp forests in the uplands; and lowland dipterocarp forests, mangroves, bamboos, and mixed stands of hardwoods and bamboos in lower areas, and wetlands. The quality of forest is also highly variable.

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Forest Industries

With wood products in the 5th position as an export earner (about 2.2 bln USD), the forestry sector contributes about 1.5 % to Vietnam's GNP. Over the past years, and largely due to private sector investment, a booming wood processing and export industry has emerged. The sector imports up to 80% of its raw material from other countries, partly also from unknown sources. Forest product supply from national forests is in rapid decline and forest plantations (6%) are generally of low quality or too young for production. Currently, Viet Nam is importing some 3 million m³ of timber per year, a figure, which is expected to rise to some 4-5 million m³ per year in the coming years, and much more until 2020 if the current forest policies are fully implemented. Furthermore there has been a focus on fast growing species (esp. Acacia) for the paper and chip wood industries, whereas there is a very strong demand for saw logs. Productivity of forest plantations is generally low, sustainable forest management is in its infancy and forest management certification is virtually non-existent. There is an urgent need to encourage the production of domestically grown timber and other forest products to meet the fast growing market demands and at the same time reduce the pressure on Vietnamese forests as well as from other countries.

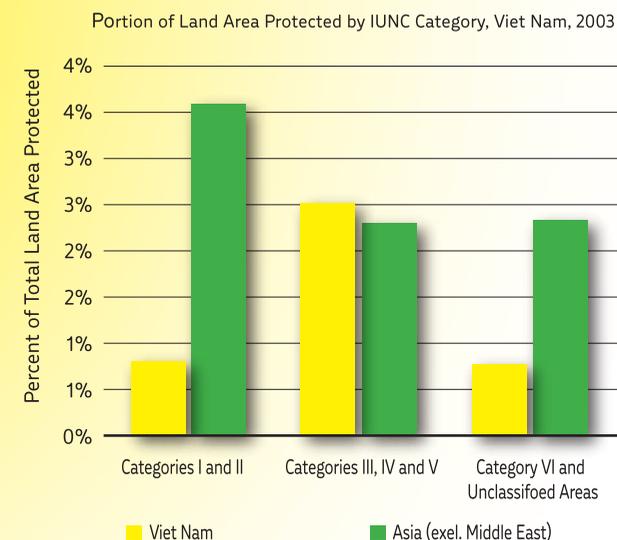


Figure 3. Portion of land area protected by IUNC category (Earth Trends, 2003) Refer to Appendix 2 for category description



2. FORESTRY IN VIET NAM



Box 1. Speech of Nguyen Ngoc Binh, A Cut for the Poor, FAO Conference in 2006

An estimated 24-25 million people live within or in the vicinity of forests, that is one third of the entire population. 3 million of which are customarily shifting cultivators (slash-and-burn cropping). The livelihood of these people is still heavily dependent on forest as they are encroaching on forestland for cropping or collecting non-timber forest products to make a living. Poverty and famine prevailing in extensive forestry-designated areas is, among others, a major cause of deforestation and deterioration of environment. Although several hunger-eradication and poverty-reduction programs have been implemented in the last decades, and hunger and poverty have been significantly reduced, the rate of poverty remains rather high, especially amongst ethnic minorities and in remote areas, where the opportunities for income diversification are few and far between. Though economic growth has substantially contributed to poverty reduction, many segments of the population still do not benefit from forest development programs/policies and farm-based economy. Hunger and poverty prevail mainly in mountain and remote rural areas due to a higher natural population growth rate, a lack of infrastructure, as well as the scarcity of employment opportunities. Giving priority to hunger-eradication and poverty-reduction programs along with comprehensive rural development, therefore, proves to be an indispensable policy that has been persistently followed by the Party and the Government of Viet Nam to wipe out poverty, promote sustainable economic growth and, as a result, improve forest management and environmental protection.

Forestry and Poverty in Rural Areas

An estimated 25 million people live in or near forests, and this includes many ethnic minorities living in mountainous and remote areas where poverty rates are high. The poor tend to have a higher reliance than the non-poor on forest resources for meeting their basic needs, for obtaining "gap-filler" income between agricultural harvests, and for providing a "safety net" in the event of financial emergencies. Despite significant achievement in poverty alleviation in the country as a whole, high rates of poverty in areas with natural forest remain, particularly in the remote uplands. The contribution of the forest sector to poverty alleviation is unclear – despite large investments into a series of afforestation programmes (currently Programme 661, i.e. the five million hectare reforestation programme), evidence suggests that these have had little direct, beneficial impact on the incomes of the poor.

New forest and land laws issued in the wake of Doi-Moi (the process of economic reforms) initiated the devolution of forest use and management rights to non-state actors. Since then the area of forestland allocated to local people has expanded from almost nothing to 3.5 million ha in 2006. However, forestland allocation has generally been a top-down process, and outcomes have been afflicted by inefficient and inequitable allocation of mostly degraded or bare land. After ten years of piloting community forest management (CFM), revision of the forest law in 2004 provided for allocation of forests to communities. However CFM remains a pilot process, with few areas of mostly poor forestland allocated with support of donor projects in selected provinces – it is yet to be promoted by the Ministry of Agriculture and Rural Development (MARD) as a mainstream initiative.

The Viet Nam Forest Development Strategy 2006 - 2020 (VFDS) seeks to promote socialisation of the forest sector – encouraging non-state actor tenure and resource access.

2. FORESTRY IN VIET NAM



However, most forestland, and in particular the high value forests, remain under state control, leaving local people disadvantaged by a lack of co-management opportunities and unclear benefit sharing mechanisms. The re-form of state forest enterprises (SFEs) has released relatively little forestland for allocation to households. This process commenced in 1999, but continues at a very slow pace that reflects the depth of underlying complications and intransigencies. Although SFEs have been changed to become state forestry companies (SFC), many remain dependent for their survival on subsidies and fees from Program 661 – proven business models for restructured the SFCs are lacking.

In response to challenges faced by the poor forest based people, a promising development of particular importance is community forestry, especially in ethnic minority areas. Initially donors were the main supporters of such projects (including several GTZ and KfW-supported projects). However, now with financial support from the Trust Fund for Forests (TFF), the Department of Forestry has implemented a National Pilot Program for community forestry in 40 communes, located in 10 provinces. The Pilot Program ran from 2006 to 2009 and first results revealed promising approaches that now could be applied on a wider basis.

Small-scale forestry in Viet Nam is still confronted with several challenges:

- The extension service does not yet provide the necessary support, which often leads to inappropriate management of forest stands. There is a need to establish sustainable (not project based) forestry extension service structures that clearly support smallholders in their efforts to sustainably manage their forestland.

- Small-sized individual forest sites often impede proper management, especially in areas with insufficient infrastructure. Therefore, ways to create larger forest management units need to be identified. This can be done on cooperative or community levels, or even on a larger scale by involving private investors. This would assist in creating professional forest service providers for the private sector.

- CFM still faces cumbersome bureaucratic procedures. Up to now, CFM still depends on extensive donor support. Also, the institutionalization of Community Forest Management within the different administrations has not been completed. Here, policy decisions and commitment are required to promote CFM to a level in which communities are effectively supported to manage their forests sustainably.

- Upland (natural) forests will remain to play an important role in food security and livelihood improvement. Allocation of natural forests to individual smallholders and communities will be essential to avoid further degradation and to assure their sustainable conservation.

- The contribution of small-scale forestry to domestic raw material production and climate change mitigation is rather limited, so far. Smallholder forests are often characterised by a low standing volume. The use of short-rotation species, harvesting of premature trees and illegal logging often inhibits forest stands to accumulate sufficient volume – in some areas about 70% below the actual site potential. Along with further depletion of existing natural forests, it will become difficult to reach the timber production targets of the VFDS. There is a high potential for valorisation of the existing smallholder forest area. This has to go along with continued support from an effective extension service (see above) together with the availability of private sector structures.

- The practice of converting natural forests to short-rotation plantations does not pay off, neither in economical nor in environmental terms. According to latest research results, exotic tree species do not produce significantly higher yields than native trees on poorer sites, but require high investments for establishment. Damages, such as wind-thrown Acacia stands, have also shown the higher risks of such plantations. Thus, natural forest management and planted forests with native species will need to play an increasing role.

2. FORESTRY IN VIET NAM



- Adaption to climate change: small scale forestry will largely depend on functioning structures that promote species and management schemes adapted to climate change, thus leading to stable and economical viable forest structures.

- The establishment of corporate smallholder partnerships and/or professional forest service companies could also be one measure to overcome some of the prevailing obstacles.

Forestry and Climate Change

Up to now, Viet Nam has developed and reported future scenarios of climate change 3 times namely in the years 1994, 1998 and 2007. The Ministry of Natural Resources and Environment (MONRE) of Viet Nam has published an updated version of the possible scenarios as “Climate Change, Sea Level Rise for Vietnam” in 2009.

Due to its long and low lying coasts, Vietnam’s coastal areas including mangrove forests are particularly vulnerable to climate change and its impacts. ADB (2009) reports that forests and forestry in Viet Nam are already affected by climate change in many ways. And they will be

affected further. Tropical storms, floods, sea-level rise have already accelerated the speed of coastal erosion resulting in the destruction of many rich mangrove forests, particularly along the east coast of the Ca Mau cape (ADB, 2009). An additional threat for rice-producing coastal lowlands is salination due to coastal flooding, with severe negative impacts on the livelihoods of people as well as on the national economy (Compare Figure 6 and Figure 7).

The latest National Communication of 2009¹ provided detailed predictions regarding climate change impacts in Vietnam:

- increase of mean surface air temperature between 1.1 – 1.9°C in low and between 2.1 – 3.6°C in high emission scenario by 2070 with more significant increases probable in highland regions;
- Increase in annual maximum and minimum temperatures;
- Increase of the number of days with temperature higher than 25°C;

Table 1. Predicted regional climate change in Vietnam

Areas	Increase of temperature (°C)	Rainfall increase (+) or decrease (-) (%)		Sea level rise (cm)
		low emission scen.	high emission scen.	
North west				-
North east	1.2 – 4.5	+ 0 – 1.0	- 10.0 – 10.0	
North delta				15 – 90
North central				
South central		- 5.0 – 10.0	+ 0 – 1.0	
Central highlands	0.5 – 3.0			-
South		+ 0 – 1.0	- 10.0 – 10.0	15 – 90

ADB, 2009: Climate change in Asia

1. Institute of Strategy and Policy on Natural Resources and Environment (ISPONRE), 2009. Viet Nam Assessment Report on Climate Change

2. FORESTRY IN VIET NAM



- ↘ increase of rainfall between 1.0 – 5.2% in low and 1.8 – 10.1% in high emission scenario;
- ↘ Increased incidence of floods and droughts, together with changes to seasonal rainfall patterns and an increased incidence and severity of typhoons;
- ↘ Increased evapotranspiration rate due to increasing temperature (and concentration of rainfall in the rainy season and decrease in the dry season);
- ↘ Rise in sea level of about 33 cm in 2050, 45 cm in 2070 and 100 cm in 2100.

A study on a limited number of tree species regarding potential impacts of climate change on Viet Nam's forests summarises:

Under the climate change scenario used by ADB (2009), it is projected that the area of semi-deciduous broad leaf forest is to decrease by 41%² in 2020, 66% in 2050, and by 69% in 2100. The area planted with *Chukrasia tabularis* and *Pinus merkusii* will by 2020 increase by 21% and 7%, respectively. Until the end of the century it will decrease to 76% for *Chukrasia tabularis* and 56% for *Pinus merkusii* respectively. Studies on other species are not yet available.

In terms of the effects of rising sea levels on forest cover, it has been projected that a 1-meter rise in mean sea level in Viet Nam will affect 1,731 sq km of mangrove forests (almost 70% of the total) due to inundation, especially in the Mekong Delta region (MRC, 1996).

The loss of high-quality forests is likely to lead to significant biodiversity loss (compare Table 2). With severe changes in biome distribution, Thailand and Viet Nam are expected to suffer more than other countries in the region from biodiversity loss due to the impact of climate change.

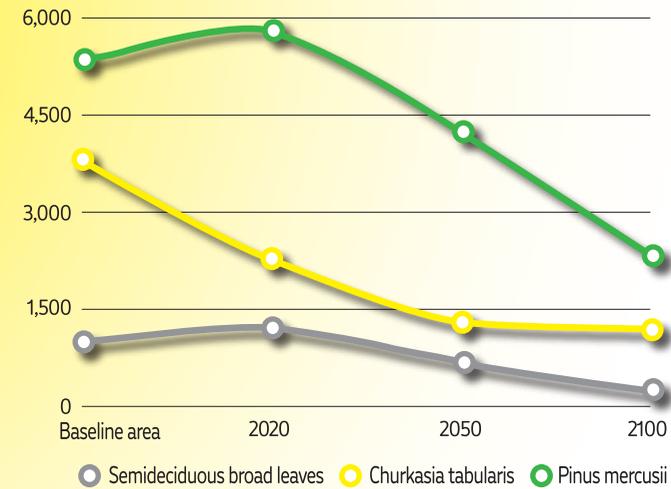


Figure 4. Projected change to area of natural and planted forest in '000 ha (ADB, 2009)



2. FORESTRY IN VIET NAM

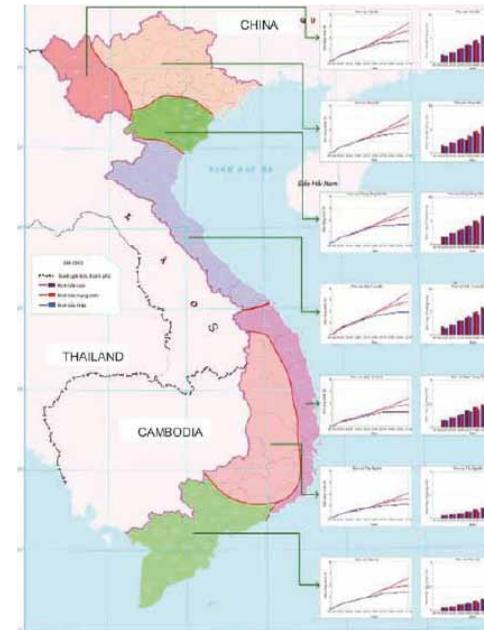


Figure 5. Projected changes in mean annual temperature (°C) and annual rainfall (%) of Viet Nam climate zones relative to the average for 1980 – 1999 according to low (B1), medium (B2) and high (A2) emission scenarios (MONRE, 2005)

Moreover, climate change will affect growth rates of forests, thus hampering medium- to long-term planning of industry supply. Additionally, risk for forest production, such as increased damages through storms and typhoons, increased fire hazard, devaluation through pests and diseases may appear. Further, the carbon sequestration potential will be influenced. On the other hand, the increase of forest area has considerably contributed to carbon sequestration; and it will further by implementing Programme 661.

Forest Fires

It is also reported that forest fires have increased in recent years. Between 1995 and 1999, about 5,000–8,000 ha of forests were burned during El Niño years. This has increased to about 9,000 to 12,000 ha during 2002–2005 (General Statistics Office of Viet Nam 2006).

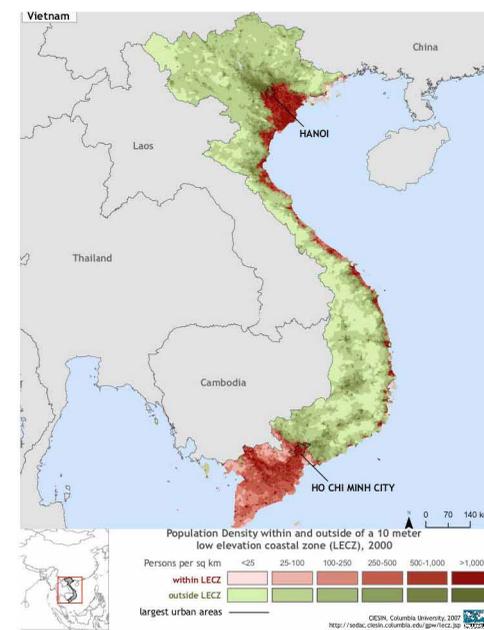


Figure 6. Areas potentially affected by sea-level rise (low elevation coastal zone) in combination with population density

2. percent figures refer to comparisons with the base year 2000

2. FORESTRY IN VIET NAM



Forests and Biodiversity

Forest ecosystems support the highest levels of plant species richness in Vietnam, among which montane forests and lowland evergreen forests are the most species-rich. Plant families particularly notable for their high species diversity in the region include the *Orchidaceae* and *Dipterocarpaceae*. Although precise country-related figures are unavailable, Indochina harbours the majority of vertebrate species that occur in the Indo-Burma Hotspot.

The area of natural forests of high biodiversity in Viet Nam has declined considerably – only 0.57 million ha of primary forests remain, scattered in Central Highlands, South-eastern region and Northern Central Vietnam, and primary mangrove forests have almost vanished (MoNRE, 2009). There are 248 globally threatened plant species in Indochina, comprising nearly half of the region's globally threatened species. However, this figure probably represents only a fraction of the plant species of global conservation concern in the region, as comprehensive global threat assessments have only been conducted for certain groups. The number of species becoming endangered in Viet Nam is increasing; from 715 in 1992, to 882 in 2007³. Now at least 464 plant species are endangered, with populations declining due to deforestation and shifting cultivation (Nguyen Hoang Nghia, 2003); and 418 species of fauna are endangered as a result of habitat loss and hunting (compare Table 2).

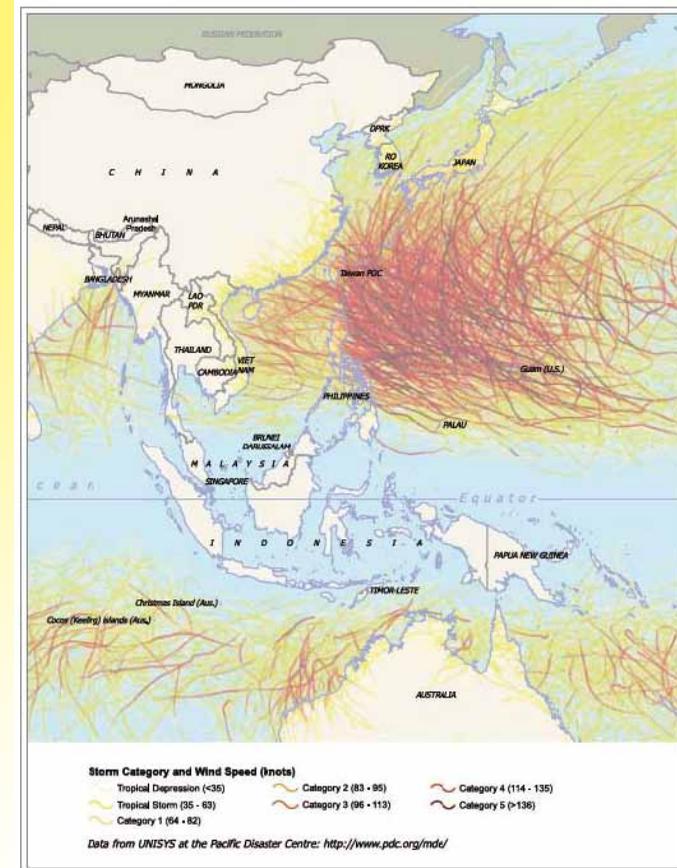


Figure 7. Map, derived from 50 years observation period, indicating that Viet Nam is one of the most vulnerable areas in the world for typhoons (United Nations Office for the Coordination of Humanitarian Affairs (OCHA))

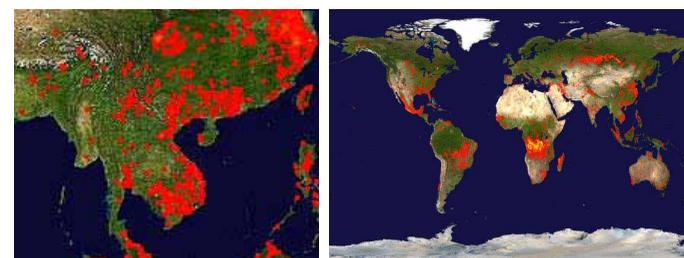
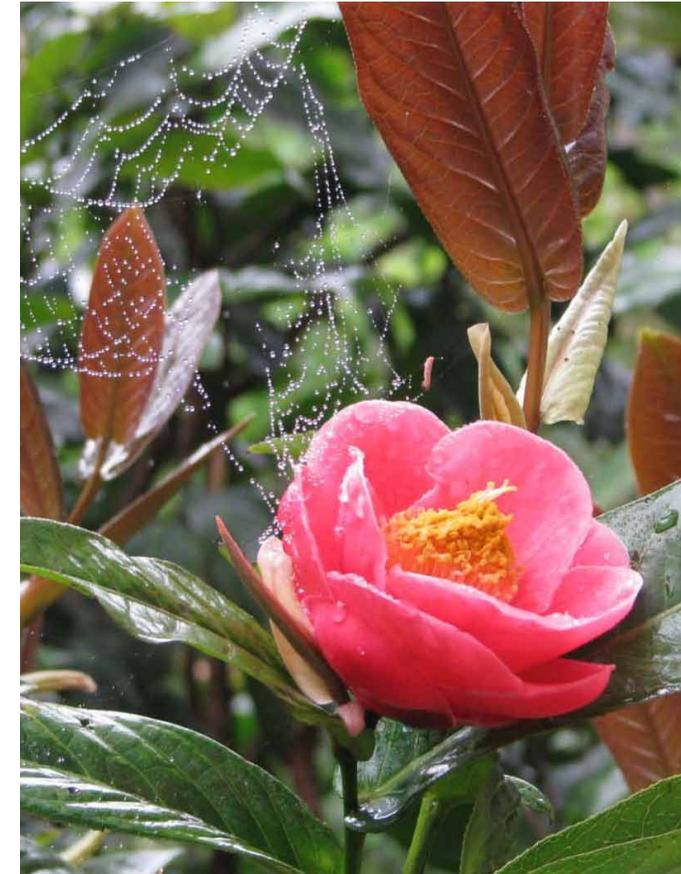


Figure 8. Global distribution of fire occurrences over a 10-day period (May 2010)

3. Comparing data in the Red Data Books of Viet Nam 2007 and 1996

2. FORESTRY IN VIET NAM



Gymnosperms are generally better researched than angiosperms. Within angiosperms, tree species and particularly commercially valuable timber species are generally better assessed than other groups. A number of angiosperm families that are known to contain large numbers of endemic species, with very restricted ranges, and high levels of threat from habitat loss and/or overexploitation do not contain any globally threatened species, most notably the *Orchidaceae*. Comprehensive global threat assessments are a priority for these groups, as they are for pteridophytes and non-vascular plants.

Of the plant species already assessed as globally threatened, the majority are high value timber species threatened by overexploitation. The family with the highest number of globally threatened species is the *Dipterocarpaceae*, which includes three threatened species of *Anisoptera*, 12 species of *Dipterocarpus*, 20 species of *Hopea*, two species of *Parashorea*, 14 species of *Shorea*, and seven species of *Vatica*. Other globally threatened plant species in the region include four species of *Aquilaria*, which are threatened by overexploitation of agarwood, an aromatic non-timber forest product. Viet Nam has 128 special use forests (SUF), which comprise its protected area system. The protected areas include 30 National Parks, 48 Nature Reserves, 12 protected areas and species habitat, 38 protected landscape areas, with a total area of 2.06 million ha, accounting for 6.25% of physical area of the whole country (see Figure 9 and Appendix 6.1.4). However, most are small (falling well below global norms) and fragmented, some also include areas of agricultural and residential land. All suffer non-sustainable levels of exploitation and the large charismatic bird and mammal species have been lost from most. Many now suffer a continuing decline in quality rather than extent of habitat, and the unrestricted

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and widespread practice of infrastructure development within them threatens their viability (J. Eames, 2010 (BirdLife International), personal communication).

Viet Nam signed various biodiversity – related conventions such as the CBD, CITES, UNCCD and RAMSAR. It also promulgated with July 1, 2008 a new law on biodiversity conservation. In spite of this formal commitment, however, the biological diversity of the country continues to be endangered. Livelihood needs lead to forest conversion for small-scale farming. Illegal forest acts such as illegal logging or fire impact further on Vietnam’s ecosystems, and forest biodiversity conservation can only be achieved through integrated and comprehensive approaches, which also address poverty and food security. Moreover, strict control of inland trade with CITES-listed threatened and endangered species needs to be enforced.

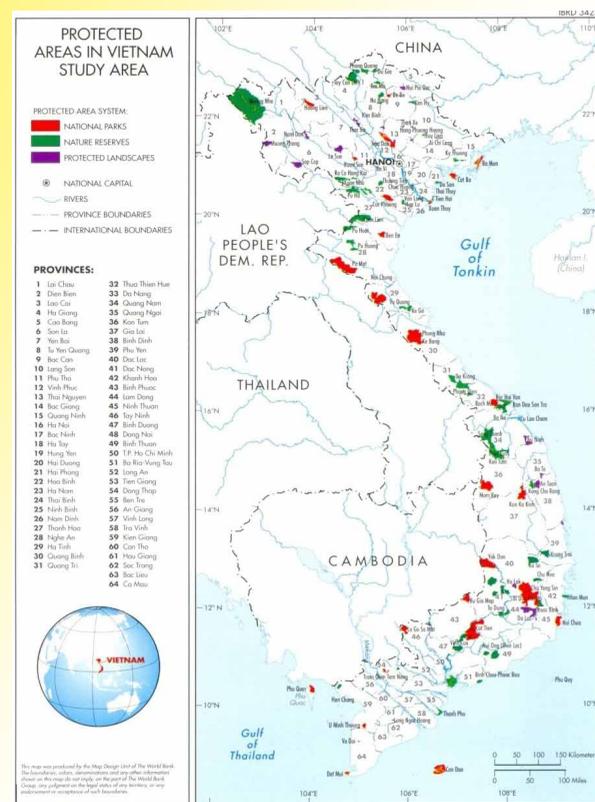


Figure 9. Biodiversity conservation sites and corridors in Viet Nam (World Bank, 2005)

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2.2 Institutional and Legal Framework

The three principal laws that govern forestry include the Land Law (2004); the Forest Protection and Development Law (FP&D Law 2004), which provide the legal framework for the management of forests; and the Law on Environmental Protection (2005). The FP&D Law together with the Prime Ministerial Decision No. 245 (1998) describe the roles and responsibilities of different actors at different levels in the governance of forests and forestlands.

At the national level MARD is responsible for managing forests (Organisational structure see Figure 10). All decisions, policies, and revisions of the FP&D Law are initiated and drafted by MARD and commented on by related ministries. Major policies and institutions are approved by the Prime Minister, and other policies directly related to the sector are issued by the Minister or by Ministries.

In March 2010 MARD established a new Directorate of Forestry. Within the management scope of the Ministry this Department has been delegated with responsibilities for forest resource development and management, forest protection, forest conservation, forest plantations, forest resource development, and forest product harvesting.

The Ministry of Natural Resources and Environment is directly involved in forest management with respect to land administration. The Ministry of Defence and the Ministry of Police are responsible for directing their subordinates to collaborate with forest rangers to control illegal logging and to protect against and control forest fires.

Table 2. Summary of globally threatened species in Indochina

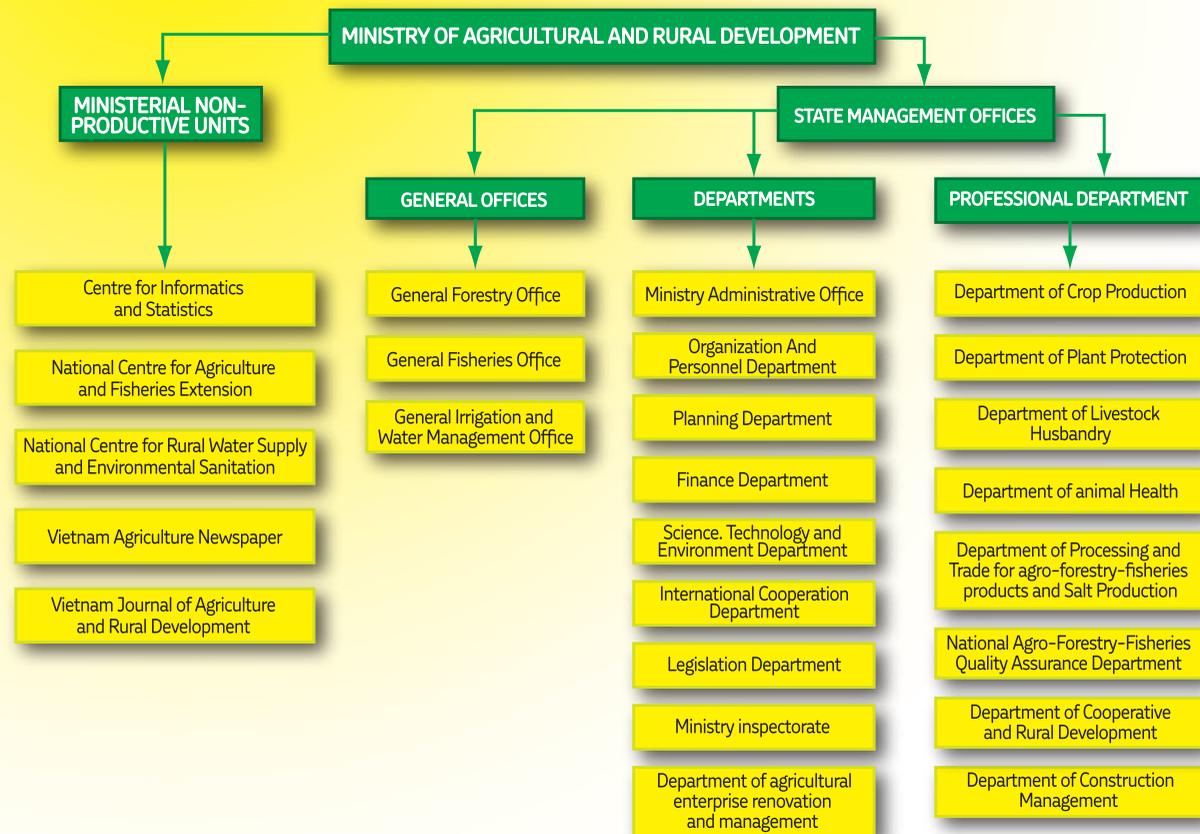
Taxonomic Group	Global Threat Status				Distribution by Country				
	Critically En-dangered	Endangered	Vulnerable	Total	Cambodia	Lao P.D.R.	S. China	Thailand	Vietnam
Mammals	10	18	32	60	26	32	32	34	42
Birds	8	16	49	73	24	22	30	45	40
Reptiles	9	16	8	33	11	13	16	18	22
Amphibians	1	8	37	46	2	4	26	6	23
Fish	3	9	20	32	9	10	15	18	7
Plants	51	64	133	248	32	21	116	83	131
Total	82	131	279	492	104	102	235	204	265

(Source: BirdLife International, 2007)

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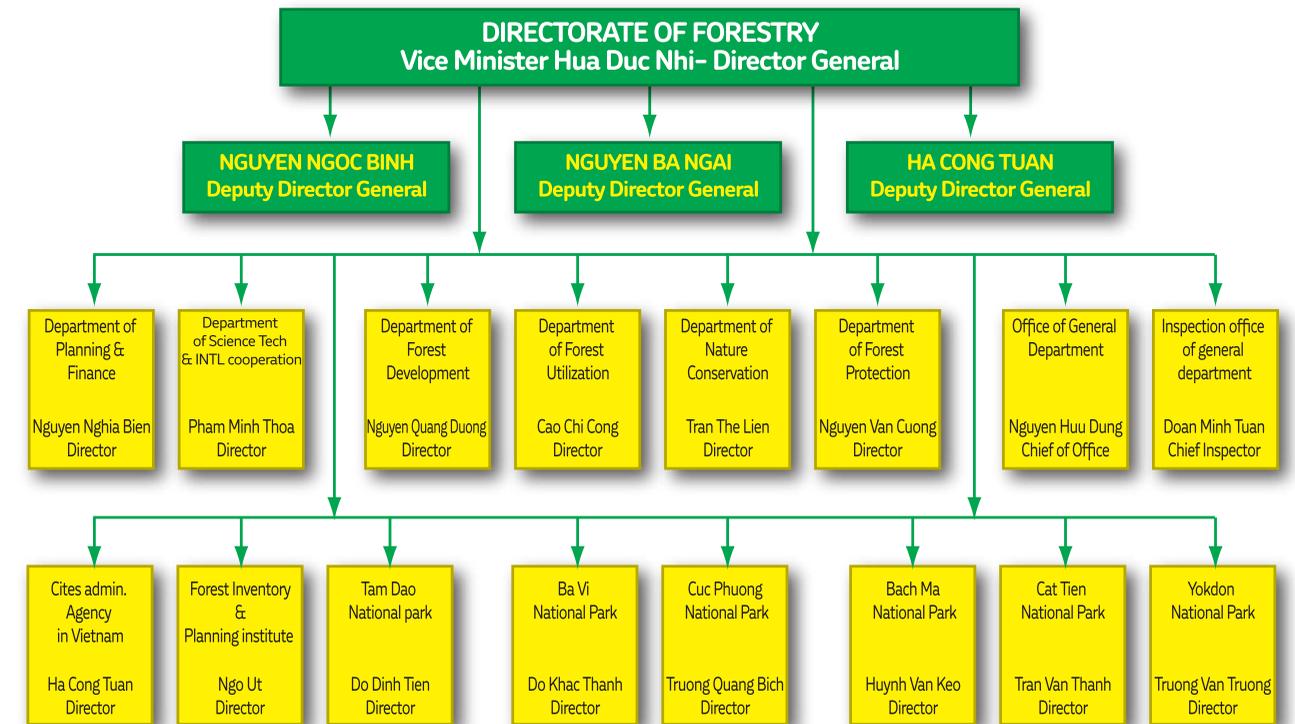
Figure 10. Institutions within the Ministry of Agriculture and Rural Development



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Figure 11. Institutions within the Directorate of Forestry



MARD extends to the provincial level through Department of Agriculture and Rural Development (DARD), which include sub-departments of forestry and forest protection (Figure 11). The chairpersons of the Provincial People's Committees are responsible to the government for the development and utilisation of forests and forestland in their respective localities. The Departments of Agriculture and Rural Development assist the Provincial People's Committees to fulfil the responsibility of forest governance. The Provincial Departments of Natural Resources and Environment (DONRE) assist the Provincial People's Committees to govern forestland.

At the district level the chairperson of the District People's Committees is responsible to the chairperson of the respective Provincial People's Committee for the development and utilisation of forests and forestland in the district. The district station of forest protection is responsible for supervising law enforcement regarding forest management, protection and development in the district. The District Division of Agriculture assists the

District People's Committee to manage forests.

At the community level the chairperson of the community people's committee is responsible to the chairperson of the respective district people's committee for forest protection and development, and forestland utilisation.

A fact of detrimental importance is the institutional capacity in the forest sector at all levels. It is still weak, especially at lower levels and, in particular, in isolated and mountainous areas. This applies not just to staff numbers and their capability, but also to the lack of financial resources and operational equipment. The problem is exacerbated by a lack of coordination between government agencies, and between the national and the provincial levels.

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2.3 Policies and Plans

Vietnam's **Socio-economic Development Strategy (SEDS)**'s main goals are to overcome underdevelopment and noticeably improve the people's lives. The specific actions needed to translate the SEDS into reality are described in the constitutionally required five-year **Socio-Economic Development Plan (SEDP)** for 2006-10, as well as in sectoral five-year plans. In accordance with the Directive issued by the Prime Minister in September 2004 to guide its preparation, the 2006-10 SEDP serves both as a five-year plan for the Government and a Poverty Reduction Strategy (PRS), integrating the fundamental principles that characterized the formulation of the **Comprehensive Poverty Reduction and Growth Strategy (CPRGS)**, Vietnam's first PRS. The SEDP envisions Viet Nam as "an industrialized country by 2020", moving out of a low income country status, and increasing average GDP per capita (about USD 622 in 2005) to USD 1,050-USD 1,100 by 2010. The SEDP views business development, increased private investment, and increasing international economic integration as crucial in providing the jobs and resources needed to reduce poverty and improve living standards. Public services and infrastructure must be improved quickly. The private sector is expected to help accelerate improvements in public service and infrastructure. The SEDP also recognizes the importance of regional cooperation and integration in attaining **MDGs** and **VDGs** (Viet Nam Development Goals, refer to Appendix 6) as specified in CPRGS.

Vietnam's forestry policy seeks to increase overall forest cover, protect natural forests, promote forest tenure reform and land allocation, reform state forest enterprises, and improve forest-based livelihoods and employment opportunities. These objectives and orientations are defined within the **Forestry Development Strategy (VFDS 2006-2020)**, and implemented through a number of forestry programmes and policies.

The VFDS was approved in 2007 with ambitious targets for policy and institutional reforms, forest management and forest plantation establishment. In general, the strategy seeks to focus more on market-based approaches to sector financing and on the increased roles and responsibilities for local forest owners. Specifically, the strategy includes programmes for sustainable forest management, protection, biodiversity conservation, environmental services, as well as wood processing and trading. It also includes two support programmes on research, education, and forestry extension; and on forestry policy reform. The development of the VFDS included an intensive consultation process between government donors and other relevant organisations through the **Forest Sector Support Partnership (FSSP)**, the major coordination mechanism in forestry for cooperation between government, the international donor-community, civil society, private sector and other relevant organisations.

A review of FSSP in 2006 concluded that the forestry sector was not guided to any significant degree by the principles set out in the **Ha Noi Core Statement** (2005), a Vietnamese version of the **Paris Declaration on Aid Effectiveness**. This review mainly aimed to determine whether FSSP was indeed paving the way for an overall sector wide or sector budget support approach within the framework of **Programme 661 (5MHRP)**, see below). However, it did not assess the potential and challenges related to a targeted sector budget support approach. Neither did it assess recent improvements in the Governments' financial management systems. However, it pointed out the potential challenges ahead, as well as the need for setting clear objectives and targets, and for budget tracking exercises.

A 2010 subsequent performance review of the FSSP for the years 2006 -2010 assessed that the FSSP provides an excellent platform for exchange, dialogue, coordination and cooperation, as well as a real long-term value-added to the quality management and optimisation of the VFDS implementation. Since the current and future provision of goods and services from forests go far beyond the forestry sector (van Tuyll and Le Khac Coi, 2010), FSSP will in future have also a bridging function to other sectors of Vietnam. In particular, the review recommended the following:

- Extension of FSSP for further 5 years to become a long term VN entity;

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- Timely advice to VN Government on VFDS review and implementation issues and processes;
- Gradual increase of VN contribution to FSSP budget to at least 50% by 2015;
- Broadening of membership to different government institutions, national and international private sector and NGOs;
- Implementing its functions as a partial autonomous body, directly reporting to the Partnership Council, and with the Partnership Executive Committee Chairperson being the Director General of the Directorate of Forestry;
- Follow-up by FSSP Coordination Office to advice and recommendations from FSSP fora and meetings;
- Establishment of a performance (result-based) management system for FSSP;
- Establishment of various FSSP mechanisms and platforms;
- Implementation of capacity building activities.

The **Five Million Hectares Reforestation Programme (5MHRP)** has the overall objective of increasing forest coverage. It aims at building a forest resource base for the forest industry, creating jobs and income, contributing to poverty reduction and livelihoods, decentralizing forest management, reducing shifting cultivation, and facilitating the application of advanced technologies in seedling production, plantation forestry, and forest product processing.

A new **Production Forest Development Policy** was issued in 2007 to encourage investment in forest plantations and bolster efforts to reach the plantation development targets set in the 5MHRP. The Policy focuses on smallholder production forestry, stresses the need for secure forest tenure and makes provisions to subsidize various aspects of plantation forestry. One major step towards modernising the legal framework within the national policy

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was **Decision no 380/QĐ-TTg by the Prime Minister (2008)** that regulates payments for forest environmental services to be applied in the whole country. It stipulates on responsibilities and benefits of the payers and payees of forest environmental services (FES). They are clearly defined and socialize the forestry sector by gradually establishing a sustainable economic basis for protecting the environment and ecosystems, improving quality of service provision, especially ensuring water supply for electricity production, for clean water production, and ecotourism business activities.

There exist various funding mechanisms for the Vietnamese forestry sector:

- the **Trust Fund for Forests (TFF)** of 2004, which pools contributions from Finland, Switzerland, and the Netherlands and finances bilateral projects and co-finances projects of the ADB and World Bank. In March 2009, the TFF was extended until 2012 on the basis of a Memorandum of Understanding (MoU) between Finland, Netherlands, Switzerland, and MARD. This new agreement also provides an institutional perspective for the TFF;
- the **Viet Nam Conservation Fund (VCF)** so far received mainly funding from World Bank and GEF;
- the **Forest Protection and Development Fund (FPDF)**, which was launched by the Vietnamese Government at the beginning of 2008 and is at the national level equipped from new environmental taxes (PES) on electricity and water plants.

One proposal is that in the medium term, both the TFF and the VCF should be integrated into the FPDF.

One of the major challenges for the forestry sector in Viet Nam in the coming years will be to align the financing structure of the FPDF with the designs and the practices of the TFF and the VCF.

Box 2: Poverty

Poverty is commonly defined as pronounced deprivation in well being, in terms of material deprivation (in income and consumption), lack of education and health services, vulnerability and exposure to risk, lack of opportunity to be heard, and powerlessness (Hansen et al, World Bank 2000). This definition highlights the multiple dimensions of poverty, the alleviation of which calls for a multi-dimensional approach. Poverty alleviation encompasses two discrete meanings, namely poverty mitigation and poverty reduction. Poverty mitigation implies that people are prevented from becoming poorer whereas poverty reduction describes a situation where people are being lifted out of poverty (Angelsen and Wunder 2003). It is necessary to recognize that these terms articulate different meanings and hence implications for the poor, and that the goals encompassed in the MDGs relate specifically to poverty reduction. The role of timber in poverty reduction, and the contribution of forests to poor people's livelihoods is largely unrecorded in national statistics because the informal use of forest products for subsistence and local trade is difficult to track and measure. According to FAO (2003) there are three ways in which forests contribute to poverty reduction:

- by providing the forest resources that are important for maintaining well-being (e.g. medicinal plants, food resources, erosion control);
- through continued access to forest resources and rents (e.g. access rights, income from forest products); and
- by increasing forest production values (e.g. payment for environmental services, recreational uses).

Timber harvesting, processing and marketing (i.e. the timber value chain) are generally not activities that explicitly target poverty reduction for a range of reasons. Barriers that restrict access to forest resources, such as lack of secure, long-term tenure and gaps in knowledge and technology, make it difficult for the poor to be in the "driver's seat" of commercial

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timber exploitation. More often, the poor provide cheap labour for forest operations managed by the state or large commercial ventures. However, initiatives involving forest-dependent poor are beginning to emerge that can provide important insights into the opportunities and challenges faced by the poor in their attempts to benefit from commercial timber operations. Commercial forestry offers opportunities to address, in various ways, each of the five aspects of poverty identified by the World Bank. Material deprivation can be addressed directly by increasing income through improved access to timber harvesting and processing activities. This requires increased involvement of forest-dependent poor in the timber-value chain. Increased income at the household or community level can in turn improve access to educational and health services, which enhance economic opportunities and well-being, as well as reducing vulnerability in the face of rapid social change and environmental stresses such as drought or flooding. Additionally, participatory processes that support poor people's involvement in decision-making related to the management and utilization of forests and commercial forestry operations help to foster greater political empowerment and opportunities for marginalized voices to be heard more broadly. However, to date, many of these potential avenues are largely unexplored and more research is needed to understand how and to what extent they might be realized. While conventional approaches to commercial forestry operations focus on capital- and technology-intensive enterprises, forestry undertaken for, and by, the rural poor presents unique environmental and social benefits. [Chapter: Managing Forests for Poverty Reduction: Key Concepts and Conference Overview, A Cut for the Poor, FAO Conference in 2006]

2.4 Opportunities for Vietnam's Forestry Sector

Vietnam's forestry sector is facing a number of challenges, but there are also opportunities to be grasped.

Modernising the Institutional Framework

In spite of some progress, there is still much to be done to achieve cross-sectoral coordination and collaboration, as well as vertical coordination across the different levels of Government. The coordination and collaboration between different Government Agencies responsible for the sector needs to be improved, as well as coordination and collaboration between national, provincial, district and local levels of Government. Some progress has been observed since the mid nineties. However, this is an area where the international cooperation can only provide support – the impetus has to come from the Government Agencies.

Reducing Poverty at Community and Farm-level

The expansion of planted forests, as foreseen in the 5 million hectare reforestation programme, offers improved opportunities for households and communities to develop and manage forests and to benefit from forest products and services. The appreciation and integration of ethnic minorities will further improve the national identity and contribute towards a sustainable rural development.

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Diversifying Investments in Forestry

While public subsidies are still widely spread in the forestry sector, private sector financing of forestry activities is on the rise. The development of a comprehensive forest sector financing strategy and of a toolkit with appropriate measures will enable the sector to make better use of the market opportunities and the values forests offer.

The strong export orientation of the Vietnamese timber industry will, in the long run, make environmental and legal sourcing of high quality timber and connected third-party certification indispensable. This will influence timber prices and will make sustainably produced timber from natural and planted forests in Viet Nam more competitive. Although the need for urgent action is known since some time, the progress in forest certification is very slow. The target of VFDS to reach 30% certified production is still far.

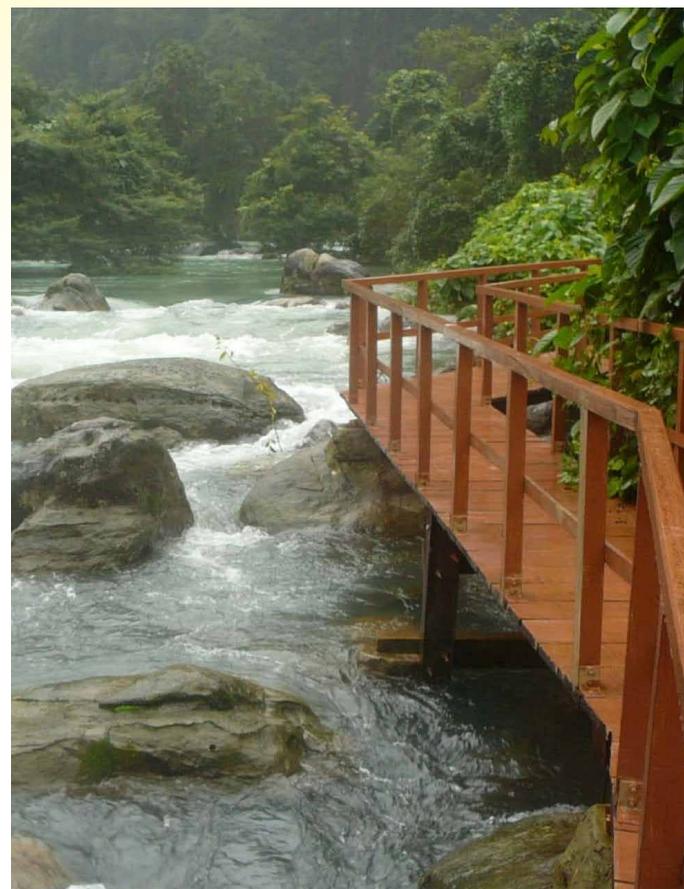
Adapting to and Mitigating the Impacts of Climate Change

In forestry, adaptation and mitigation measures offer a great potential to be linked. Forests can play important roles in climate change adaptation and mitigation.

Adapting to climate change

Amongst adaptation measures in forestry are

- the rehabilitation, establishment and sustainable management of mangrove and other coastal ecosystems to reduce the vulnerability of Viet Nam's long coastline against rising sea level and impacts of extreme weather events;
- the sustainable management of natural forests to protect riverine areas against flooding, to protect water sheds and agricultural soils, and to conserve forest carbon;



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- the rehabilitation of degraded natural and planted forests by increasing their growing stock to optimum production levels, and to conserve forest carbon;
- the establishment of planted forests to rehabilitate degraded land, agricultural soils and watersheds and to sequester carbon;
- the sustainable management of planted forests through stabilising stands further with indigenous tree species to create a stable growing stock (wood and carbon);
- the protection against land slides on steep slopes.

Specifically, interventions aimed at adapting to and mitigating the impacts of climate change in Viet Nam's forests might include the following.

Adapting to increased variability of rainfall and higher rainfall and lower rainfall, and increasing temperature:

- Identify suitable tree and agroforestry species and production systems;
- Promote adequate species / production systems.

Adapting to higher rainfall:

- Flood risk analysis and subsequent design and implementation of a disaster risk management strategy.

Adapting to lower rainfall:

- Drought risk analysis and subsequent design and implementation of a disaster risk management strategy;
- management strategies.

Adapting to rising sea level and increased occurrence of tropical storm waves:

- Support rehabilitation, establishment and management of mangrove forests;
- Risk analysis and subsequent design and implementation of a disaster risk management strategy.

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Adapting to higher frequency and intensity of storms:

- Support establishing / maintaining storm resilient forest plantations;
- Risk analysis and subsequent design and implementation of a disaster risk management strategy.

The Government of Viet Nam has developed a National Target Programme to Respond to Climate Change (NTP-RCC) under the leadership of MONRE. The NTP-RCC is designed to provide a basis for a joint cross-sectoral approach to the topic. The list of tasks and projects for implementing the NTP includes:

- Propose measures to develop protective forests (upstream forests and coastal forests) in accordance with climate change scenarios;
- Study to modify management strategy and planning on protected areas system of Viet Nam to respond to climate change; and
- Implement pilot projects.

MARD developed a Climate Change Adaptation Action Plan based on its long-term experience with Disaster Risk Mitigation and the particularly severe impacts expected on agricultural production systems.



Box 3. Climate change mitigation in forestry

Addressing climate change will incur costs far beyond the financing of actual interventions. As responses are required on national, regional and communal level, a broad multi-stakeholder discussion needs to be initiated to increase awareness. In many cases, change needs to be initiated before the need for change is obvious. For the forestry sector in Vietnam, increased costs have to be anticipated for climate checking and adapting existing and planned interventions.

The need for funding is recognized by the international community – with estimates ranging above USD 40 bn per year – and funding mechanisms are being designed for addressing the challenge according to a “common but differentiated responsibility”.

In the forestry sector the most important existing funding mechanisms for the mitigation issues (CDM-A/R, VER, REDD) are discussed below.

Afforestation and Reforestation under the Clean Development Mechanism

The Clean Development Mechanism (CDM) under the Kyoto Protocol of the UN Framework Convention on Climate Change (UNFCCC) aims at enabling industrialised countries to use emission reductions in developing countries to count towards their own national reduction targets. Afforestation/Reforestation

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CDM aims to bring benefits to poor households in developing countries through involvement in forest plantation schemes. However, while worldwide CDM energy projects are thriving, only four forestry CDM projects exist worldwide, albeit 10 possible methodologies have been designed⁵. Furthermore, Viet Nam has largely been left out (with only 2 registered CDM projects).

Reducing Emissions from Deforestation and Forest Degradation

The Reducing Emissions from Deforestation and Forest Degradation (REDD) initiative is based on the idea that developed countries would provide financial or other incentives for developing countries to reduce rates of deforestation or forest degradation by implementing a range of policies and projects, thus offsetting parts or their emission reduction targets. By linking these payments to carbon markets (i.e. putting a value on the carbon emissions that are avoided), large sums of money could flow to developing countries. The potential contribution to rural poverty reduction could be substantial. The REDD concept was included at UNFCCC COP 13 in the Bali Action Plan and was expanded at COP 15 in Copenhagen to REDD+ to be negotiated as part of the post 2012 Climate Agreement.

The main issues to address will be to (a) overcome methodological barriers in leakage management, additionality and permanence, (b) the type of financing mechanism applied, and (c) the distribution of payments to the forest users if the REDD mechanism is developed at national level.

Currently, MARD is developing, with the assistance of UN-REDD, a national REDD-strategy.

Voluntary Emissions Reduction markets

The voluntary emissions reduction (VER) markets are small markets compared to the official, regulated or “compliance” carbon markets, having traded only about 0.5 % of the global volume⁶. VER markets started some 20 years ago, but only in the last 3 years has the market mushroomed, with official trading exchanges in place (The Chicago Climate Exchange, CCX), in addition to the

disaggregated so-called ‘Over the Counter (OTC)’ market.

About 15 % of the market relates to forestry (i.e. afforestation of mixed/native species – 8 %; avoided deforestation – 5 %; and plantation – 2 %). Overall 39 % of all transactions cover project locations in Asia. The main buyers have shifted from individuals to corporations, closely linked to the trend for Corporate Social Responsibility (CSR), hence there may also be options for Private Public Partnerships (PPP) to be explored.

The VER markets are interesting as potential returns can far exceed the prices in the compliance market, with up to USD 300/t CO₂e and up to USD 50/t of CO₂e generated from forestry projects⁷.

As the market is growing, the need for quality standards is evolving, with numerous standards competing with each other. An estimated 50% of the market is now governed by third party standards, checked by independent verification and auditing agencies. Main standards are “The Voluntary Market Standard”, CDM, CCX, VER, and the “Gold Standard”. The focus of these standards varies, but all need to show additionality. Some have clear additional goals, as the “Climate, Community, and Biodiversity (CCB)” standard, which aims at “simultaneously generating climate, biodiversity and sustainable-development benefits”.

5. CDM methodologies for Forestry can be found at <http://cdm.unfccc.int/methodologies/ARmethodologies/index.html>
6. In 2007 the EU Emissions Trading Scheme (EU ETS) traded over USD 50 bn, and globally more than USD 65 bn were traded, of which the WB claims to initiate over USD 2 bn. The total values are inflated versus the actually generated carbons, as a large part of the CER are being resold (not ‘retired’).

7. The Katoomba Group (2008), p.8: prices range from USD 1.8 to 300 per tonne of CO₂ equivalent (=e), with a volume weight based average of only USD 6.1/tCO₂e – similar to the average for forestry projects

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Mitigating the impacts of climate change:

- Identifying cost effective measures for carbon sequestration in the Vietnamese Forestry Sector. So far, one COMAP exercise has been carried out by MONRE officials.⁴ The results of this study however warrant some further detailed follow up with more site-specific data. In particular the issue of social safeguarding was not yet addressed, i.e. the distribution of benefits to local forest owners and the benefits for the poor;
- Develop and mainstream a climate change strategy for the forest sector, based on accepted plans (NTP and Sector Action Plans);
- Develop and implement REDD+ strategy;
- Develop and test a methodology for assessing co-benefits of planned forestry activities;
- Regulate carbon rights and transfers.



The above activities have to go along with human and institutional capacity development activities.

4. Nguyen Khac Hieu (2008): Forestry Mitigation Studies in Vietnam. Presentation at the National consultation on ADB RETA PRECS, 5/08 Vietnam.

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Box 4. Benefits of a global REDD+-mechanism

At present, the international community discusses under the UNFCCC a global REDD+ mechanism as part of a post 2012 climate agreement.

The approach is based on the results of the 4th Assessment Report of the IPCC (2007), which concluded that the worldwide annual deforestation of about 13 million hectares, and connected forest degradation result in about 17.4 % of global greenhouse gas emissions and about 20 % of global CO₂ emissions. REDD+ foresees a reduction of those greenhouse gas emissions, and in particular CO₂ emissions, and enhancement of forest and soil carbon, through

- Reduction of deforestation (e.g. through forest conservation and forest protection);
- Reduction of forest degradation (e.g. through a sustainable forest management and forest protection);
- Afforestation and Reforestation (A & R);
- Combination of several of these measures;
- REDD + also offers opportunities to combine these climate change mitigation measures with climate change adaption efforts.

While the international community discusses details about REDD+, countries are encouraged to prepare themselves for the time once such a global mechanism is internationally agreed upon and available. This preparation process of developing a “REDD Readiness” is supported by UN-REDD (a joint initiative of FAO, UNEP and UNDP, financed by Norway) and the Forest Carbon Partnership Facility of the World Bank. At COP 13 of the UNFCCC in 2007 in Bali countries were also encouraged to start already with demonstration projects at pilot level to test possible REDD instruments in the field. In various countries such demonstration projects are underway, financed mainly through bilateral and multilateral assistance.

Since deforestation is mainly caused by forest conversion to agricultural and other purposes, and thus in first place a land-use issue, REDD+ has only a chance of success if an integrated approach between the forestry, the agriculture, infrastructure, energy and mining sectors is achieved. A linkage with livelihood, poverty and food security efforts is indispensable.

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The topics protection and sustainable use of natural resources in Viet Nam have a high international donor density, with contributions from Germany, Switzerland, the Netherlands, Sweden, Finland, Denmark, Norway, Japan, Spain, the EU, ADB, the World Bank and UN organisations. In addition, various international NGO's like WWF, IUCN and CARE are active in this sector. The overarching co-operation objective for all is to support Vietnam's efforts to reduce poverty in an economically, socially and environmentally sustainable manner.



Most donor support in Viet Nam has been in the form of project support, based on the Paris Declaration on Aid Effectiveness and its local version, the Ha Noi Core Statement (HCS, 2005). Government of Viet Nam (GoV) and partners, including Germany, have agreed on a number of principles, indicators and targets, adherence to which paves the way for programme-based approaches and sector budget support. These principles are: Ownership, Alignment, Harmonisation and Simplification, Managing for Results and Mutual Accountability.

Sector Budget Support (SBS) is a rather new aid modality in Viet Nam and aims at using the government's own financial management and accountability systems, while supporting its long-term capacity for sustainable impacts in a (sub-)sector or (sub-)programme. SBS, or more precisely targeted budget support, is now being implemented in the Education and Water Supply and Sanitation Sectors as well as Programme 135⁸. The formulation of SBS in Viet Nam initially met with some resistance from line ministries, political and capacity constraints, and, especially, budget

8. Programme 135 (P135) was established in 1998 to implement government policies targeting the most vulnerable communes, promoting production and access to basic infrastructure, improving education, training local officials, and raising people's awareness for better living standards and quality of life.

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transparency. A review by Finland in 2005 concluded that the general procedures in Viet Nam for targeted budget support for poverty programmes were generally acceptable. Budget mechanisms have been reviewed through Public Expenditures Reviews and were found to be rigorous and with good Government oversight. Overall it was concluded that although transaction costs were lower than in the case of project based support, they are not negligible and constitute an additional burden for both sides in terms of reporting and auditing requirements.

3.1 German - Vietnamese Cooperation until 1990

German-Vietnamese cooperation within the forestry sector dates back to initial fieldwork of bilateral teams of Northern Vietnamese and East German experts in the late 1950s. The objective of this cooperation was to broaden the raw material basis of the economy through identification and assessment of forest areas worth exploiting for timber and through sorting of timber for optimal utilization in construction works and industries. The elaborated classification system of natural and planted forests was integrated in the outline of the Vietnamese forest inventory.

Soon, however, this cooperation concentrated on two areas:

1. Applied forest and forest products research
2. Human Resource Development.

Applied Research

German forestry and forestry sciences contributed to standards of forest classification and identification of attributes of lesser-known tree species. With further development of forestry in Viet Nam the number of working fields of bilateral

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cooperation was increased and deepened. Most of the programmes were dedicated to provide research results for application in the establishment and sustainable management of planted forests, primarily with tropical pines (*Pinus massoniana*, *P. merkusii*.) The number of joint research programmes was continuously increased and deepened to cover areas like site mapping, silviculture, forest seed production, nursery management, mycorrhiza and humus management, afforestation and plantation establishment, mixture of forest tree species to avoid large area monocultures, control of pests and diseases, forest management and organization, and pine resin tapping and distillation.

Forest enterprises were established as experimental stations for the development of sustainable forest management. German cooperation assisted, for example, in the design, establishment and equipment of the research station at Yen Lap, Hong Quang province (now Quang Ninh province). Shortly after foundation of SR Viet Nam in 1975, the bilateral scientific-technical cooperation in forestry was evaluated, and its focus was shifted from the north towards sustainable forest management in the southern uplands of the country, in particular with *Pinus khasya* forests in Lam Dong province. The joint project work comprised aspects such as forest zoning, establishment of management units, site survey, growth and yield, forest inventory and planning of management, medium term planning of resin production, forest protection including protection from forest fire, organization of forest enterprises, annual planning of forest production etc. Cooperation at the Yen Lap research centre and other locations was dedicated to silvicultural topics as e.g., the range of tropical tree species for planting, spacing in afforestation and silvicultural interventions during the development of the stands.



3. INTERNATIONAL COOPERATION IN FORESTRY

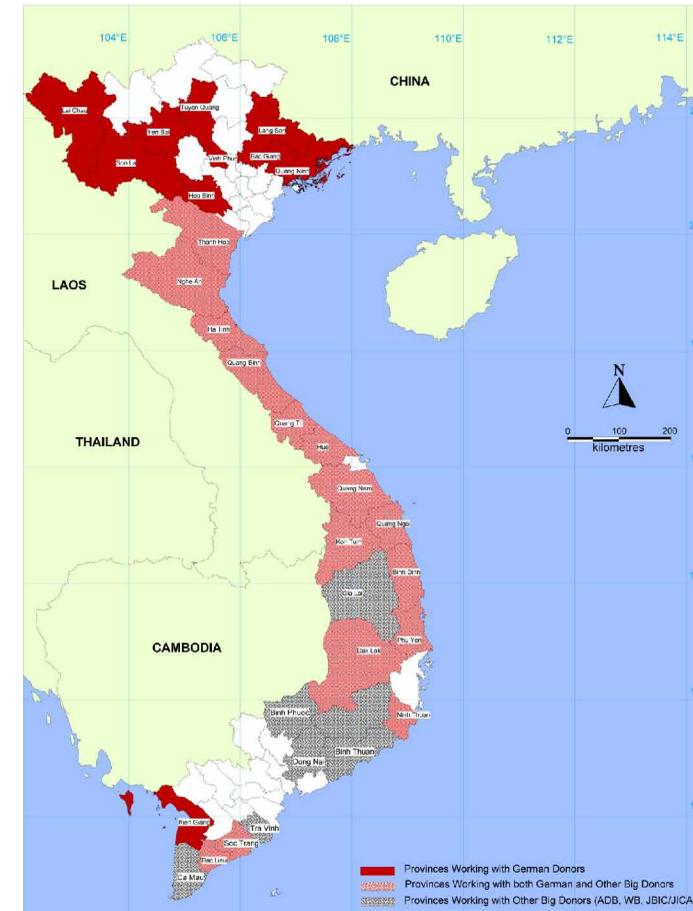


Figure 12. Map of International and German project sites (by provinces)

Human Resource Development

The human resource development for Vietnamese foresters started with academic education at Dresden University of Technology at Diploma- and doctoral level and contributions to upgrade pro-fessional training at the Vietnamese College of Forestry. In the early 1970s, the academic education was complemented with apprenticeship courses in forestry within schools of German state forest enterprises, for example at Söllichau and Kunsterspring.

The first batch of Vietnamese students of forestry registered at Dresden University of Technology (TU) in the year 1961. Here, the continued intake of students contributed to establish a five-year German diploma course (Diplom-Forstingenieur) in tropical forestry. More than 90 Vietnamese graduated from this course. Following bilateral governmental agreements the scientific-technical cooperation in Viet Nam was widened to provide, amongst others, guest lectureships to strengthen the qualification of teaching staff of Dong Trieu College of Forestry, and Xuan Mai College of Forestry.

The number of students in forestry at Dresden University of Technology was slightly reduced over the years due to the qualification of academic forestry education in Viet Nam and relocation of the college to Xuan Mai, Ha Tay province in the vicinity of Hanoi. This process had been accompanied by a considerable number of doctoral studies of Vietnamese professional foresters in various forestry and forestry based industry related disciplines at TU Dresden and Humboldt Universität Berlin. The Faculty of Forestry of TU Dresden alone awarded more than 30 Vietnamese foresters with the Doctor degree.

The initiation and continued process of economic reform (**Doi Moi**) in Viet Nam from mid 1980s, as well as the socioeconomic

3. INTERNATIONAL COOPERATION IN FORESTRY



development in East Germany at the end of the 1980s also influenced further bilateral cooperation between Viet Nam and Germany in the forestry sector. The National Conference on Forestry Planning at the end of 1989 showed direction of future development of forest management in Viet Nam and related international cooperation. Aspects of a market-oriented economy also in forestry, systematic conservation of natural forests, development of farmer and village oriented and based forestry was increasingly taken into consideration for international cooperation by the then Vietnamese Ministry of Forestry.



In summing up, the bilateral German-Vietnamese cooperation in forestry from 1958 to 1990 concentrated on research and human resources development (and continued this successful approach also post 1990 under the heading capacity building), up to the beginning of the Doi Moi process fully integrated into central planning processes. The German side primarily invested professional knowledge and capacity.

The Vietnamese professionals trained at the various German education and training institutions are valuable partners in bi- and multilateral cooperation, and a large number of them took over high-level positions in Vietnamese forest administration, forest management and education.

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3.2 German – Vietnamese Cooperation Post 1990

The German Cooperation in forestry supports the implementation of the VFDS and its 5 programmes:

1. *Sustainable forest management and development;*
2. *Forest protection, biodiversity conservation and environmental services development;*
3. *Forest products processing and trade;*
4. *Research, education, training, and forest extension (RETE);*
5. *Renovation of forest sector institutions, policy, planning and monitoring.*

To contribute towards achieving the objectives of these programmes, the German Government deployed its various cooperation instruments in a complementing manner (in alphabetical order):

- CIM (Center for International Migration) – mainly for providing experts who are integrated in the Vietnamese forest administration on line functions;
- DED (German Development Service) – mainly for technical cooperation with field personnel;
- DGIZ (German Agency for International Cooperation) – Institution to be established in the near future that will merge GTZ, DED, CIM, Inwent;
- GTZ (German Agency for Technical Cooperation) – technical cooperation, mainly in the con-servation and sustainable management of existing forest resources;
- INWENT (International Training and Development) – mainly for providing training and information; and
- KfW (German Bank for Development) – financial cooperation, mainly for assistance to Viet Nam’s afforestation and reforestation programme.

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As mentioned earlier, the German efforts in the sector are an integrated part of the **Forest Sector Support Partnership (FSSP)**. Germany also supports the **Trust Fund for Forests (TFF)**, which was established within the framework of the FSSP.

Germany assisted Viet Nam since 1995 in its endeavour to restore at least part of its original forest cover. The German financial cooperation supported through KfW started in 1995 and the volume of co-financing amounts to EUR 37 million, in addition to some EUR 7.7 million of counterpart contribution. Since 1994, GTZ is in place with direct and indirect impacts on the forestry sector. The German Development Service (DED) has been working in Viet Nam since 1993. Since 1998, altogether nine professionals supported projects with a budget of USD 3.2m.

The general objective of all forestry projects supported by German funds is to contribute to afforestation, soil and biodiversity conservation, as well as to poverty alleviation particularly in rural areas.

Afforestation projects, including those supported by Germany, resulted in an increase of Vietnam's forest cover from 27 % in 1995 to 38 % in 2009. Viet Nam plans to further increase forest cover to 42% by 2015. A high proportion of the financial contribution was channelled directly to deposit accounts established under beneficiaries' names with Viet Nam Bank for Agriculture and Rural Development (VBARD). From the very beginning, a distinguishing feature of all German projects has been their focus on working with and providing support to impoverished, small-scale farm households. These projects are thus considered as instrumental in promoting the Vietnamese forest policy shift from state to private or household forestry. Conferring land tenure security to participating farmers by providing them with Red Books for a period of 50 years

has played an essential role in all projects. Of resembling relevance to the successful implementation has been the opening of saving accounts for partaking smallholders, which contributed considerably to the project's poverty alleviation efforts. Moreover, the German contributions have increased the professionalism of local staff. Particularly, management and technical staff benefited by enhancing skills on project planning and implementation, proposal writing, animal and plant species identification, land use planning and forest utilisation, village development planning, the democracy decree and the English language. Also the construction and maintenance of ranger stations increased the forest protection service's presence within protected areas.

Additionally, the German activities contributed to improve the living conditions of the population in buffer zones and created alternatives to illegal logging and poaching. To date, these activities have reached more than 17,000 people. Reforestation in the buffer zones increased the amount of timber available for the population. The propagation of biogas and use of energy efficient stoves reduced the need for firewood by at least 50%. Reforestation with native tree species inside the protected areas directly contributes to conservation. The raising of pigs, goats and the establishment of fishponds increased the local availability of animal protein to replace meat from wild animals. In six villages water supply systems were constructed as an important means to improve the general living conditions and to increase the standing of the forest protection service. Once a positive relationship with a village has been established, the forest protection service raises the awareness for environmental concerns and the respective laws through short presentations, the distribution of calendars with specific environmental topics and the election of the Forest Protector of the Year. Further measures supported training on the improved cultivation of rice, the establishment of contour lines to prevent erosion, home gardens, the use of medicinal plants, composting, the use of rattan, beekeeping, mushroom production and fruit trees.

German projects also assisted in participatory land use planning and forestland allocation, the drafting of forest protection and development agreements and basic village development plans. To date professionals have been involved in the allocation of forestland and in planning

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processes on different levels to the benefit of a considerable number of local farmers and communities. The support of ecotourism in suitable areas is a complimentary measure that can increase the revenue of protected areas and the income of some families through the training and provision of guides, the establishment of eco trails, wildlife observation posts and visitor's centres and the support of home stays.

The German cooperation thus supported the implementation of the VFDS. The objectives of the German development cooperation projects are elaborated in a German policy paper, the SSP (Sektorschwerpunktpapier, sector strategy paper, 2005). A prominent feature of the paper and the resulting cooperation programme in Viet Nam is its integration into the national targets and indicators of the FSSP and the national forestry strategy. The German DC assists projects to achieve the objective of the SSP by applying the targets / indicators of the FSSP successfully. The successful integration of planning and implementation of project activities into procedures of the partner organizations has significantly contributed to the development of high standards at that level. Models and projects were replicated or included into national standards. Examples include the amendment of the Planning Act and the revision of national regulations on forest protection and rural community forest management.

At present, the German contribution to support Technical Cooperation Projects amounts to EUR 16.2m. The Financial Cooperation Project's budget amounts to EUR 64.4m, and additionally EUR 8m are currently under negotiation.

The German cooperation will continue to assist Viet Nam through financial cooperation and through measures of the newly founded Deutsche Gesellschaft für Internationale

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Zusammenarbeit (DGIZ, German Agency for International Cooperation) in its endeavour towards sustainable management of natural resources in particular in the following areas:

- Forest biodiversity conservation;
 - ↳ Assistance to policy development, financing mechanism and the establishment and management of national parks, other protected areas, and buffer zones;
- Sustainable forest management;
 - ↳ Sustainable management and use of all forest resources;
 - ↳ Development and marketing of timber and non-timber forest products;
- Coastal zone protection;
 - ↳ Mangrove and coastal ecosystems protection and management, dyke rehabilitation.

In all areas mentioned above, support of mechanisms to widely apply income generating models of the management of natural resources will be provided.



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3.3 Lessons learnt in the Years of Vietnamese-German Cooperation

One of the centrepieces of the German cooperation project design is the establishment of deposit accounts for smallholders participating in planting and plantation maintenance. Participating farmers receive intensive training through the projects' extension service. The state forestry extension system (i.e. Centre for Agriculture and Forestry Extension, state forest enterprises, and/or the Forest Protection Department) was only used in the projects when it was existent at village/commune level. Partly, a project extension service had to be tailored to the specific requirements consisting of a multi-level extension service of technical coordinators, field staff, extension workers, and voluntary participation through Forest Farmers Groups and Village Forest Support Groups. Investments in afforestation projects co-financed with German funds are based on a clear sequence of steps. The allocation of forestland is always based on participatory village land use planning (VLUP) and requires a forest development plan at village level. Detailed technical guidelines including all steps and procedures guide projects' extension staff and thus guarantee homogenous implementation and the maintenance of a uniform technical standard (project implementation manual, PIM). To date, some 70,000 households have been involved and 125,000 ha of new plantations and natural regeneration will have been established after project completion. Smallholders were able to generate some one million EURO in the form of interest in remote and disadvantaged areas. These measures had a remarkable impact on the environment and the livelihoods of people and communities. The Social Forestry Development Project in Song Da has been a pioneer in the testing and development of new and/or adapted methodologies in Vietnam: Village Development Planning (VDP),

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Land Use Planning/Land Allocation LUP/LA, Community Forest Management Planning (CFMP), Participatory Agriculture Extension Methodology (PAEM), Forest Protection Regulation (FPR). The development of methodologies in two provinces made it possible to fully integrate the approaches into the partner organisations and implement them on a wider scale.

The German long-term support of the forestry sector followed a continuous participatory approach considering all stakeholders within and outside the sector. The REFAS project played a central role in the creation of the TFF and the FSSP and associated instruments (e.g. the forest sector manual) and contributed significantly to the decentralization of forestry support at regional levels. Strengthening of authorities and technical and management capacities were the key success factors. Moreover, training at all administrative levels formed the basis to efficiently deal with and manage sector-relevant issues and themes. The reform of administrative procedures considerably reduced the time and increased the efficiency of those processes. The approach to simultaneously work at various levels permitted the continuous and adequate information supply from the base to the top level. This enabled policy makers to base their decisions on reality and experiences from the field level. The activities assisted to improve the communication between policy makers and policy implementers as well as between different levels of public administration, and to reduce conflicts and disputes on land issues between local population and government agencies. An active involvement of local groups and ownership through co-management improved the access of communities to forests resources and increased their participation in the sustainable management of these resources. The increased awareness of the rural population on the role and functions of forests had a direct and positive impact on the conservation



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and sustainable management of Viet Nam's forest resources, e.g. private investment of villagers in reforestation. The German-funded projects increased the attention for ethnic minorities and the involvement of women was strengthened (e.g. 25 % of participants in management courses for wood processing industry were women). New opportunities for private investment were created, and poverty could be reduced, for example by 4.5 % through the project Quang Binh.

The integration of German efforts into FSSP strengthened the impact of forestry cooperation projects. The concepts and experiences developed in pilot projects were adopted by other cooperation partners and partly found their way into the legal framework for the sector.

In order to achieve the goals set by the VFDS, there are still a number of issues to be dealt with. The lessons learnt are summarised in the following:

Sustainable Management of natural and planted forests

The integrated and sustainable management of forests offers environmental and livelihood benefits. However, there are cases where trade-offs between both have to be balanced. When in doubt, the livelihood of people comes first.

Technical guidelines and their implementation

The technical guidelines for afforestation developed to date are practical for implementation and adequate for Vietnam. The afforestation and enrichment planting sites *showed in general high vitality, good growth performance, and high survival rates*. Due to the concentration on capacity building, no severe difficulties have been encountered during field implementation.

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Tree species were selected according to the site potential and the preference of participating farmers. This has resulted in a reasonable balance between economically and environmentally valuable indigenous species and fast growing exotic species, which contribute to the short-term income increase of farmers. While *Hopea odorata* and *Dipterocarpus spp.* generally performed well on appropriate sites, *Melia azadarach* has shown very poor growth performance with high mortality rates and is therefore no longer promoted.

Box 5. Technical Recommendations

- ↘ update the Project Implementation Manual (PIM) with the latest experiences;
- ↘ include national forest research institutions into the Project Steering Committees to enhance applied field research;
- ↘ include appropriate silvicultural measures and fire prevention from the onset into the project design;
- ↘ pay increased attention to the quality and provenances of forest seeds and seedlings to reduce failures in plantations;
- ↘ consider *Tectona grandis*, *Acacia mangium* and *Acacia* hybrid (*mangium* x *crassicarpa*) in further afforestation activities to supply farmers with faster cash-flows on sites inappropriate for local native species;
- ↘ select site-adapted, high value tree species for afforestation and reforestation;
- ↘ for mangrove planting, avoid seasons with sediment accumulation (June–October) and with strong winds (November – March);
- ↘ strengthen the integrated management of forests to make best use of all forest functions;
- ↘ involve and train individual household members, rather than communities, in nursery establishment and management;
- ↘ identify and clearly mark boundaries between properties;
- ↘ provide people in buffer zones with fast growing species like acacia, eucalyptus and pines, and concentrate efforts to propagate the slower growing native species inside protected areas;
- ↘ undertake a cost-benefit analysis before embarking on ecotourism activities;
- ↘ develop and communicate a market information to facilitate the marketing of forest products;
- ↘ Co-management approaches for natural resources management;
- ↘ marketing of timber products;
- ↘ guidelines for sustainable forest management such as reduced impact logging, and sustainable forest management planning according to FSC standards.

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Box 6: Recommendations on capacity building and awareness raising

- ↘ Province People's Committee to clearly identify and earmark land reserved for the respective afforestation project to reduce the danger of encroachment;
- ↘ simplify bureaucratic procedures, regulations and guidelines, e.g. those on benefit sharing;
- ↘ decentralize administrative processes, for example, the approvals for harvest from natural forests
- ↘ further strengthen coordination and cooperation between the public institutions involved in the sector;
- ↘ budget for decentralized and community forest management in national and provincial programmes and policies.
- ↘ include capacity building in any project approach at all levels;
- ↘ counteract forest violations through labour days for social work instead of fines;
- ↘ increase training of farmers in agro-forestry, plantation establishment, marketing of forest products and forest conservation techniques;
- ↘ provide farmers with training in forest planning and protection of natural and planted forests;
- ↘ strengthen the forestry and agro-forestry extension service and expand them to village levels, in close collaboration with the Department for Agriculture;
- ↘ train more staff at district and community level to reduce illegal harvesting and trade;
- ↘ raise awareness and provide information on CFM, participatory processes and benefit sharing.



Capacity building at all levels

Capacity building is crucial for the long-term success of afforestation efforts. A lack of adequately trained staff at the field level still has to be observed. An effective co-management between partners at national and provincial levels, however with a decentralized implementation structure increases support and ownership at district, community, and village levels.

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Project design and planning

The commitment of authorities at all levels is precondition for successful projects and the institutionalization and up-scaling of methods developed at project levels. A combination of technical and financial cooperation, close coordination and collaboration of donors, and an appropriate planning of time and other resources required to support sustainable forest management and marketing of products enhance the chances for success. Transparency on availability of funds has been helpful to avoid misunderstandings.

Box 7. Recommendations on project design and planning

- formulate implementation agreements carefully to avoid misunderstandings;
- set realistic targets;
- establish clear roles and responsibilities for each project component and partners/ stakeholders, including the Commune People's Committee Chairpersons;
- adapt and tailor implementation strategies to local conditions and priorities as well as to capacities of villagers;
- involve local, provincial, and national authorities in impact monitoring;
- ensure training measures to be accompanied by monitoring;
- integrate effective measures for forest fire management into project designs in order to minimize the risk of investment failure;
- consider food security and impacts on vulnerable groups;
- involve stakeholders at all levels in a participatory monitoring and evaluation system.



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Participation at village and community level

Budgeting and subsequent involvement of stakeholders at all levels in participatory planning, decision-making, implementation and monitoring of projects has facilitated and stimulated the active participation and ownership at farmer household, village, and community levels. In particular, the demand-oriented and bottom-up village planning approach benefitted tremendously. Community and village contributions (e.g. through labour or cash) also increased the ownership-approach of the local population. Project activities have been implemented more efficiently, where village development workers were democratically selected. Village clubs and associations are in some places part of the local culture and played an important role to sustain the development efforts of a project. CFM is still insufficiently embedded in the institutional structures and processes, which also reflects the weak commitment towards an increased engagement in CFM. Provision of short-, medium-, and long-term income opportunities from forestland and benefit sharing mechanisms for rural population, including ethnic minorities, are pre-conditions for applying participatory forest conservation and sustainable forest management practices. The planning of such income-generating activities requires intensive studies of potentials, market conditions and existing capacities. The application of the "value-chain approach" can increase income at household levels.

Land use and land use planning

Land use planning is indispensable to facilitate the successful integration of land use for agriculture, forest-use and conservation, and an effective tool for decision-making, conflict resolution and application of bottom-up approaches.

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3.4 Other Multi- and Bilateral Cooperation

Vietnam’s forestry sector has received substantial support from a wide range of international donor agencies and INGOs (Appendix 7.2).

These include:

- Bilateral Donors with large-scale and sustained involvement such as Finland, Switzerland, Norway, the Netherlands, Australia, and Germany.
- Key multilateral and international financial institutional partners including JICA/JBIC, WB, KfW, ADB, UN organisations, FAO, EU.
- Various INGOs support forestry related projects and programmes at the provincial, district, and commune level. Some of these are also involved in policy related issues at national level such as IUCN, WWF, SNV, FFI, BirdLife International, Winrock International, and Tropenbos International.

For the year 2010, the amount of USD 44 million is contributed as ODA to the forestry sector. However, ODA declined steadily from about USD 68 million in 2008, and it is estimated to reach approx. USD 20 million by 2012. Viet Nam is reaching the status of a middle-income country, and it is expected that commitments of established development partners will be reduced further. This became evident in 2009, when only two new ODA-supported forestry projects were signed with a total value about USD 10 million. One of the aforementioned projects is the development of forest management information system (FORMIS) funded by Finland Government and TFF. The other project is the UN-REDD project funded by the United Nations.

It is an established fact that forests play a central role in climate change mitigation, biodiversity conservation, and sustainable development. Therefore, some donors

Box 8. Recommendations on community forest management and poverty reduction

- complete the legal framework for CFM at national level;
- review the technical guidelines elaborated stringently for their technical relevance and appropriateness;
- introduce budget lines for CFM at provincial level;
- simplify and streamline bureaucratic procedures required for legal approval;
- introduce mechanisms to link experiences from field to the national policy decision processes;
- introduce the participatory CFM approach into institutional district and provincial forest planning;
- delegate authority to “consultative groups” for the negotiation of processes at all levels;
- involve villagers in design, implementation and management of village-based service delivery structures and cost recovery schemes;
- plan and implement projects in harmony with the specific local traditions and cultures.
- include basic needs and concerns of villagers into socio-economic development planning at community, district and provincial levels;
- seek collaboration with and involvement of the private sector;
- select agriculture and forestry production models as function of market demand;
- focus in buffer zones on livelihood measures that directly contribute to the conservation of the protected area;
- train and assist communities in marketing their respective products
- focus training on technical subjects such as site mapping, reforestation and natural regeneration techniques, nursery and community forestry management.

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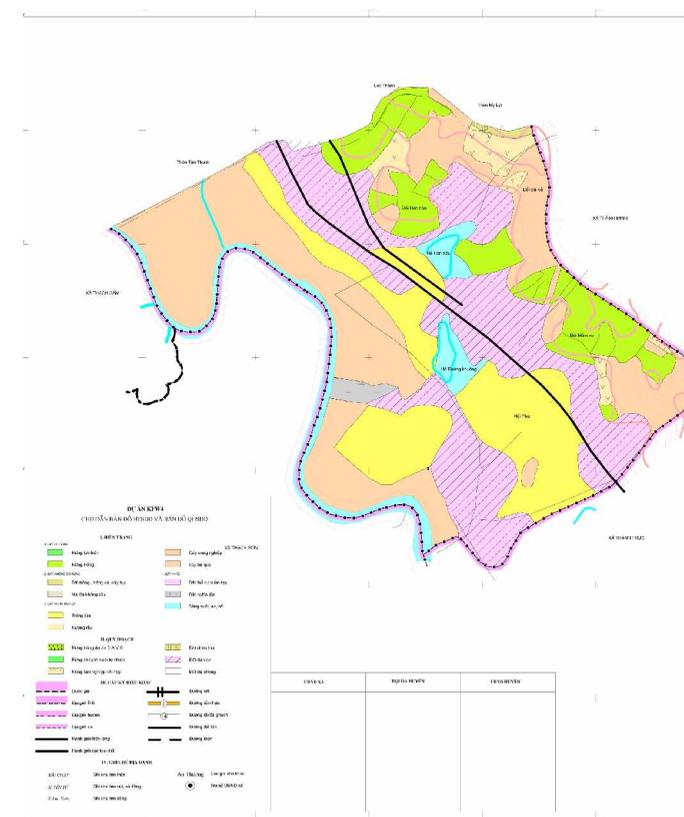


Figure 13. Example of a village-land-use-plan (KfW)



reconsidered their budget cut and will continue to support Vietnam’s forest sector. However, a shift in focus is taking place and more emphasis will be given to a) sustainable forest management, b) enhancing forest certification, c) biodiversity conservation, and d) capacity building in REDD and PES implementation. This allows the forestry sector to receive continued international assistance for the protection and the sustainable management of forests, contributing to mitigate the impacts of climate change and to alleviate poverty. On this basis, the forestry sector, in collaboration with JICA, for example has developed two new projects, which are: “Study on forests and potential land related to climate change” and “Project on capacity building on climate change and community forest”. However, tremendous challenges still remain to build capacity for REDD implementation.

Another global trend is influencing the development of Vietnam’s forestry sector and donor support. Changes in the market conditions within major wood consuming countries (EU “The obligations of operators who place timber and products on the market”, previously referred to as the EU Due Diligence Regulation and the US Lacey Act) will lead to a reduction of controversial timber. Viet Nam is one of Southeast Asia’s largest exporter’s of wooden furniture, and will be heavily affected. Therefore, the country is actively involved in regional initiatives and has been exploring cooperation opportunities with EU under the Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan to reduce illegal logging and associated timber trade. The EU, the Government of Finland, the Government of Germany through GTZ, as well as some NGOs (IUCN, WWF, Forest Trends, TRAFFIC) are building up capacity of stakeholders in the process, such as negotiation teams, technical working groups, and others. Embassies of EU members (e.g. Netherlands, Norway) are also willing to provide funds directly to Viet Nam for the Voluntary Partnership Agreement (VPA) negotiation process.

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In 2008, a break-down of forestry ODA funds revealed the following activities:

- 48 organizations (donors / implementers) supporting the forest sector;
- 81 projects on-going;
- 25 projects implemented in national level;
- 7 projects implemented in regional level (6 regions);
- 49 projects implemented in provincial, district and National park level (in 35 provinces).

Most of the ongoing projects in the forestry sector promote the VFDS and its five programmes. At present, support is aligned predominantly with programmes one and two of the VFDS, reflecting the large investments in afforestation by the core donors.

For the year 2010, ODA project funds are distributed between the five programmes as follows:

At the provincial level, support focuses on the central highlands and the northeast of the country, reflecting the aim to reduce poverty. Support from multilateral agencies (ADB, World Bank and EU), two main bilateral donors (Germany and Japan), and the TFF (a multi-donor trust fund for forest, which pools contributions from Finland, Switzerland and the Netherlands) presently constitutes 87% of the ODA commitments to the forest sector in Vietnam.

Currently, TFF has completed 28 projects and 7 projects are on-going (including two large co-financing projects: World Bank Forest Sector Development Project (FSDP) with earmarked funding, and ADB FLITCH Project with non-earmarked funding). The FSDP and the FLITCH project belong to the largest projects in the sector in terms of scope and value. The aforementioned Viet Nam Conservation Fund (VCF) in Chapter 2.3 Policies and Plans is part of the FSDP project and aims to increase the reliability of funding to Special Use Forests as a new national conservation financing mechanism.



Table 3. Distribution of ODA project funds to the five forest-related development programmes

Programme	ODA Funds USD 2010
1. Sustainable Forest Management and Development	19,210,023
2. Forest Protection, Biodiversity Conservation and Environmental Services	12,699,198
3. Forest Products Processing and Trade	4,149,313
4. Renovating Forest Sector Institutions, Policy, Planning and Monitoring	1,281,050
5. Management and other Cost	18,500
Total	42,014,336

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Summarising challenges and opportunities, lessons learnt, and projecting promising approaches of sustainable forest management and biodiversity conservation, a number of approaches can be identified, which can be used as a starting point for shaping the future of Vietnam's forestry sector.

Viet Nam has made substantial progress in conserving its natural forests and establishing forest plantations. However, the expansion of activities needs to be accompanied by a strengthening of relevant institutions. This refers particularly to rural areas and to the number and the qualification of staff. Moreover, the equipment of field offices is inappropriate to cope with the current and future tasks. Efforts so far have been largely driven by donor support at project level and sustainability of implemented measures is a challenge and requires an appropriate ownership through the Vietnamese Government. Substantial managerial and coordination improvements at all levels are required.

An essential backbone for sustainable forest management and biodiversity conservation in Viet Nam are communes and small farmers. For their support reliable long-term programmes are required. These programmes should entail the strengthening and decentralisation of government extension services, increased participation and ownership of local people, provision of high-quality and site-adapted planting material, and appropriate planning of land-use and production requirements.

The current financing mechanisms for sustainable forest management (of planted and natural forests) are largely driven by outside sources. The forest industry is still extremely vulnerable as raw material for downstream processing is imported at a large scale. To prepare Vietnam's forest sector for the future, more robust financing mechanisms are needed that merge public, private, and external financial sources. Despite

4. APPROACHES TOWARDS SUSTAINABLE FOREST DEVELOPMENT



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4. APPROACHES TOWARDS SUSTAINABLE FOREST DEVELOPMENT



Box 9. The guiding questions for this working group "Institution and Capacity Building" are

1. What changes are required at Vietnam's institutional forestry stakeholders to face the challenges of sustainable forest development in a changing climate?
2. What steps and arrangements are required to increasingly combine public and private sector efforts in sustainable forest management for the benefit of producers and consumers?

budget support programmes (SBS), the forestry sector is still in an infancy stage in developing effective approaches. The projected changes to the growing conditions of forests due to global warming are superimposed to the "normal" development opportunities and challenges. A number of technical issues have to be resolved to prevent coastal erosion, conserve biodiversity, manage forests, and to plant species adapted to site and climate conditions for the benefit of both producers (incl. industry) and consumers.

Group 1: Institution and capacity building

Group 2: Incentives for community and small-scale forestry

Group 3: Public and private forest financing

Group 4: Forestry and Climate Change – Challenges, opportunities, and financing needs

4.1 Institution and Capacity Building

Vietnam's forestry sector faces internal and external challenges. To cope with these, strong and well-trained institutions are required. The most recent institutional reform in the forest sector took place in January 2010 through integrating the Department of Forestry and the Forest Protection Department into the Directorate of Forestry under the Ministry of Agriculture and Rural Development. The driving forces behind this reform were to achieve a higher efficiency of administrative procedures, better coordination between national and provincial levels, and the establishment of a functioning forest extension service. The new Directorate has a strong focus on the implementation of the VFDS. The FSSP supports these efforts by providing a forum for policy dialogue, coordination, and information exchange between different government institutions,

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donor community, civil and academic society as well as private sector. The process of transforming state forest enterprises into liability limited companies operating in accordance with the law on enterprises is still ongoing. The process of forestland allocation and clarification on property rights has also not yet been concluded. To remove distortions that reduce the profitability of SFM, infrastructure needs further improvement.

The timber processing industry still shows high growth rates and it is most likely that these will remain in future. However, the past growth strongly depended on imports of raw material from partially questionable sources. Therefore investors/companies in the downstream sector need, additionally to bringing capital and technology, know-how and management skills to cope with the risk of uncertain raw material supply. Logically, securing increased local supply can reduce this risk.

When designing the institutional framework in Vietnam, the concentration on investments of the private sectors bear the risk that small-scale timber producers are not considered adequately.

The institutional forestry landscape of Viet Nam thus faces serious challenges. The efficiency of the implementation of the VFDS has to be increased further. Administrative procedures for the nation-wide establishment of SFM are improving, but are still complicated and time consuming. The timber processing industry is challenged by increasing global timber prices and will therefore rely increasingly on national supply. New emerging market requirements such as certification and legality evidence systems (EU-Due Diligence, US Lacey Act) require the application of internationally acknowledged standards of timber production and processing. The considerable mitigation potential of forests against the impacts of climate change has also to be realized.

The institutional landscape of the forest sector needs to respond to these challenges in an appropriate manner. Efficiency of bureaucratic procedures for the implementation of SFM has to be increased. The reform process of the state forest enterprises, as well as the process of forestland allocation, need to be accelerated. To effectively attract and support private sector investments the Government needs to ensure an attractive and stable investment environment, reduce bureaucracy to establish and operate business, provide an enabling incentive system (e.g. tax breaks), accelerate forest land allocation, clarify property rights, improve infrastructure, avoid distortions that reduce profitability of SFM, concentrate on investing in public services and reduce commercial investments.

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4.2 Incentives for Community and Small-scale Forestry

In order to further motivate farmers, households and communities to get engaged in sustainable small-scale forestry, different incentive measures have been field-tested by the Vietnamese Government and various international cooperation projects in recent years. Generally, small-scale forestry is driven by expectations of returns from wood sales. Often these expected returns, together with a land title, are a sufficient incentive for the smallholders to maintain the forestlands. Yet, unfavourable conditions of the available land/forest resources, limitations in the social environment, and uncertainties regarding suitable climate change adaptation measures can hamper a successful participation of smallholders in sustainable forest management. A combination of several incentives, for example as offered by the Vietnamese-German financial cooperation smallholder forestry projects, usually leads to higher acceptance and participation rates among locals in small-scale forestry. Successfully supported project approaches included five incentives:

- Land tenure security. Smallholders receive land-use rights for up to two hectares of land for 50 years. The so-called “red book” is the legal land-use right document. The farmers are allowed to utilise the timber as well as non-timber forest products from this land. In return, farmers undertake to reforest and sustainably manage the land entrusted to them in line with technical guidelines.
- Opening of a deposit account (“green book”), which guaranteed up to USD 340 (6.5 Mio. VND) in savings per hectare for successfully reforested land, paid out with interest and compound interest for up to nine years. In this way the land users are compensated for their labour input.

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- ↘ Training/extension services provided by project staff leads to improved skills in forest management.
- ↘ Free material. Seedlings and fertilizers were provided free of charge.
- ↘ Prospective short- and long-term profits from timber and secondary forest products. Small-holders are provided with a list of suitable tree species and may chose according to their own preference.
 - ▶ Short rotation pioneer species (mostly exotic) are used to cultivate former bare lands and provide early income to smallholders.
 - ▶ Long rotation high-value species (native) secure long-term benefits and ecological im-provement of the forestland.

4.3 Public and Private Forest Financing

In 2007, MARD implemented a Forestry Investment Forum to analyse the possibilities of linking public and private sector investments. It was concluded:

- ↘ Land availability and the forestland tenure system (which promotes small holder ownership) are challenges for large-scale plantation development. New and innovative strategies need to be developed to account for this and ensure landowners are engaged as “partners” in this development with appropriate incentives.
- ↘ Government policies support private sector development. In some cases, however, the actual situation (in terms of implementation of these policies) at the Provincial level differs from the policy statements from the National Government.
- ↘ Private Forestry enterprises find it difficult to compete for land and plantation resources with SFEs. The process of equitisation of SFEs should reduce this imbalance.

Box 10. Guiding questions for the working groups “Incentives for small-scale Forestry” group are

1. Are there contradictions at small-scale level between the production of timber and nwfp from planted and natural forests?
2. Are organisational structures of farmers appropriate to implement sustainable forest management and market forest produce?
3. What kind of technical support through governmental agencies is needed at farm-level for successful implementations of financially feasible forest management?
4. Which is the role of the commune-level to assist farmers in sustainable forest management?
5. What further steps are needed to additionally assist small-scale forestry at farm-level to adapt to climate change?
6. What are the lessons learnt from promoting gender roles in farm-forestry in the region?

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Box 11. The guiding questions for the working group “Public and Private Forest Financing” are

1. How can Viet Nam make financing of sustainable forest management in natural forests more attractive for the private sector?
2. How can Viet Nam best link public and private financing, respectively work complementarily?
3. How can small-scale outgrower schemes and farmers benefit from introducing private investments to rural areas?
4. What lessons have private sector investors learnt so far from investments in planted and natural forests in Viet Nam and the region?

- ↘ Often information and data sources on the sector are limited and what is available from various sources is sometimes contradictory.
- ↘ To attract private investment the sector should seek to encourage an upstream and down-stream development approach. Rather than just focusing on plantations, investments in the processing and transportation of raw materials should be considered as part of a “whole of supply chain” approach.
- ↘ There are limited avenues for farmers to secure credit for investment. Larger investors should seek to involve farmers and smallholders in any venture so as to reduce the risks all round.

Financing sustainable development, in particular the bilateral Vietnamese-German efforts, will face major changes in the upcoming years. Germany reorganises its development assistance and merges some of its agencies, to increase efficiency and reduce costs. Moreover, bi- and multilateral public funding might be reduced due to the economic development in donor countries. Despite the development of public budgets, there is an increasing availability of private funding. International private and institutional investors, tired of loosing money in short-term investments or in real estate markets are becoming increasingly aware of real assets, for example timber resources. According to World Bank (2010), Viet Nam ranks 93 of 183 countries in the “Ease of doing business index” (91 in 2009). This indicates that there is ample space to catch up or further distance with neighbouring countries (ranks: Thailand 12, Malaysia 23, China 89, Cambodia 145, Lao PDR 167).

Moreover, to increasingly and effectively attract and support private sector investment, the following measures are proposed:

- ↘ Ensure an attractive, stable investment environment;

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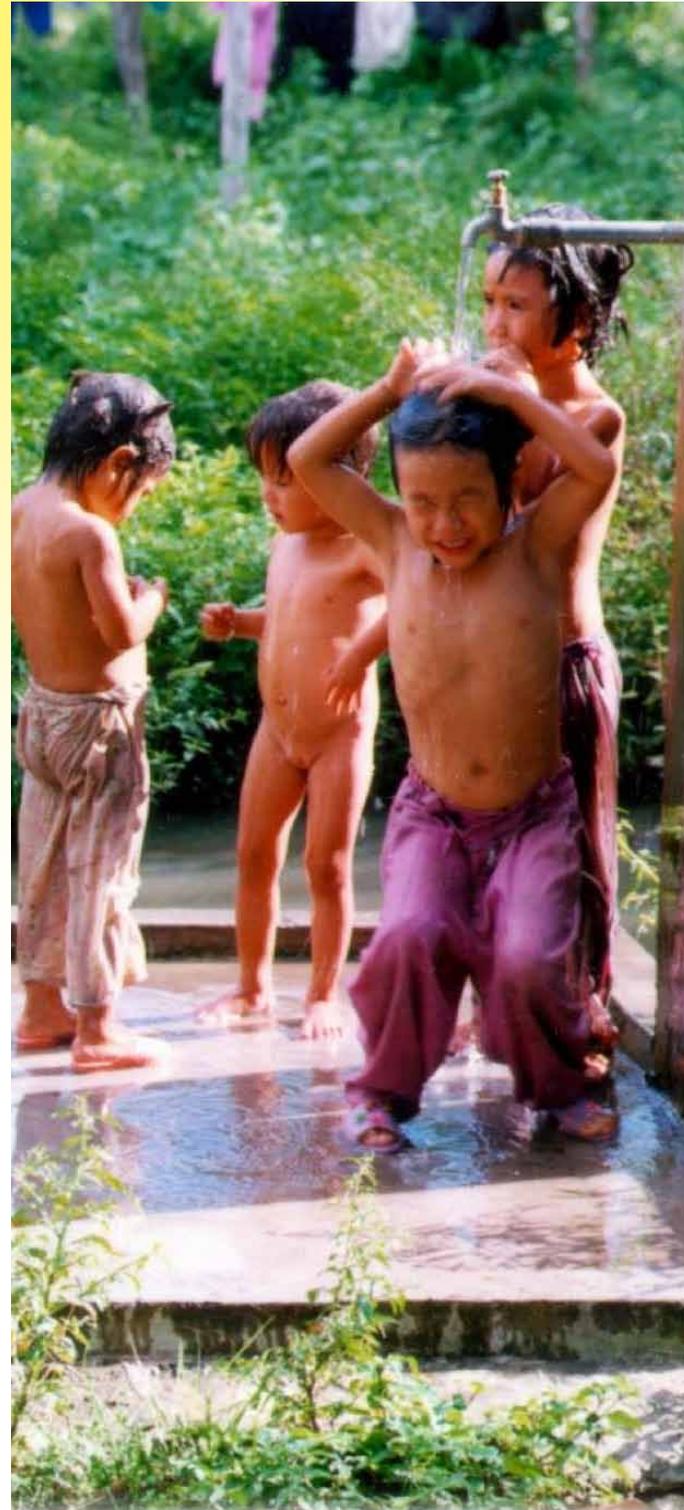
- Reduce bureaucracy to establish and operate a business;
- Provide incentives by, e.g. tax breaks.

Viet Nam faces the challenge to further develop its forests with own contributions, decreasing international support and by attracting more private investments. The major challenges are formulated in the following box.

4.4 Forestry and Climate Change - Challenges, opportunities, and financing needs

In the past 50 years, Viet Nam has witnessed various impacts of climate change. For instance, the average temperature has increased by 0.5 – 0.7°C, the sea level has risen by 20 cm, and the number of typhoons and tropical depressions increased up to 8 per year. Though preventive measures have been actively taken, losses and damages from disasters are extremely severe for Vietnam. In the last 10 years alone, Viet Nam lost due to natural disasters up to 800 lives and 1.5% of GDP per year (ADB, 2009).

According to the latest estimates, in 2100 Vietnam's average temperature could increase by another 2.3°C and the sea level could rise by 75 to 100 cm. Many coastal areas in Viet Nam could be submerged. The Mekong River delta, which produces more than 50% of rice and contributes 90% of rice export of Vietnam, could see 19-38% of its current land area submerged. Viet Nam is among the few countries worst affected by the impacts of climate change, especially by rising sea level due to its long coastline that harbours important economic activities and densely populated communities. Moreover, the coastal communities are heavily dependent on the weather and climate because of their agricultural, fishery and forestry production. Though full assessment is not yet available, climate change is considered the biggest



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challenge to food security in Vietnam, threatening the attainment of the Millennium Development Goals and the path to poverty reduction and sustainable development.

Being a Party to the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol, Viet Nam has made efforts and is closely cooperating with the world community to respond to impacts of climate change in conformity with the principle of “common but differentiated responsibilities” specified under the UNFCCC. The Vietnamese Government has actively implemented the provisions under the UNFCCC and Kyoto Protocol and has attained concrete results. With 1% of the world population, Viet Nam contributes only 0.4% of the global carbon dioxide emissions. Viet Nam has submitted its First National Report to the UNFCCC and is now preparing the second one. The Vietnamese Government has also approved the National Strategy on prevention and mitigation of natural disasters to 2020, published scenarios on climate change and rising sea level to 2100.

Meanwhile, to actively respond to climate change, the Vietnamese Government approved in 2008 the National Target Programme to Respond to Climate Change (NTP-RCC). The strategic objective of the NTP-RCC is to assess the impacts of climate change on industries, sectors and provinces in each reporting period, and to have feasible action plans to effectively respond to climate change in both the short- and long-term to ensure sustainable development, tap all the opportunities for economic development on the low-carbon path, use energy effectively and economically, explore and use effectively new energy sources, replace fossil fuels by renewable energy, and to develop green industries. Based on climate change and sea-level rise scenarios, Viet Nam is assessing the possible impacts and formulating suitable responses.

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Viet Nam considers responding to climate change, especially to sea-level rise as an important and crucial task to attain sustained socio-economic development. Together with domestic efforts, Viet Nam has actively promoted international cooperation to have coordinated actions, joining the inter-national community to effectively respond to climate change, protect the earth's climate and to prevent and mitigate natural disasters. Viet Nam is committed to effectively implement measures to reduce Green House Gases (GHG) emissions with the active support of developed countries and the international community.



The Copenhagen Conference was an important milestone in the course of implementation of the Bali Roadmap. At this Conference, Viet Nam brought to the world the following understandings:

First, Earth is our common house that requires the collective efforts and contributions from all nations in the fight against climate change.

Second, the UNFCCC and Kyoto Protocol should remain as fundamental legal documents for the international community to respond to climate change. However, the Kyoto Protocol should be revised and amended to incorporate new provisions for high GHG emission countries.

Third, developed countries should take the lead in making strong mid-term and long-term commitments on GHG reduction. These commitments should be quantifiable, reportable and verifiable in order to limit the increase of global mean temperature to not over 2.0°C by the end of this century.

Fourth, developed countries should provide appropriate financial and technological assistance to countries seriously affected by climate change, especially by sea-level rise, through new financial



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and technology transfer mechanisms and the access to the adaptation fund.

Fifth, countries including Vietnam, which are most vulnerable to climate change and especially sea-level rise, should be given prioritised mechanisms and special supports in financing and technological transferring, and assisted to strengthen capacity to respond to climate change by high GHG emission countries. The international community should have a coordination body and develop a special support programme for these countries to effectively respond to climate change, and especially to sea-level rise.

Sixth, developing countries should actively contribute to the global efforts by developing and implementing National Appropriate Mitigation Actions (NAMAs) on a voluntary basis to ensure sustainable development. As a country providing a fifth of world food exports and also a country among the few worst affected by climate change, especially sea-level rise, Viet Nam is particularly grateful for the international assistance so far and would urge for more international support in order to effectively address this challenge so as to contribute more to global food security. (H.E. Mr. Nguyen Tan Dung, Prime Minister of the Socialist Republic of Viet Nam)

Adaptation Measures

To adapt to these changes Viet Nam has to considerably change its forest management approach by responsive and proactive measures, as e.g. proposed by UNFCCC (2007):

Mitigation Measures

A core principle in the UNFCCC that is also quoted in Vietnam's NTP-RCC is that of common but differentiated responsibilities, especially for mitigation of GHG emissions. In Bali (at COP13, in 2007) it was agreed that developing countries should implement NAMAs. NAMAs should be "Measurable, Reportable and Verifiable" (MRV). This means that Viet Nam should limit its growth in GHG emissions whilst making clean and affordable energy available to poor people and industries alike.

There are indeed opportunities for Viet Nam to start preparing now for a low-carbon, developed economy by using modern technologies and making investments that should help save costs and be socially and economically attractive, while at the same time mitigating GHG emissions. Moving towards a low-carbon economy and using international policy developments on climate change as a

Table 4. Adaptation measures for forestry as proposed by UNFCCC (2007)

Reactive and responsive options	Proactive and anticipatory options
<ul style="list-style-type: none"> Improvement of management systems including control of deforestation, reforestation, and afforestation Promoting agro-forestry to improve forest goods and services Development/improvement of national forest fire management plans Improvement of carbon storage in forests 	<ul style="list-style-type: none"> Creation of parks/reserves, protected areas and biodiversity corridors Identification/development of species resistant to climate change Better assessment of the vulnerability of ecosystems Monitoring of species Development and maintenance of seed banks Forest fire early warning systems

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development opportunity is critical, especially as “new and additional” finance is becoming available to developing countries and efforts at capacity building are stepped up. This should not be a major demand on Vietnam’s domestic public finances.

Businesses need access to capital, which can be supported through loan guarantee schemes. There is also a need for new, innovative and well-monitored environmental standards that businesses can adopt voluntarily. In addition, strong and independent agencies are needed that can undertake various kinds of environmental audits. Furthermore, there is a need for long-term thinking about the location of industrial parks, in order to protect them from floods and at the same time conserve the most productive agricultural lands. The location of coal-fired power plants should be in areas where there is potential for carbon capture and storage, e.g. in forests.⁹

This can be achieved through (ADB, 2009):

- ↳ maintaining or increasing the forest area through reduced deforestation and degradation and through afforestation and reforestation;
- ↳ maintaining or increasing carbon density (tons of carbon per hectare) through forest management, forest conservation, longer forest rotations, and fire management; and
- ↳ increasing off-site carbon stocks in wood products and enhancing fuel substitution using forest-derived biomass.

Box 12. The guiding questions for the working group “Forestry and Climate Change – Challenges, opportunities, and financing needs” are

1. What are the short- to medium-term options for adapting Viet Nam forests to the impacts of climate change?
2. What role can Vietnam’s forests play in climate change adaptation on the long-term?
3. What are the priorities in financing climate change adaptation in/of Vietnam’s forests?
4. What further short-term steps are required to link REDD+ and ODA instruments effectively?

9. United Nations Vietnam. 2009. Viet Nam and climate change: A discussion paper on policies for sustainable human development. Hanoi: UN Vietnam.

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Financing Needs and Challenges

Viet Nam is the first country in the region that seriously got involved in REDD activities under the UN-REDD programme. At the moment, REDD in Viet Nam only focuses on SFE (state forest enterprises) however, support should additionally integrate local people as beneficiaries.

Financial and technical support is particularly needed for strategy development, national and re-gional forest inventories, development of base lines, law enforcement, improvement of infrastruc-ture, and mechanism to share benefits among stakeholders, just to mention a few aspects.

Viet Nam is still working on capacity and methodology development. The lack of available data on forests and their growth and yield will delay the development of a national baseline as well as MRV. Weak law enforcement will hinder the reduction of deforestation and forest degradation.

5. THE WAY FORWARD



Forests in Viet Nam have always played an important role in sustaining people's livelihoods, as well as for the national economy. Over the many years of war, the country's forests and thus their contribution to people's and the national economy have severely been curtailed. Viet Nam has in the past twenty years undertaken great efforts to rehabilitate and reestablish its forests for the benefit of people and the economic development.

Nevertheless, Viet Nam's growing wood processing industry still relies to 80% on timber imports.

Now a new challenge is arising. Climate change will severely impact Viet Nam, especially its coastal regions. Additionally to forests' traditional functions of regulating the hydrological cycle and providing goods and services and thus income, employment and improving livelihoods, forests play an important role in climate change adaptation and mitigation.

The VFDS, as well as the national REDD strategy under development make provisions for the appropriate actions to cope with the new challenge of climate change. Objectives have also been set in Forest Sector Outlook Study (FAO, 2009).

In the past, multilateral, bilateral financing and private sector financing as well as technical cooperation have played a significant role in rehabilitating and sustainably managing natural forests and establishing planted forests. To further strengthen Viet Nam's forestry sector, and help it to cope with the traditional and new challenges, the following recommendations are made:

Strengthening of Institutional Framework

Coordination and collaboration between forestry institutions at different levels need to be strengthened, and implementation of policies further decentralized. This implies, amongst others, increased capacity building for government officers as well for civil society representatives at district and village levels, and a rethinking of the role of government in forest development. Since forest development, is closely interlinked with the development of other economic sectors, cross-sectoral coordination and cooperation also needs to be improved.

Community and Small Scale Forestry

An aspect specific for Viet Nam's forestry sector is the important role rural population, villages and communities as well as ethnic minorities play in the rural landscape. Since forests considerably contribute to their livelihoods, forest development is in their very interest. It will be important to more than before consider them as an asset and further encourage their commitment to conserve and manage Viet Nam's forests sustainably. To further engage them, their ownership needs to be strengthened through their proactive involvement and direct participation in all steps of forest development from planning through capacity building, development of leadership skills, project implementation, co-management and benefit sharing

Forest Financing

While public financing in the forestry sector is dwindling, the private investors have developed an increased interest in spreading their investment risks through expanding their portfolios to forest investment. It will be important to find ways to engage the private sector not only in forest plantation development, but also in the sustainable management and conservation of natural forests. This requires facilitating private investment further and enhancing the investment climate, amongst others through an easing of administrative procedures. It requires also further innovative approaches to link public and private investment in forestry, and the development of a national forest financing strategy, which aims at synergetically using different public and private forest financing mechanisms.

5. THE WAY FORWARD



Forests and Climate Change

Viet Nam will be particularly affected by climate change, and its natural and planted forests can play an important role in climate change adaptation and mitigation. Forests also provide ample possibilities to link climate change adaptation and mitigation measures. It will therefore be important for the forest sector institutions to fully integrate themselves in the process to develop a national climate change adaptation and mitigation strategy, and its implementation. Important elements will be to introduce mechanisms for coastal protection, including the conservation and sustainable management of mangroves, the ongoing forest plantation development, sustainable management of natural forests, protected areas development, and the development of a national REDD+ strategy. For the latter, it will be important that all REDD+ efforts supported by different bi- and multilateral cooperation partners as well as carbon trading will be coordinated under the leadership of one sector institution such as MARD.

Forest Sector Support Partnership

To make best use of efforts by cooperation partners, the FSSP, in the spirit of the Paris Declaration of Aid Effectiveness, requires further strengthening and should be the body where all sector relevant programmes are coordinated and synergies sought.

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7.1 Appendix 1: German Contribution

Financial Cooperation Projects

- **KfW1:** Afforestation in Lang Son and Bac Giang, 1995 – 2000.
- **KfW2:** Afforestation in Ha Tinh, Quang Binh and Quang Tri, 1997 – 2007.
- **KfW3:** Afforestation in Bac Giang, Quang Ninh and Lang Son, 1999 – 2008 (2 phases). A third phase financed by the so-called ‘QuickWin Funds’ started mid of 2007 (Quick Win Afforestation Measures in Bac Giang, Lang Son and Quang Ninh provinces, 2007 – 2010).
- **KfW4:** Afforestation in Thanh Hoa and Nghe An, started 2003 and is presently in its second phase, which is expected to be completed in 2012; KfW4 for the first time planted indigenous tree species on a larger scale.
- Funds for the fifth project were allocated to supplement investments in the first and third pro-ject.
- **KfW Training for KfW1 and KfW3:** A training measure to technically support the existing plantations established under KfW1 and KfW3 started early 2005 (Afforestation and Reforestation Training Measures) and lasted until December 2008.
- **KfW6:** Forest Rehabilitation and Sustainable Forest Management in Quang Nam, Quang Ngai, Binh Dinh and Phu Yen, 2005 – 2013 presently in its second phase, started in 2005 and expected to be completed by 2012; KfW6 includes for the first time a community forest management (CFM) component.
- **KfW7:** Forest Development in Hoa Binh and Son La commenced in April 2009 (scheduled until 2015), and – apart from rehabilitation and CFM measures – additionally includes components of biodiversity conservation and community development in its project concept.

Technical Cooperation Projects

- Community Forestry Management in Song Da, 1994-2004;
- Promotion of Agriculture in the Tan Lan Area, 1995-2004;
- SFE renovation and development of improved cash crops, 1996-2005;
- Reform of the Forest and Administration System (REFAS), 1997-2006;
- Integrated food security programme in Quang Binh province, 1998-2004;
- Tam Dao National Park Management Project, 2003-2009;
- Integrated Rural Development Dak Lak, 2003-2010;
- Sustainable Management of Natural Resources in Central Vietnam, 2004-2010;
- Programme for the Promotion of Sustainable Utilisation and Management of Natural Forest and Important Forest Products, 2006-2015;
- Capacity Building for Sustainable Forest Management and Biodiversity, 2007-2010;
- Management of Natural Resources in the Coastal Zone of Soc Trang Province, 2007-2014;
- Nature Conservation and Sustainable Management of Natural Resources in the Phong Nha-Ke Bang National Park Region, 2008-2014;
- Conservation and Development of the Biosphere Reserve of Kien Giang Province, 2008-2011;
- Sustainable Management of Coastal Forest Ecosystems in Bac Lieu Province, 2008-2011;

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- Environmental Protection and Sustainable Management of Natural Resources in Dak Nong Province, 2008-2011;
- Preservation of Biodiversity in the Forest Ecosystems in Vietnam, 2010-2020.

German Development Service Projects

- Bach Ma National Park in the province of Thua Thien Hue (1998);
- Forest Protection Department in Thanh Hoa in the Pu Luong Nature Reserve (2002-present);
- Pu Hu and Xuan Lien Nature Reserves (2007-present);
- Tam Dao National Park in Vinh Phuc (2006);
- Phong Nha Ke Bang National Park in Quang Binh (2007-present);
- Pu Huong and Nghe An Nature Reserves (2009-present).

CIM Positions

- 3 positions at MARD;
- 1 position at DARD in Province of Kon Thum;
- 1 position at Handicraft and Wood Industry Association of HCMC, HAWA;
- 1 position at Ministry for Science and Technology.

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7.2 Appendix 2: ODA Contribution

Table 5. Total ODA project commitments by VFDS programme type for projects to be completed in 2009 or later

VFDS programme	Amount (USD)
1. Sustainable forest management and development	138,543,879.43
2. Forest protection, biodiversity conservation and environmental services development	80,096,769.05
3. Forest product processing and trade	26,257,341.08
4. Research, education, training and forestry extension	27,218,651.70
5. Renovation of forest sector institutions, policy, planning and monitoring	9,756,277.32
6. Management and other costs	113,690.00
Total	281,986,608.58

Source: FOMIS data (<http://210.245.80.182/Default.aspx>)

Table 6. Total ODA project commitments by region and in relation to forest cover

Region	ODA Fund Amount and percentage of annual total			Forest cover in 2008 (ha and % of total)
	2008	2009	2010	
North East	7,169,657 (17.9%)	7,246,657 (18.1%)	6,344,759 (16.3%)	2,815,000 (26.3%)
North West	2,666,819 (6.7%)	2,693,819 (6.7%)	2,141,588 (5.5%)	797,400 (7.5%)
Red River Delta	448,131 (1.1%)	448,131 (1.1%)	123,810 (0.3%)	416,400 (3.9%)
North Central	5,122,052 (12.8%)	5,143,752 (12.8%)	4,957,196 (12.7%)	1,902,800 (17.8%)
South Central	10,255,470 (25.7%)	10,255,470 (25.6%)	10,255,470 (26.4%)	1,114,700 (10.4%)
Central Highland	7,119,939 (17.8%)	7,119,939 (17.8%)	7,894,939 (20.3%)	2,928,700 (27.4%)
South East	1,221,578 (3.1%)	1,221,578 (3.0%)	1,221,578 (3.1%)	419,900 (3.9%)
Mekong River Delta	5,968,630 (14.9%)	5,968,630 (14.9%)	5,968,630 (15.3%)	298,500 (2.8%)
Total	39,972,276	40,097,976	38,907,970	

Source: FOMIS data (<http://210.245.80.182/Default.aspx>)

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Table 7: Approximate ODA project commitments by source and annual amounts for projects to be completed in 2009 or later

Source	Total Amount (USD)	Approximate annual amount (USD)				
		2008	2009	2010	2011	2012
Japan	73,941,774	10,504,936	14,711,930	16,453,463	12,710,469	9,006,667
ADB	45,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Germany	44,891,928	8,382,869	8,426,257	6,140,302	3,668,343	3,283,905
IDA	39,540,000	6,590,000	6,590,000	6,590,000	3,295,000	0
European Union	23,096,616	4,622,120	4,622,118	4,606,798	0	0
TFF	22,253,378	3,232,859	3,232,858	2,971,871	2,694,043	1,722,222
Global Environment Facility	9,973,000	1,743,251	1,743,250	1,621,625	750,000	0
NGOs & Foundations	7,844,080	1,184,405	1,185,123	1,143,456	1,101,072	123,810
Australia	6,415,999	890,433	1,209,872	1,143,094	787,755	539,017
The Netherlands	5,615,070	927,996	995,945	995,945	466,016	0
Finland	5,000,000	833,333	833,333	833,333	416,667	0
Denmark	3,136,721	784,181	468,204	0	0	0
Switzerland	457,996	152,665	152,665	152,665	0	0
UK	204,805	68,268	68,268	34,134	0	0
USA	160,000	23,750	65,500	70,750	0	0
Total	287,531,366	44,941,077	49,328,325	47,757,438	30,889,365	19,675,621

Source: Based on FOMIS data (<http://210.245.80.182/Default.aspx>)

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7.3 Appendix 3: IUCN Protected Area Management Categories

IUCN has defined a series of six protected area management categories, based on primary management objective. In summary, these are:

CATEGORY Ia	Strict Nature Reserve: protected area managed mainly for science
Definition	Area of land and/or sea possessing some outstanding or representative ecosystems, geological or physiological features and/or species, available primarily for scientific research and/or environmental monitoring.
CATEGORY Ib	Wilderness Area: protected area managed mainly for wilderness protection
Definition	Large area of unmodified or slightly modified land, and/or sea, retaining its natural character and influence, without permanent or significant habitation, which is protected and managed so as to preserve its natural condition.
CATEGORY II	National Park: protected area managed mainly for ecosystem protection and recreation
Definition	Natural area of land and/or sea, designated to (a) protect the ecological integrity of one or more ecosystems for present and future generations, (b) exclude exploitation or occupation inimical to the purposes of designation of the area and (c) provide a foundation for spiritual, scientific, educational, recreational and visitor opportunities, all of which must be environmentally and culturally compatible.
CATEGORY III	Natural Monument: protected area managed mainly for conservation of specific natural features
Definition	Area containing one, or more, specific natural or natural/cultural feature which is of outstanding or unique value because of its inherent rarity, representative or aesthetic qualities or cultural significance.
CATEGORY IV	Habitat/Species Management Area: protected area managed mainly for conservation through management intervention
Definition	Area of land and/or sea subject to active intervention for management purposes so as to ensure the maintenance of habitats and/or to meet the requirements of specific species.
CATEGORY V	Protected Landscape/Seascape: protected area managed mainly for landscape/seascape conservation and recreation
Definition	Area of land, with coast and sea as appropriate, where the interaction of people and nature over time has produced an area of distinct character with significant aesthetic, ecological and/or cultural value, and often with high biological diversity. Safeguarding the integrity of this traditional interaction is vital to the protection, maintenance and evolution of such an area.
CATEGORY VI	Managed Resource Protected Area: protected area managed mainly for the sustainable use of natural ecosystems
Definition	Area containing predominantly unmodified natural systems, managed to ensure long term protection and maintenance of biological diversity, while providing at the same time a sustainable flow of natural products and services to meet community needs.

These categories are defined in detail in the Guidelines for Protected Areas Management Categories published by IUCN in 1994.

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7.4 Appendix 4: National Protected Areas (Special-use forests as of Sept. 2002)

No	Name	Location	Year Decreed	Area (ha)
I. National Parks				727,281
1	Bai Tu Long	Quang Ninh	41/TTg -1977	15,738
2	Bach Ma*	Thua Thien Hue	194/CT - 1986	22,031
3	Ba Be	Bac Kan	41/TTg -1977	7,610
4	Ba Vi*	Ha Tay	41/TTg -1977	6,786
5	Ben En*	Thanh Hoa	194/CT - 1986	16,634
6	Cat Ba*	Hai Phong	79/CT - 1986	15,200
7	Cat Tien*	Dong Nai, Lam Dong, Binh Phuoc	360/TTg - 1978	66,000
8	Con Dao	Ba Ria Vung Tau	85/CT - 1984	5,998
9	Chu Yang Sin	Dak Lak	194/CT - 1986	54,227
10	Cuc Phuong*	Ninh Binh, Thanh Hoa, Hoa Binh	72/TTg - 1962	22,200
11	Hoang Lien Sa Pa	Lao Cai	194/CT - 1986	29,845
12	Lo Go Sa Mat	Tay Ninh	194/CT - 1986	16,754
13	Phu Quoc	Kien Giang	194/CT - 1986	31,422
14	Phong Nha Ke Bang	Quang Binh	194/CT - 1986	86,200
15	Pu Mat	Nghe An	1993	91,113
16	Tam Dao*	Vinh Phuc, Thai Nguyen, Tuyen Quang	41/TTg -1977	36,883
17	Tram Chim	Dong Thap	47/TTg - 1994	7,588
18	U Minh Thuong	Kien Giang	1993	8,509
19	Vu Quang	Ha Tinh	194/CT - 1986	55,950
20	Xuan Son	Phu Tho	194/CT - 1986	15,048
21	Yok Don*	Dak Lak	352/CT - 1991	115,545

* Under MARD/FPD management

II. Nature Conservation Area				1,467,786
Ila. Nature Reserve				1,376,033
1	Dakrong	Quang Tri		40,526
2	Ban Dao Son Tra	Da Nang	41/TTg-1977	4,370
3	Binh Chau Phuoc Buu	Ba Ria Vung Tau	194/CT - 1986	11,293
4	Ba Na - Nui Chua	Da Nang	194/CT - 1986	8,838
5	Bac Me	Ha Giang		27,800
6	Bu Gia Map	Binh Phuoc	194/CT - 1986	26,032
7	Bidoup-Nui Ba	Lam Dong	194/CT - 1986	72,573
8	Chu Mom Ray	Kon Tum	65/H§BT-1982	48,658

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No	Name	Location	Year Decreed	Area (ha)
9	Cham Chu	Tuyen Quang		58,187
10	Cu Lao Cham	Quang Nam	194/CT - 1986	1,535
11	Du Gia	Ha Giang		24,293
12	Easo	Dak Lak		22,000
13	Huu Lien	Lang Son	194/CT - 1986	10,640
14	Hon Me	Thanh Hoa	194/CT - 1986	500
15	Khe Ro	Bac Giang		5,675
16	Ke Go	Ha Tinh		24,801
17	Kim Hy	Bac Kan		18,555
18	Kon Cha Rang	Gia Lai	194/CT - 1986	24,000
19	Kon Ka Kinh	Gia Lai	194/CT - 1986	41,710
20	Krong Trai	Phu Yen	194/CT - 1986	22,290
21	Ky Thuong	Quang Ninh		17,640
22	Muong Nhe	Lai Chau	194/CT - 1986	182,000
23	Nam Don	Son La	194/CT - 1986	18,000
24	Nam Ca	Dak Lak	194/CT - 1986	24,555
25	Nam Nung	Dak Lak	194/CT - 1986	10,849
26	Ngoc Linh Kon Tum	Kon Tum	194/CT - 1986	41,424
27	Nui Ong	Binh Thuan		25,468
28	Nui Dai Binh	Lam Dong	194/CT - 1986	5,000
29	Nui Cam	An Giang	194/CT - 1986	1,500
30	Nui Pia Oac	Cao Bang	194/CT - 1986	10,000
31	Pa Co - Hang Kia	Hoa Binh	194/CT - 1986	7,091
32	Phong Dien	Thua Thien Hue		41,548
33	Phong Quang	Ha Giang	194/CT - 1986	18,397
34	Phu Canh	Hoa Binh	254/UBND HSB	5,647
35	Pu Hoat	Nghe An		67,934
36	Pu Hu	Thanh Hoa	Bo LN	35,089
37	Pu Huong	Nghe An	194/CT - 1986	50,075
38	Pu Luong	Thanh Hoa	Bé LN	17,662
39	Song Thanh	Quang Nam		93,249
40	Sop Cop	Son La	194/CT - 1986	27,886
41	Tay Con Linh	Ha Giang		40,344
42	Tay Yen Tu	Bac Giang	194/CT - 1986	16,466
43	Ta Dung	Dak Lak		18,893
44	Ta Kou	Binh Thuan		17,823
45	Thanh Phu	Ben Tre		4,510

No	Name	Location	Year Decreed	Area (ha)
46	Thuong Tien	Hoa Binh	194/CT - 1986	7,308
47	Trung Khanh	Cao Bang	194/CT - 1986	3,000
48	Xuan Lien	Thanh Hoa		23,610
49	Xuan Nha	Son La	194/CT - 1986	38,069
50	Xuan Thuy	Nam Dinh	4893/KGVX-1994	7,680
51	Yen Tu	Quang Ninh	194/CT - 1986	3,040
IIb. Species/Habitat Conservation Areas				91,753
1	Dat Mui Bai Boi		194/CT - 1986	4,461
2	EaRal	Dak Lak		50
3	Lung Ngoc Hoang	Can Tho		6,000
4	Mo Re - Bac Son	Lang Son	41/TTg-1977	2,416
5	Na Hang	Tuyen Quang		41,930
6	Rung kho Nui Chua	Ninh Thuan	194/CT - 1986	16,775
7	San Chim Bac Lieu	Bac Lieu		127
8	Tam Quy	Thanh Hoa	194/CT - 1986	500
9	Tien Hai	Thai Binh		12,500
10	Trap Kso	Dak Lak		100
11	Van Long	Ninh Binh		3,500
12	Vo Doi	Cau Mau		3,394
III. Cultural-Historic-Environmental sites				187,668
1	Dao Ho Song Da	Hoa Binh	194/CT - 1986	3,000
2	Do Son	Hai Phong	194/CT - 1986	267
3	Deo Ca - Hon Nua	Phu Yen	194/CT - 1986	8,876
4	Den Ba Trieu	Thanh Hoa	194/CT - 1986	300
5	Den Hung	Phu Tho	41/TTg-1977	285
6	Ai Chi Lang	Lang Son	194/CT - 1986	1,000
7	Bai Chay	Quang Ninh	194/CT - 1986	562
8	Bac Hai Van	Thua Thien Hue		14,547
9	Ba To	Binh Dinh	194/CT - 1986	500
10	Cac dao Thac Ba	Yen Bai	194/CT - 1986	5,000
11	Cac dao Vinh Ha Long	Quang Ninh	194/CT - 1986	1,000
12	Con Son Kiep Bac	Hai Duong	194/CT - 1986	1,477
13	Chien Khu Boi Loi	Tay Ninh	194/CT - 1986	2,000
14	Duong Minh Chau	Tay Ninh	194/CT - 1986	5,000
15	Ghenh Rang	Binh Dinh	2009/QSVH - 1991	2,616
16	Huong Son	Ha Tay	194/CT - 1986	4,355

No	Name	Location	Year Decreed	Area (ha)
17	Ho Cam Son	Bac Giang	194/CT - 1986	15,000
18	Ho Lac	Dak Lak	194/CT - 1986	12,744
19	Ho Nui Coc	Thai Nguyen	194/CT - 1986	6,000
20	Hang Phuong Hoang	Thai Nguyen	3211/QVH-BVH-1991	6,000
21	Hoa Lu	Ninh Binh		5,624
22	Hon Chong	Kien Giang	194/CT - 1986	3,495
23	Kim Binh	Tuyen Quang	1057/VHQŞ - 1991	1,937
24	Lam Son	Thanh Hoa	194/CT - 1986	300
25	Muong Phang	Lai Chau	194/CT - 1986	1,000
26	Nam Hai Van	Da Nang		10,850
27	Ngoc Trao	Thanh Hoa	194/CT - 1986	300
28	Ngu Hanh Son	Quang Nam	194/CT - 1986	400
29	Nui Ba Den	Tay Ninh	194/CT - 1986	2,000
30	Nui Ba Ra	Phuoc Long	194/CT - 1986	940
31	Nui Chung	Nghe An		600
32	Nui Thanh	Quang Nam	194/CT - 1986	1,500
33	Pac Bo	Cao Bang	41/TTg-1977	2,784
34	Rung Thong Da Lat	Lam Dong	41/TTg-1977	32,051
35	Tan Trao	Tuyen Quang	41/TTg-1977	6,633
36	Vuc Mau	Nghe An		24,842
37	Yen The	Bac Giang		1,883

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7.5 Appendix 5: Ethnic Groups in Vietnam

Viet Nam is a multi-nationality country with 54 ethnic groups. The Viet (Kinh) people account for 87% of the country's population and mainly inhabit the Red River delta, the central coastal delta, the Mekong delta and major cities. The other 53 ethnic minority groups, totalling over 8 million people, are scattered over mountain areas (covering two-thirds of the country's territory) spreading from the North to the South.

Among ethnic minorities, the most populated are Tay, Thai, Muong, Hoa, Khmer, Nung with a population of around 1 million each, while the least populated are Brau, Roman, Odu with several hundred people each. The Viet people succeeded in establishing a centralized monarchy right in the 10th century. The Cham people once boasted a flourishing culture early in the history. The Tay, Nung, and Khmer peoples had reached high levels of development with the presence of various social strata. The Muong, H'mong, Dao, Thai peoples gathered under the rule of local tribal heads. Many ethnic groups divided their population into social echelons, especially those who lived in mountainous areas. A number of ethnic minorities had mastered some farming techniques. They grew rice plants in swamped paddy fields and carried out irrigation. Others went hunting, fishing, collecting and lived a semi-nomadic life. Each group has its own culture, diverse and special. Beliefs and religions of the Viet-namese ethnic minority groups were also disparate from each other.

However, a fundamental solidarity among ethnic groups has been established on top of this difference as a result of a centuries long cooperation on the soil of Vietnam. Right in the first century of the history, a mutual supplement in economic relationship between lowland people and mountainous people was formed. This solidarity had been unceasingly strengthened during wars of resistance for defending the country. Through the shared struggle for defending and building of the country and the mutual assistance for co-existence and development, a common community between the Viet people and other ethnic minority peoples had been established and continuously consolidated and developed.

Nonetheless, an evident gap in the material and moral life has indeed still existed between peoples living in the deltas and those living in mountain areas as well as among ethnic minorities themselves. The Vietnamese government has worked out specific policies and special treatments in order to help mountainous people catching up with lowland people, and made great efforts to develop and preserve traditional cultural identities of each ethnic minority group. At present, the programmes of providing iodized salt for remote villages, equipping village's health care and hygienic station, fighting malaria, building free schools for ethnic minority children, settled agriculture and fixed residence, and projects of creating new writing scripts for minority peoples and studying and developing traditional culture of each ethnic minority group have obtained satisfactory results.

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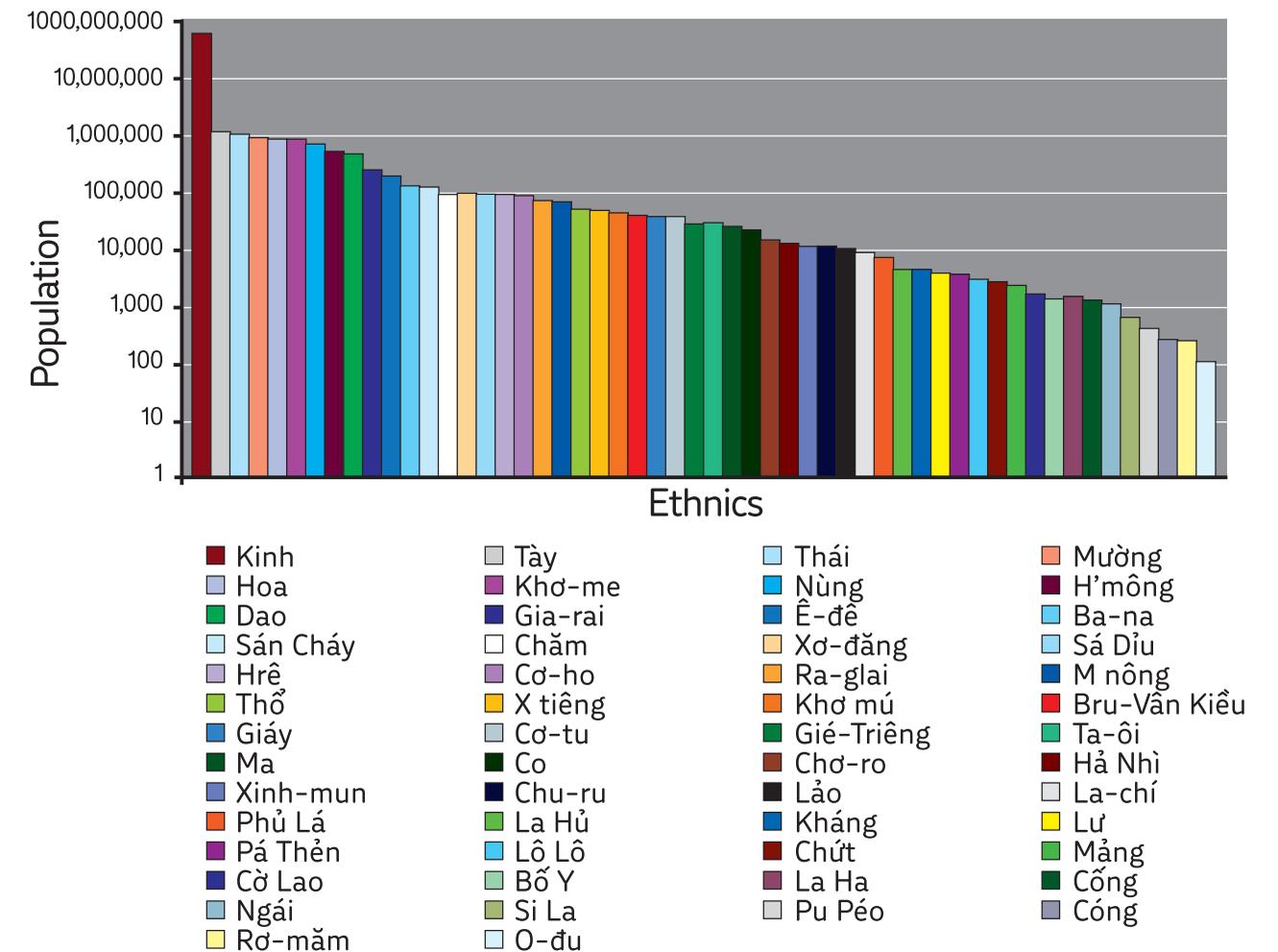


Figure 14: Composition and Distribution of the Vietnamese Ethnic Minority Groups

Source: The Embassy of the Socialist Republic of Viet Nam in the United Kingdom (<http://www.vietnamembassy.org.uk/population.html>).

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7.6 Appendix 6: Viet Nam Development Goals (VDG)

These goals are strongly related to the Millennium Development Goals (MDGs), but are adapted and expanded to reflect Vietnam's national challenges and the government's development plans, in particular its Comprehensive Poverty Reduction and Growth Strategy (CPRGS).

Goal 1: Reduce the percentage of poor and hungry households

Target 1	Reduce by 40% the proportion of people living below the international poverty line between 2001 and 2010
Target 2	Reduce by 75% the number of people living below the international food poverty line by 2010

Goal 2: Universalise education and improve education quality

Target 1	Increase net enrolment in primary school to 97% by 2005 and to 99% by 2010
Target 2	Increase net enrolment rate in junior secondary school to 80% by 2005 and 90% by 2010
Target 3	Eliminate the gender gap in primary and secondary education by 2005, and the gap between ethnic minorities and others by 2010
Target 4	Increase literacy to 95% of under-40-year-old women by 2005 and 100% by 2010
Target 5	By 2010 have improved the quality of education and increase full-day schooling at primary level (exact target depends on funding)

Goal 3: Ensure gender equality and women empowerment

Target 1	Increase the number of women in elected bodies at all levels
Target 2	Increase the participation of women in agencies and sectors [includes ministries, central agencies and enterprises] at all levels by 3-5% in the next 10 years
Target 3	Ensure that the names of both husband and wife appear on land-use right certificates by 2005
Target 4	Reduce the vulnerability of women to domestic violence

Goal 4: Reduce child mortality, child malnutrition and reduce the birth rate

Target 1	Reduce the infant mortality rate to 30 per 1000 live births by 2005 and 25 by 2010, and at a more rapid rate in disadvantaged regions (see below)
Target 2	Reduce the under-5 mortality rate to 36 per 1000 live births by 2005 and 32 by 2010
Target 3	Reduce under-5 malnutrition to 25% by 2005 and 20% by 2010

Goal 5: Improve maternal health

Target 1	Reduce the maternal mortality rate to 80 per 100 000 live births by 2005 and 70 by 2010 with particular attention to disadvantaged areas
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Goal 6: Reduce HIV/AIDS infection and eradicate other major diseases

Target 1	Slow the increase in the spread of HIV/AIDS by 2005 and halve the rate of increase by 2010
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Goal 7: Ensure environmental sustainability

Target 1	Extend forest cover to 43% by 2010 (from 33% in 1999)
Target 2	Ensure that 60% of the rural population has access to clean and safe water by 2005 and 85% by 2010. This should be the case for 80% of urban people by 2005.
Target 3	Ensure there are no slums and temporary houses in all towns and cities by 2010
Target 4	Ensure that all waste-water in towns and cities is treated by 2010
Target 5	Ensure that all solid waste is collected and disposed of safely in all towns and cities by 2010
Target 6	Air and water pollution must attain national standards by 2005.

Goal 8: Reducing vulnerability

Target 1	By 2005, increase the average income of the lowest expenditure quintile to 140% of that in 2000
Target 2	and to 190% of that by 2010 Reduce by half the rate of poor people falling back into poverty due to natural disasters and other risks by 2010

Goal 9: Improving governance for poverty reduction

Target 1	Effectively implement grassroots democracy
Target 2	Ensure budget transparency
Target 3	Implement legal reform agenda

Goal 10: Reducing ethnic inequality

Target 1	Preserve and develop the reading and writing ability of ethnic languages
Target 2	Ensure entitlement of individual and collective land-use rights in ethnic minority and mountainous areas
Target 3	Increase the proportion of ethnic minority people in authority bodies at various levels

Goal 11: Ensuring pro-poor infrastructure development

Target 1	Provide basic infrastructure to 80% of poor communes by 2005 and 100% by 2010
Target 2	Expand the national transmission grid to 900 poor commune centres by 2005

Campaigning Toolkit for Civil Society Organisations engaged in the Millennium Development Goals, <http://www.civicus.org/mdg/title.htm>

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German Cooperation in Forestry in Viet Nam

The overarching goal of German Development Cooperation in the forest sector is two fold: securing global environmental sustainability and alleviation of poverty, thus contributing especially to Millennium Development Goals 1 and 7. Assistance is based on the concept of forest multi-functionality. It combines the social, cultural, economic, climatic, and biodiversity aspects of forest management.

The German Government, through the Federal Ministry for Economic Cooperation and Development (BMZ), supports public authorities, civil society and private entrepreneurs in their efforts to manage forest sustainably and to benefit from all functions of intact forest ecosystems. All forest related interventions follow a common Forest Sector Strategy. Priorities and principles are aligned with international standards. Social and ecological minimum standards safeguard the rights of the forest dependent poor and help to maintain ecologically vital forest functions.

In 1997 the Vietnamese Government launched the National Five Million Hectare Reforestation Programme (5MHRP). German Development Cooperation supported policy reforms, reorganisation and decentralisation of forest sector structures. The new Forest Law of 2004 now allows community forest management, the National Forest Strategy 2006-2020 builds on improved approaches for forest governance, and participatory village development planning has started to replace the earlier top-down planning approach.

The German development aid assisted Viet Nam through all development agencies and farmers are in a better position today and can decide over their own ways of managing natural resources and set their own priorities in local development.

