

# **The situation of land use, forest policy and governance in Viet Nam**

## **Land use, forest policy and governance**

### **The State of Forests**

According to government statistics, the total forest area in Viet Nam has increased from 9.2 million ha in 1992 to 12.6 million ha in 2006 (37% of land area). According to MARD, forests occupied 13.1 million ha (38.7% of land area) by end of 2008, comprising 10.3 million ha of natural forest and 2.8 million ha of plantation forests. This forest area is categorized into three types of forest: Special-use Forest (2.1 million ha or 15.7% of total forest area), Protection Forest (4.7 million ha or 36.1% of total forest area) and Production Forest (6.2 million ha or 48.2% of total forest area). Despite an overall increase in forest area since 1992, various regions of Viet Nam – including the Central Highlands, the Central Coast and the east of the Southern Region – still have high rates of deforestation. More prevalent is the occurrence of forest degradation and fragmentation throughout remaining natural forests.

Over two-thirds of Viet Nam's natural forests are considered poor quality or recovering quality, while rich and closed-canopy forest constitutes only 4.6 percent (in 2004) of the total and mostly located in the remote mountainous areas. Lowland forests (mangrove and Melaleuca) supporting their full natural biodiversity have been almost entirely lost. The chances of full forest regeneration are rapidly decreasing with the isolation of the rich natural forest patches. Reports by the National Forest Inventory, Monitoring and Assessment Program (NFIMAP) show that the quality and biodiversity of forest are continually deteriorating. Between 1999 and 2005 the area of natural forest classified as rich decreased by 10.2% and medium forest reduced by 13.4%. The major areas of loss of natural forest during the period from 1991-2001 were in the Central Highlands and the northwest.

### **Drivers of deforestation and forest degradation**

Results of several studies have indicated some key factors driving change to Viet Nam's forests, including the following:

- (i) Over 72% of the Vietnamese population of 84 million is living in rural areas and their livelihoods depend on agricultural crop cultivation with relatively low land productivity. Conversion of forests into agricultural land and other uses is therefore one of the most important factors driving deforestation and forest degradation in Viet Nam. In addition, Viet Nam is a world leader in the export of coffee, cashew, pepper and an important global player in other export crops. This focus on export of agricultural commodities is putting greater pressure on scarce

land resources and leading to the conversion of forest lands particularly in the Central Highlands.

(ii) Rapid economic development is fueling the need for greater energy demands and improved infrastructure. Viet Nam has ambitious plans for hydro-power and road development carving up parts of the countryside.

(iii) The poorest communities, particularly in the mountainous areas, many of whom are from ethnic minorities, continue to practice shifting cultivation and depend heavily on the forests for their needs. Furthermore, a flux of people has migrated from the lowland populated areas into the uplands and from the northern mountains to the Central Highlands. In addition to a high population growth rate, these continue to put pressure on the remaining forests.

(iv) Inappropriate forest management and harvesting methods (e.g. excessive timber logging), as well as illegal logging are another ongoing problem. There are estimated 30-50,000 forest violations per year, very few of which result in criminal prosecution. Incomplete legal systems, a lack of capacity to enforce rules, lack of coordination between enforcement agencies, and unclear tenure as well as corruption continue to drive this problem.

(v) Viet Nam has become an important hub for wood processing and the sale of furniture in particular. The current demands for timber far outweigh the current supply in Viet Nam. This is placing pressure on the forests in Viet Nam and the neighbouring countries in the region.

It is clear that rapid economic growth within the country and the drive to export commodities is an underlying driver of deforestation and forest degradation within Viet Nam. In the current global economic environment, with falling prices for many commodities, continued economic growth is less certain. However, at the current time, while there are growing efforts by the authorities to combat these problems, the pressures are intensifying. There have been no analysis of the potential impacts of global economic trends on opportunity costs for forest land in Viet Nam. If the value of the forest is able to compare with that of the alternatives, then this could act as a strong incentive to arrest these trends. At present, there is little information on the opportunity costs for different resource use practices in any part of Vietnam. Ultimately, REDD+ will work only if the benefits outweigh the opportunity costs of alternative land uses, and an efficient REDD+ Programme needs to know where this is possible. This knowledge gap will be addressed through the programme.

Whereas previously only barren land and plantations could be allocated to households, under this new policy Special-use Forest of less than 1,000 ha and Protection Forest of less than 5,000 ha, or composed of scattered plots, and natural forest considered

to be Production Forest can be allocated to households and individuals for management, protection, and development. Households, individuals, and village communities can also participate in the management of Special-use, Protection, and Production Forests under contract to forest owners (state forest enterprises, management boards of special-use and protection forests). As of 2008, of 10.3 million hectares of natural forest land, ownership was distributed as follows:

State Forest Enterprise	1.77m ha
Management boards of protection and special use forest	3.50m ha
Joint venture organizations	0.02m ha
Households	1.77m ha
Peoples Committees and other organizations	0.43m ha
Military	0.18m ha
Ownerless	2.46m ha

More than one million households have now been issued with certificates for land ownership, either for natural or plantation forest.

Clear ownership of land is critical to implementation of REDD+, and the land allocation programme clarifies rights under REDD+ – in many cases the benefits need to be distributed in a transparent and equitable fashion down to the level of individual organizations, households, individuals and other legal economic entities.

One important policy decision related to the establishment of a payment distribution system is Decision 661 on Objectives, Tasks, Policies and Organization for the Establishment of the Five Million Hectares Reforestation Program. This decision, in addition to paving the way for the establishment of five million hectares of new forest, also puts in place mechanisms to protect existing forests. People's Committees of provinces are to identify the location and extent of forests, and to supervise the allocation or lease of land and the issuance of Land Use Rights Certificates (the so-called Red Books) to organizations, households, individuals and other legal economic entities. Non-reimbursable state funds are then used for payments to households for protection of the forest, the current average payment being VND100,000/ha (around 5 USD) per year. There have also been important policy developments related to payments for ecosystem services (PES). Since April 2008, the policy on Payment for Forest Environmental Services has been approved by the Prime Minister and applied to five provinces and Ho Chi Minh City (HCMC). Three key environmental services of forests are piloted:

- i) water supplies and regulation,
- ii) soil erosion protection and
- iii) ecotourism.

Under this pilot policy, USAID is supporting the testing of PES in Lam Dong province (in the Central Highlands) through Winrock International, while GTZ is

supporting the testing of PES in Son La province (in the Northwest). Under the scheme, hydro-electricity plants will pay VND 20 (0.125 US cents) per kilowatt; water companies VND 40 (0.25 US cents) per litre of water; and ecotourism companies between 0.5 and 2% of revenue. In addition, since October 2007 MARD has launched a program to promote sustainable agricultural cultivation on sloping land and to prevent the conversion of forests into agriculturally cultivated crops by providing 10kg of rice per person per month and preferential interest rate for planting forests and agricultural production. The intention is that lessons from these pilot interventions will be used in developing a national policy over the next few years.

