Short-Term Consultancy Support to Ha Giang Province
by a Forestry Sector Development Consultant

Rolf Gilliusson
Forestry Sector Development Consultant

June 2000

CONTENTS

1. Background 5
2. Follow-up of Earlier Recommendations 7
  2.1 HPM Forest Contracting 7
  2.2 Ha Giang Forest Products Study 9
  2.3 Environmental Impact Assessment (EIA) 10
3. Assessment of the Provincial Forest Enterprises (PFE) 11
  3.1 History of the PFEs 11
  3.2 Current Situation 12
  3.3 Plans and Ideas for the Future 13
  3.4 Discussions and Recommendations 14
4. Overall Natural Resources Management (NRM) Situation in the Province 17
   Annexes 23
   1. Vi Xuyen Provincial Forest Enterprise (PFE) 23
   2. Hoang Su Phi Provincial Forest Enterprise (PFE) 25
   3. Bac Me Provincial Forest Enterprise (PFE) 27
   4. Yen Minh Provincial Forest Enterprise (PFE) 29
   5. Wood Processing Enterprise in Ha Giang 30

1. Background

Within a plan for Technical Assistance by Sida to DARD, a Forestry Sector Development Consultant has made three visits to Ha Giang Province during 1999 - 2000 with the main tasks to assist in the startup of the forestry component of the Ha Giang Development Project for Ethnic Minorities (HPM), and to advise on institutional and planning development of the forestry sector in the Province, the new Forestry Development Branch (FDB) in
particular.

The *First Visit* was carried out in March-April 1999 and dealt with the following issues:

- Land and forestry situation in Ha Giang Province
- HPM/Forest protection component field activities
- Economy and markets for forest products
- Forest inventory and mapping
- Biodiversity assessment

See further the consultant’s report from April 1999.

The *Second Visit* was done in November-December 1999. It focused on the following matters:

- Ha Giang Forest Products Study
- Environmental impact assessment (EIA) of HPM/Province
- HPM forest contracting
- Other issues (HPM monitoring and Provincial Forest Enterprises)

See further the consultant’s report from December 1999.

The *Third Visit* was carried out in May-June 2000. It followed the agenda proposed in the report from the Second Visit:

1. Follow up the recommendations made in the previous two visits.
2. Assist in drawing conclusions from the Forest Products Study and make recommendations. (This could not be done as the Study had not yet started).
3. Visit the Provincial Forest Enterprises and give recommendations on their future possible roles.
4. Make recommendations on monitoring of the HPM Forest Protection Component. (This was done as a part of point (1) above).
5. Review the maps and data produced by FIFI’s new forest inventory of Ha Giang Province and give recommendations.

Due to financial constraints, the Third Visit was reduced to two weeks. Because of the short time, the consultant could not elaborate all the recommendations with Terms of Reference, budgets etc. The report of the Third Visit is presented below. As this seems to be the last visit in this consultancy, no plans for a forth visit has been prepared.

The consultant would like to thank the concerned provincial staff for good cooperation and support: Mr. Son, Mr. Navaz, Ms. Trang and Mr. Bo Lager from HPM, Mr. Ngi, Mr. Tue and Ms. Diep from FPB, Dr. Bong, Mrs. Vi and Mr. Thanh from DARD/FDB, and the involved Directors/Deputy Directors from the Provincial Forest Enterprises.

### 2. Follow-up of Earlier Recommendations

#### 2.1 HPM Forest Contracting

This year, HPM Forest Protection Component is expanding the forest contracting to 25 new villages involving a forest protection area of about 7,000 ha. By the end of the year 2000, HPM will have reached its target and has made contract with about 100 villages to protect a total forest area of 20,000 ha for a period of 20 years. During the remaining three years of HPM, the project component, according to the project plan, will focus on monitoring the contract performance and pay the protection fee (50,000 VND/ha/year).

HPM has made some important improvements of the participatory planning process leading to the actual forest contracting:

- The PRA exercise has been brought down from commune to village level. There is a bigger budget for PRA, allowing more time for the project staff to work with the villagers before signing the contract.
- New guidelines for PRA in the forest protection process have been introduced (March 2000).
- The PRA is leading to a Village Action Plan related to the forest contracting activities and formulation of
Village Forest Protection Regulations.

HPM has started using a monitoring system including monthly, quarterly and annual reporting of the progress of the different project components.

**Recommendations (related to the HPM Forest Contracting):**

1. HPM is now well on the way developing and testing a community forest management and protection concept applicable for Ha Giang Province conditions. However, they should go a bit further and also assist the villagers to develop a *forest management and protection plan* for the area to be contracted, including marketing aspects and sustainable harvesting of timber and non-timber forest products (NTFP). The management plan should be approved by the Government and form the legal framework for the villagers’ management and use of the forest area.

   It is suggested that HPM should select 1-2 of the present contract villages as pilot villages, and further develop and test the ‘Ha Giang model for village forest management and protection’, including planning, implementation and monitoring. HPM/FPB should be in a good position to do this in 2001-2003 having experience from the 100 contracted village.

2. HPM should recruit the earlier recommended *National Forest Management Adviser* for 1-2 years to help in developing the management concept and carry out applied research on sustainable harvesting etc. (See the Terms of Reference suggested by Mr. Bo Lager).

3. HPM should cooperate closer with the MRDP team (Dr. Sheelagh O’Reilly etc.) working on community forest management, and exchange experiences with them. They have recently produced a document: "Linking Government and Local Forest Management Systems - A new approach to community forest management and protection from a Dao Village in Yen Bai Province" (March 2000). The new approach is also called "Protection through Production". It is suggested that HPM and MRDP should have a joint workshop on this subject in Ha Giang.

4. Regarding monitoring/evaluation of the (about 100) forest contract villages, it is suggested that HPM should also make evaluations of the *impact* of the contracting, giving answers to questions such as:

   - How efficient has the protection been? Has there been any encroachments? By whom?
   - How have the villagers cooperated in the implementation of the contract? Has there been any conflict? How have they been solved?
   - How have the villagers used the protection fee (50,000 VND/ha/year)?
   - Has the forest changed (flora, fauna, soil etc.) anything since it was contracted? How?
   - Is there a market for products from the contract area? Which products?
   - Have the villagers used the area and harvest anything from it during the contract period? What? How? Who has benefited/suffered most?
   - What will the villagers do when the payment of the protection fee stops in year 2003? Will they continue managing and protecting the forest area? How?
   - What do the villagers think about the long-term responsibility for the protection/management of the contracted area? Do they want it to be allocated to the village? How will they manage it then?

2.2 Ha Giang Forest Products Study

With reference to the reports from the consultant’s First and Second Visits, it was suggested that a *Ha Giang Forest Products Study* should be carried out soonest possible in order to find out how the villagers use the forest (collect timber and non-timber forest products) and market the products, and based on the findings give recommendations on ways to promote sustainable management and harvesting of the forest.

In November 1999, it was agreed that the Non-Timber Forest Products Research Centre in Hanoi should be contracted to carry out the study. Discussions started with the Centre. It was agreed that the study should be limited to non-timber forest products (NTFP), and that the Centre should first carry out a two week pre-study in February-March 2000 in order to further develop the approach and methodology of the study. The Centre had a candidate for this job.

However, suddenly the Centre backed out from the whole study. It was unclear for what reason.

**Recommendation (related to the Forest Products Study):**
(1) It is suggested that SCC Natura (which will sub-contract the NTFP Research Centre) should take up new discussions and negotiations with the Centre in order to make them undertake the Study. The Centre is very well suited to do this work, and it is important to make them do it even if it will be further delayed. It would be good if they could carry out the pre-study before Mr. Bo Lager terminates his job in Ha Giang in August 2000.

(2) It was originally planned that the Forest Products Study should include both wood products and NTFP. However, if the NTFP Research Centre will do the study, it will be limited to NTFP.

This means that also a Ha Giang Wood Products Study needs to be carried out in order to collect necessary information and data on the current use of wood, and estimate the potential market for it locally and for export out of the Province.

It is suggested that this study should be carried out by a team consisting of one International Forestry Expert (with regional forestry knowledge and experience) and one National Forestry Expert (from a Vietnamese Forestry Research Institution). The tasks should roughly be as follows:

- Review the current national and provincial policy, strategies and regulations regarding harvesting of trees, and processing and selling of wood products.
- Analyse the current consumption of wood at village, district and provincial level for subsistence and commercial use.
- Analyse the current processing of wood and sales of wood products for use in the Province and outside.
- Estimate the potential markets for wood products from the Province.
- Give recommendations on possible actions in the short and medium term to improve/increase the market for wood and wood products, and make the market accessible to the farmers and other forest managers in the Province.

The team should be given about five weeks to do the study. See further Chapter 4 below.

2.3 Environmental Impact Assessment (EIA)

With reference to the Report of the consultant’s Second Visit, it was suggested that an Environmental Impact Assessment (EIA) should be carried out in the Province covering the impact of the different main activities going on in the Province, the HPM Project in particular. It was suggested that a Regional Environmental Assessment (REA) methodology should be used with the ‘region’ being the Province.

The EIA is now on-the-way. It is carried out by a team consisting of international, national and local experts/consultants. The field work was done in April, and the report is now being prepared. However, the EIA will not cover the whole Province situation, but focus on the impact of the HPM Project.

3. Assessment of the Provincial Forest Enterprises (PFE)

3.1 History of the PFEs

In the 1960s and 1970s, forest enterprises were established in all the districts in Ha Giang Province except Quan Ba. Some districts even got several forest enterprises. Today, there are only four Provincial Forest Enterprises (PFE) left: Vi Xuyen, Hoang Su Phi, Bac Me and Yen Minh (see descriptions in Annex 1-4), and three State Forest Enterprises (SFE) in Bac Quang District. The three SFEs belong to the Vinh Phu Raw Material Supply Company and are active in providing rawmaterial to the Bai Bang pulp and paper factory.

Unfortunately, the Bai Bang pulpwood market covers only Bac Quang of the ten districts of Ha Giang Province. The SFEs are not further included in this assessment.

Vi Xuyen PFE, which was established already in 1962, is the only remaining PFE that from the beginning focused on logging of timber in the natural forest for delivery to wood industries in the lowland. The other three PFEs, which were established in the late 1970s, had as their primary tasks to protect the forest and land near the border to China, and plant trees (mainly pine) on bare land in watershed areas.

They were also involved in building roads and other public works. All the four PFEs had a peak of activities in the early 1980s when they each had 700-1,400 people employed. After the border crisis with China in 1979-1981, the activities and staff/labour force of the PFEs started gradually to decline. Hoang Su Phi PFE was

In 1993-1998, all the four PFEs were involved in the implementation of the national reforestation programme called “327”. The PFEs made short-term contracts with households and groups of households for planting of trees, forest protection and natural forest regeneration in watershed areas. Each PFE generally had more than 500 such contracts. Some PFEs also had some activities for the Fixed Cultivation and Sedentarisation Programme. The total staff/labour of each PFE was 30-50 people during this period.

Decision 90/T TG, taken by the Prime Minister in 1994, recognised the partial failure of state/provincial forest enterprises (FE) as viable units. FEs were to be reorganised: those that were profitable or potentially profitable, or occupied an “important position for the economy of the people” would remain and be expected to survive in the market system, while unprofitable enterprises were subject to revision and possible closure. Thus FEs were asked to survive in a market economy, or dissolve. The four PFEs in Ha Giang Province managed to survive in the 1990s due to their involvement in Programme 327.

3.2 Current Situation

Programme 327 terminated in 1998. In 1999, the new Programme 661 (the Five Million Hectare Reforestation Programme) started for a planned period of 10 years (up to 2010). The Programme is handled by the Forestry Development Branch (FDB) at DARD in Ha Giang Province. The Programme 661 targets for Ha Giang Province are tree planting 150,000 ha (15,000 ha/year) and natural regeneration 100,000 ha (10,000 ha/year). However, because of shortage of government funds, the planting target so far has been only 1,000 ha/year. The four PFEs in Ha Giang Province have been given the task to implement Programme 661 in their respective district.

Current PFE Situation (Year 2000)

<table>
<thead>
<tr>
<th>Item</th>
<th>Vi Xuyen</th>
<th>Hoang Su Phi</th>
<th>Bac Me</th>
<th>Yen Minh</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff</td>
<td>8</td>
<td>13</td>
<td>11</td>
<td>12</td>
<td>44</td>
</tr>
<tr>
<td>Labour</td>
<td>18</td>
<td>22</td>
<td>10</td>
<td>53</td>
<td>103</td>
</tr>
<tr>
<td>Total</td>
<td>26</td>
<td>35</td>
<td>21</td>
<td>65</td>
<td>147</td>
</tr>
</tbody>
</table>

Programme Budgets (Million VND/Year):

<table>
<thead>
<tr>
<th>Programme</th>
<th>Vi Xuyen</th>
<th>Hoang Su Phi</th>
<th>Bac Me</th>
<th>Yen Minh</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programme 661</td>
<td>620</td>
<td>841</td>
<td>558</td>
<td>757</td>
<td>2,776</td>
</tr>
<tr>
<td>Programme FCS</td>
<td>185</td>
<td>-</td>
<td>369</td>
<td>-</td>
<td>554</td>
</tr>
<tr>
<td>Total</td>
<td>805</td>
<td>841</td>
<td>927</td>
<td>757</td>
<td>3,330</td>
</tr>
</tbody>
</table>

Other Income: Yes/No
- No
- Yes
- Yes
- Yes

Programme 661 Targets (Hectares/Year):

<table>
<thead>
<tr>
<th>Item</th>
<th>Vi Xuyen</th>
<th>Hoang Su Phi</th>
<th>Bac Me</th>
<th>Yen Minh</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tree Planting</td>
<td>150</td>
<td>215</td>
<td>130</td>
<td>160</td>
<td>655</td>
</tr>
<tr>
<td>Protection</td>
<td>1,480</td>
<td>2,000</td>
<td>508</td>
<td>1,280</td>
<td>5,268</td>
</tr>
<tr>
<td>Regeneration</td>
<td>1,480</td>
<td>1,000</td>
<td>700</td>
<td>307</td>
<td>3,487</td>
</tr>
</tbody>
</table>

Vi Xuyen and Bac Me PFEs still work with the Fixed Cultivation and Sedentarisation (FCS) Programme. Hoang Su Phi PFE has a commercial activity: buying and selling of pine resin. Bac Me and Yen Minh PFEs also have tasks to protect forest reserve areas.

None of the PFEs have activities and income enough to cover fulltime payment of their staff and labour. In Programme 661, the PFE can retain 6% of the gross budget for management of the PFE. They can get somewhat more of the programme budget by letting the staff do e.g. plantation design work, and the labour do project paid activities. Relatively, Bac Me PFE seems to be the best off (slimmest organization and highest programme budgets), while Yen Minh PFE the worst (biggest staff/labour and lowest programme budget).

None of the four PFEs have got any forest land allocated from the Government. The facilities they have include an office, 1-2 motorbikes and one computer. Bac Me and Yen Minh PFEs have new offices.

3.3 Plans and Ideas for the Future
The PFE management gave the following answers to the question about the future of the PFE. The ideas should be considered their personal ideas.

**Plans:**
- Continue working with implementation of national and provincial reforestation/rural development programmes in their respective district. Without this task, the PFEs would not have survived after 1993. If running Programme 661 at full scale (according to the original plans), the PFE would have big tasks and an important role. The problem is the Government’s shortage of funds for these programmes.
- There are discussions/plans in the Province to transfer the PFEs into Watershed Management Boards. It is not clear if that will give more tasks than the current reforestation programmes. It is assumed that some of the present PFE staff will get employment through the Boards.

**Ideas:**
- Work with forestry extension. A great part of the forest land in Ha Giang Province has been allocated to farmers. It is an urgent task to support the farmers to take care of and develop this their new forest land. The PFE staff has experience to work with farmers on forestry.
- Work as service and trade partner with farmers. The PFE could buy forest products from farmers and sell it on national and international markets.
- The PFE could establish and run processing industries for small timber, bamboo and NTFP - alone or in joint venture with outsider companies or farmers’ associations.
- The Government should allocate forest and forest land to the PFE for protection and management including sustainable commercial harvesting. The PFE could combine this management with running of a forest product processing industry.
- Allow the PFE to carry out thinnings in forest plantations, and low impact, selective logging in natural forest for commercial development. This could be combined with giving the PFE forest protection and forest reserve management tasks.

**3.4 Discussions and Recommendations**

In January 1997, Circular 01/BKH/ZN from the Ministry of Planning and Investment was issued, specifying that the state-owned enterprises should fit into one of the three categories:

1. Commercially successful enterprises (to be converted into share companies).
2. Management boards - for example those responsible for protection of land and nature reserves - to be state-funded and nonprofit making.
3. Public service enterprises - to be largely economic and self-financing, but with up to 30 % of operating costs state-funded for “public services”.

After a quick glance at the four PFEs in Ha Giang Province one will probably place them all in category (2) - Watershed Management Boards. However, this is to make it too easy. The consultant suggests that one should look at the PFEs one by one and consider the following three options or combinations of them.

**Option 1:**

Close the PFE and transfer the staff and facilities to the regular Agriculture and Rural Development (ARD) organization at district and commune levels. Considering the present tasks of the PFEs, that it is where they belong. The ARD organization will need the staff and facilities to work with services/extension/supporting activities towards the farmers to help them develop and sustainably use the forest land allocated to them.

A problem with this option may be the current government strategy to reduce the government staff at all levels in order to cope with limited budgets.

The Watershed Management Board alternative is close to this option. These boards are managed by the ARD organization in districts where there are no PFEs.

**Option 2:**

This option is based on the assumption that critical protection forest areas will remain under state management, while the less critical protection forest areas will be allocated to villages, groups of farmers or individual farmers for protection and commercial management.
Allocate critical protection forest areas to the PFE for long-term protection and management, and pay for this responsibility from the government budget during a transition period (5-10 years). During this period, the PFE should develop the management to become self-financing through sustainable harvesting/use of the area (production/harvesting of small timber, bamboo and NTFP, low-impact, selective logging of the natural forest, eco-tourism etc.) while maintaining the protection capacity. This may require a more relaxed regulation regarding the management of these types of areas - the application of "Protection through Production" concepts.

**Option 3:**

Encourage and support the PFE to develop local markets for forest products by establishing a system for buying forest products and processing units for small timber, bamboo and NTFP at district level.

This will require support in terms of market research, training, technical assistance, credits, risk-capital, identification of joint-venture partner etc.

The present lack of markets for forest products in Ha Giang Province is greatly hindering the sustainable development (self-financing) of forestry and watershed management in the Province.

Options 2 and 3 could very well be combined in one PFE.

It is recommended that the PFEs future existence and roles should be considered when reviewing the strategies and organization of the overall natural resources management in the Province as suggested in Chapter 4 below.

4. Overall Natural Resources Management (NRM) Situation in the Province

The consultant would like to discuss some issues and make some recommendations on the overall natural resources management (NRM) situation in the Province.

**Land and Forest Situation**

With reference to the report from the consultant’s First Visit, the concerned provincial agencies, Land Administration (LA), DARD and Forest Protection Branch (FPB), have different land classification systems and different information and data on the land use situation in the Province.

DARD has hired FIPI (its Phu Tho office) to provide information and data on the current land and forest situation in the Province. FIPI delivered the result of this investigation in December 1999. The overall land use data is shown below.

**Land Areas in Ha Giang Province (FIPI 1999)**

<table>
<thead>
<tr>
<th>Type of Land</th>
<th>Area (ha)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest Area</td>
<td>284.537</td>
<td>36</td>
</tr>
<tr>
<td>Natural forest</td>
<td>262.957</td>
<td></td>
</tr>
<tr>
<td>Forest plantations</td>
<td>21.580</td>
<td></td>
</tr>
<tr>
<td>Bare Land</td>
<td>326.887</td>
<td>41</td>
</tr>
<tr>
<td>Other Land</td>
<td>117.013</td>
<td>23</td>
</tr>
<tr>
<td>Total</td>
<td>788.537</td>
<td>100</td>
</tr>
</tbody>
</table>

These figures are unofficial and have not yet been approved by the Government.

It seems that the new area data is not based on interpretation of new satellite images from 1999 but on a kind of "administrative" updating of earlier forest inventory data (from 1992?) by help of information from annual
reports etc. The figures may therefore be very uncertain. People in the Province are very sceptical about them. According to this data, the forest cover has increased from 26% in 1992 to 36% in 1999.

Thus the current situation on land and forest in the province is still uncertain and confusing.

**Land Allocation Situation**

The following data on the current land allocation situation in the Province is based on a data sheet issued by the LA office in December 1999.

**Current Land Allocation Situation in Ha Giang Province (December 1999)**

<table>
<thead>
<tr>
<th>District</th>
<th>Total Land Area, ha</th>
<th>Agriculture Land</th>
<th>Forest Land</th>
<th>Special Use Land</th>
<th>Resident Land</th>
<th>Total</th>
<th>% of Total Land</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quan Ba</td>
<td>54,989</td>
<td>8,849</td>
<td>3,146</td>
<td>443</td>
<td>330</td>
<td>12,768</td>
<td>23</td>
</tr>
<tr>
<td>Yen Minh</td>
<td>78,185</td>
<td>13,215</td>
<td>1,233</td>
<td>450</td>
<td>509</td>
<td>15,407</td>
<td>20</td>
</tr>
<tr>
<td>Dong Van</td>
<td>44,666</td>
<td>13,702</td>
<td>4,026</td>
<td>92</td>
<td>228</td>
<td>18,048</td>
<td>40</td>
</tr>
<tr>
<td>Meo Vac</td>
<td>57,440</td>
<td>14,982</td>
<td>1,886</td>
<td>77</td>
<td>270</td>
<td>17,215</td>
<td>30</td>
</tr>
<tr>
<td>Xin Man</td>
<td>66,075</td>
<td>11,762</td>
<td>4,128</td>
<td>412</td>
<td>416</td>
<td>16,718</td>
<td>25</td>
</tr>
<tr>
<td>Hoang Su Phi</td>
<td>79,955</td>
<td>17,759</td>
<td>20,584</td>
<td>227</td>
<td>342</td>
<td>38,912</td>
<td>49</td>
</tr>
<tr>
<td>Bac Quang</td>
<td>158,775</td>
<td>11,085</td>
<td>10,957</td>
<td>497</td>
<td>2,298</td>
<td>24,837</td>
<td>16</td>
</tr>
<tr>
<td>Vi Xuyen</td>
<td>147,330</td>
<td>8,486</td>
<td>17,853</td>
<td>262</td>
<td>886</td>
<td>27,487</td>
<td>19</td>
</tr>
<tr>
<td>Bac Me</td>
<td>84,430</td>
<td>2,654</td>
<td>200</td>
<td>53</td>
<td>143</td>
<td>3,050</td>
<td>4</td>
</tr>
<tr>
<td>Ha Giang Town</td>
<td>1,201</td>
<td>654</td>
<td>22</td>
<td>16</td>
<td>226</td>
<td>918</td>
<td>76</td>
</tr>
<tr>
<td>Total</td>
<td>773,046</td>
<td>103,148</td>
<td>64,035</td>
<td>2,529</td>
<td>5,648</td>
<td>175,360</td>
<td>23</td>
</tr>
<tr>
<td>%</td>
<td>100</td>
<td>13</td>
<td>8</td>
<td>0</td>
<td>1</td>
<td>23</td>
<td></td>
</tr>
</tbody>
</table>

This is somewhat different data than the consultant got from LA in April 1999, referring to the 1998 situation, and reported in the report after the First Visit. The consultant did not have the opportunity to discuss this difference with LA during this visit.

Based on the above data, the land allocation (red book) per type of land was as follows in December 1999.

**Land Allocation (Red Book) per Type of Land (December 1999)**

<table>
<thead>
<tr>
<th>Type of Land</th>
<th>Total Land Area, ha</th>
<th>Allocated Land (Red Book)</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Area, ha</td>
<td></td>
</tr>
<tr>
<td>Agriculture Land</td>
<td>104,493</td>
<td>103,148</td>
<td>99</td>
</tr>
<tr>
<td>Forest Land</td>
<td>268,380</td>
<td>64,035</td>
<td>24</td>
</tr>
<tr>
<td>Special Use Land</td>
<td>3,651</td>
<td>2,529</td>
<td>69</td>
</tr>
<tr>
<td>Resident Land</td>
<td>6,126</td>
<td>5,648</td>
<td>92</td>
</tr>
<tr>
<td>Bare Land</td>
<td>405,787</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>788,437</td>
<td>175,360</td>
<td>22</td>
</tr>
</tbody>
</table>

Thus practically all agriculture land has been allocated, but only 24% of the forest land. Surprisingly no bare land has been allocated. Of the total area of the Province, 22% has been allocated. Thus 78% of the land has still no clear, formal responsible managers on the ground. However, there may be land users with traditional
rights keeping this land under some sort of management.

It would be interesting to know what type of forest land has been allocated. It is probably mainly production forest. The protection forest (about 150,000 ha in the Province) has probably not yet been allocated. It is the type of forest land that is now being contracted to villages by HPM.

Land allocation is an important step towards creation of good tenure conditions for the management of the land and the forest. It is urgent to continue the process of finding appropriate/sustainable management solutions for the remaining 78% of the Province's land (i.e. the unallocated land) in cooperation with the people living on or near this land.

**Other Issues**

When Programme 661 started in 1999, it had very great ambitions to plant 150,000 ha (15,000 ha/year) of bare land, regenerate 100,000 ha of natural forest, and protect/maintain 200,000 ha in the Province over a 10 year period. The overall target was to increase the forest cover to 50% by the year 2010.

When the Programme now is in operation the second year, the annual targets have been reduced to a fraction of the originally set targets. The reason is that the Government simply does not have funds enough to finance the Programme. The plantation target is now only 1,000 ha/year, and it will probably be even less this year due to overspending of the budget last year and need for repayment this year.

The current government method of paying a protection fee (50,000 VND/ha/year) is not a sustainable management activity. The Government will not be able to carry out such payment in the long run. It may be an activity to buy time. If so, it is important to use the time effectively to develop and introduce sustainable/self-financing management methods. The land allocation leads to a change of the land and forest management situation in the sense that the Government hands over the rights and responsibilities for the management/protection of this land to the land users. The underlying principle is that they will be able to get benefits and income from this land enough to cover the management and protection costs, some investment, and payment of reasonable tax to the formal land owner i.e. the Government. A condition for this principle, however, is the existence of a market for products from the land and the forest in the Province to generate the income. The effective promotion of such markets should have higher priority than paying protection fees to villagers who generally believe that the protection forest traditionally already belongs to them.

The current Government quota for buying timber in the Province (set by DARD) is 2,700 m$^3$/year (excluding the pulpwood from Bac Quang District going to Bai Bang), of which 1,000 m$^3$ is allocated to the provincial Wood Processing Enterprise in Ha Giang (see Annex 5).

Considering that the farmers also need a government permit to cut a tree on their allocated land, it is obvious that the current legal market for timber in the Province is very small and heavily regulated.

However, there is a market for cutting and selling of bamboo which is less regulated. The existence of the pulpwood market to the Bai Bang factory is an excellent example on how a wood market will lead to extensive spontaneous tree planting activities in the raw material market area. When the Bai Bang factory now will increase its annual production capacity, the pulpwood market will hopefully expand and include more districts in Ha Giang Province.

**Recommendations (related to the overall NRM situation):**

The consultant would like to recommend some inter-linked strategic activities aiming at improving the natural resources management and socio-economic development in the Province.

(1) Carry out the planned wood products and NTFP studies (see Chapter 2.2) in order to get basic information and ideas for promotion and development of the market for forest products.

(2) Make a new mapping of the current forest/vegetation cover and land use in the Province based on interpretation of fresh satellite image maps (scale 1:50,000) from 2000/2001. One should consider to use an improved land classification. Also try to analyse the changes from 1992 when the previous mapping was done. FIPI in Hanoi should be involved in this work.

(3) Introduce GIS and data base techniques at DARD as a tool for strategic natural resources management (planning and monitoring). See the consultant’s recommendation in the report from the First Visit. Mr. Bo Lager
has, on his own initiative, started using GIS (MapInfo) in Ha Giang and has produced some interesting provincial maps based on data per commune. FIPI in Hanoi should help in the installation and training. They have a lot of data bases with provincial data (topography, administrative borders, infrastructure etc.) which they could give to the Province. DARD should build up data bases on natural resources and land use, and socio-economy per commune (village?).

(4) Based on updated information on the natural resources, socio-economy, markets etc. and by help of the GIS/data base tools, a revised strategic plan for combined natural resources management and socio-economic development in the Province should be developed. The work should include activities such as:

- Data collection
- Analysis of the natural resources and socio-economic situation and trends
- Identification of threats/problems
- Identification of potentials
- Zonings (of natural resources and socio-economy)
- Identification of critical issues and critical areas
- Prioritizing of actions
- Make proposals for provincial natural resources management policy, strategies and guidelines

The work should be done by an inter-sectoral provincial working group consisting of members from DARD, FPB, DOSTE, Department of Planning and PPC.

(5) Based on the new strategic plan, the provincial organization related to natural resources management should be reviewed. The present division between DARD and FPB with separate structures and leaderships is very confusing and leads to duplication of work and waste/splitting of valuable professional competence.

It is suggested that Sida/MRDP should support the Province in these strategic development steps through financial support and technical assistance. The technical assistance should mainly be short-term, but a long-term Associate Expert with basic education on natural resources and GIS competence, placed at DARD, would be useful.

Annexes

I. Vi Xuyen Provincial Forest Enterprise (PFE)

Based on discussions with Mr. Dinh, Director of the PFE, on 26 October 1999, and Mr. Thinh, Accountant, on 24 May 2000.

1. History

The enterprise was established in 1962 as a Timber Harvesting Group.

1962 - 1978: The Timber Harvesting Group worked with logging of timber and bamboo in the natural forests of Vi Xuyen District. They had about 100 people (staff and labour) employed. The tree felling was done with hand tools, skidding with buffaloes and transport by floating down the river. The logs and bamboo were sold to processing companies in the lowland.

1978 - 1992: In 1978, the group joined with a Forest Research Station in Vi Xuyen and become a Provincial Forest Enterprise (PFE). The PFE was given a forest area of 18,000 ha in 5 communes to work with. The tasks were (1) harvesting of timber and (2) tree planting.

The annual targets were logging of 2,000 - 2,500 m\(^3\) of logs, 3,000 m\(^3\) of fuelwood and 10,000 stems of bamboo, and planting of 200 ha of bare land with pine and Manglietia species. There were up to 1,000 people employed.

During the border conflict with China in 1979 - 1981, the PFE had some problem to work. The activities decreased and people started leaving the enterprise. The forest area was reduced to 4,500 ha in 1989, and to 1,200 ha in 1992. At that time there were only 52 people employed.

1993 - 1998: From 1993, the PFE has worked only with implementation of government forestry project. It was
Programme 327 from 1993 to 1998. The tasks included tree planting, forest protection and natural forest regeneration in 9 communes. During this period more than 500 contracts were signed with households to carry out the activities in the watershed areas of Lo and Gam rivers. There were 10 staff and 19 labour (total 29) employed. Programme 327 terminated in 1998.

2. Current Situation

Since 1999, the PFE is implementing two government projects in Vi Xuyen District: (1) Programme 661 (Five Million Hectare Reforestation Programme) and (2) the Fixed Cultivation and sedentarisation (FCS) Programme.

Programme 661 covers 5 communes and include tree planting (150 ha/year) and forest protection and regeneration (1,480 ha/year). The current budget is 620 million VND/year.

The FCS Programme is in 1 commune and include the same type of activities as Programme 661. The budget is 185 million VND/year.

The total number of employed staff and labour is 26 as follows:

Staff:

- 1 Director
- 1 Vice Director
- 1 Accountant
- 1 Cashier
- 4 Forest Technicians

Labour: 18

The Forest Technicians work with the villagers and make contracts with groups of households or individual households, 4 year contracts for planting and 5 year contracts for protection.

The two government programmes provide income to cover only about 60% of the full-time employment of the staff and labour. The Government has promised to provide public works to cover the remaining 40%, but so far the PFE has not received any such jobs.

The PFE has the following facilities:

- 1 Office
- 1 Motorbike (Minsk)
- 1 Desk-top computer

The PFE has not got any allocated forest land from the Government.

3. Plans and Ideas for the Future

- Continue working with national and provincial forest development projects, such as Programme 661. Unfortunately Programme 661 has so far worked at a very reduced scale due to lack of government funds. Without the national government projects, the PFEs would have collapsed already.
- Work as service and trade partner with farmers. The PFE could buy forest products from farmers and sell it further to industries. Buying of pine resin is an example, but the market price of resin is very low. Unfortunately the Bai Bang pulpwood market does not reach up to Vi Xuyen District.
- The PFE could participate in the development of an industry for processing of forest products, like the Forest Product Processing enterprise in Ha Giang town. It could also be a board factory. There is an urgent need of a market for small timber and bamboo in the Province.
- The PFE could also work with forestry extension towards farmers, however there are other organizations dealing with this in the districts. It is very urgent to support the farmers to take care of and develop the forest land that has been allocated or contracted to them.

II. Hoang Su Phi Provincial Forest Enterprise (PFE)
Based on discussions with Mr. Son, Deputy Director of the SFE, on 25 May 2000.

1. History

The PFE was established in 1977. It started working with government forest development activities: (1) Tree Planting and (2) Forest protection in 8-9 communes in Hoang Su Phi District. It was not involved in logging.

1977 - 1990: During this period, the PFE had up to 700 people employed and planted about 2,400 ha of watershed areas. The main species was pine, but also some Cunninghamia. The PFE produced up to 1 million seedlings/year at the PFE Centre near Hoang Su Phi town and by 8 brigades in the communes. After the border conflict with China in 1979-1981, the activities and the staff/labour of the PFE were reduced.

1990 - 1992: The PFE worked for the Chai River Watershed Protection Project. They produced seedlings (40,000/year) and carried out tree planting. The total staff/labour was about 31 during this period.

1993 - 1998: During this period, the PFE worked mainly with Programme 327, but also with some activities under the Fixed Cultivation and Sedentarisation (FCS) Programme. The staff/labour increased to 35 (13 staff and 22 labour).

In Programme 327, the PFE made about 580 contracts with farmers in 17 communes (out of 27). The following total watershed areas were achieved in the period:

- Tree planting 2,003 ha
- Protection 10,600 ha
- Natural regeneration 820 ha

The planted species were still mainly pine and Cunninghamia, but also some tea. Activities related to FCS included support to home gardens, fruit tree planting and building of terraces, schools and clinics.

2. Current Situation

Since 1999, the PFE is working with Programme 661 in 22 communes in the District. All communes in the District are located in critical or less critical watershed areas (the upper watershed of Chai River).

The current (2000) annual targets are:

- Tree planting 215 ha
- Protection 2,000 ha
- Natural Regeneration 1,000 ha

The total current budget from Programme 661 is 841 million VND/year. The PFE is allowed to keep 6% of the total budget, i.e. in this case 50 million VND/year, to cover the PFE management costs.

This is not enough to cover the full time salaries of the 35 staff/labour. They would need about 140 million VND/year to do that. However, the staff can get some extra income from the 661 budget by doing design of plantations, and labour can sometimes be paid directly by project activities.

The PFE is also involved in a small business activity by buying pine resin collected by farmers. They buy about 50 tons/year at a price of about 2,200 VND/kg and sell it further at a price of 3,000 VND/kg.

The farmers collect the resin from about 80,000 pine trees established in the period 1977 -1990. A recent survey shows that only 1,000 ha remains of the originally planted 2,400 ha. The resin tapping is not considered harmful to the trees.

The present total 35 staff/labour include:
Staff:

1 Director
1 Deputy Director
2 Accountants
1 Office Administrator
8 Forest technicians (working in communes)
Labour: 22

They have the following facilities:

1 Office and nursery
2 Motorbikes (Minsk)
1 Desk-top computer

They have no allocated forest land.

3. Plans and Ideas for the Future

- Continue working with Programme 661 or any other national or provincial forestry development programme.
- Get the functions and duties of Watershed Management Boards in the District.

III. Bac Me Provincial Forest Enterprise (PFE)

Based on discussions with Mr. Dung, Director of the PFE, on 23 May 2000.

1. History

The PFE was established in 1978. Before it was a station under Vi Xuyen PFE.

1978 - 1992: During this period the PFE had the following main duties:

1. Protect the forest and land along the border to China
2. Plant trees (Manglietia and Chau)
3. Logging of natural forest for the Government

They had up to 700 staff/labour employed. They had no own land allocated to them.

1993 - 1998: Since 1993 the PFE has worked with implementation of national reforestation/rural development projects such as Programme 327 and the Fixed Cultivation and Sedentarisation (FCS) Programme.

They made contracts with groups of farmers or individuals for tree planting, forest protection and natural forest regeneration. During this period, some 120 ha of nice teak plantations were established in the District by farmers. The total staff/labour was 25.

2. Current Situation

The PFE has now three main activities: (1) Programme 661, (2) Fixed Cultivation and Sedentarisation (FCS) Programme and (3) Protection of national forest reserves. They have 21 people employed (11 staff and 10 labour).

The Programme 661 activities cover 9 communes (out of 13) so far. The current budget is 558 million VND/year with the following annual targets:

- Tree planting 130 ha
- Tending 508 ha
Protection 377 ha

Natural regeneration 700 ha

The budget for tree planting is 2.5 million VND/ha including tending in 4 years.

The FCS Programme include similar activities as Programme 661 in 2 communes. The current budget is 369 million VND/year.

Since May 2000, the PFE has got the task to protect a more than 40,000 ha big natural forest reserve area in 5 communes (the “Bac Me Camp”). For this job, the PFE has been given financing of 4 staff (Rangers) who work with the 5 communes.

The present total staff/labour of 21 people include:

Staff:

1 Director
1 Accountant
1 Cashier/Administrator
1 Forest Technician
7 Foresters (vocational) in Station 1 and 2
Labour 10

The income from the programmes and tasks is not enough to fully cover the full-time salaries of the staff and labour. However, it is better this year than last year.

The PFE has the following facilities:

1 Office (in old Bac Me)
1 Lap-top computer
1 TV

They have no allocated forest land.

They are building a new office in new Bac Be with financing from Programme 661. They plan to move in there in September 2000.

3. Plans and Ideas for the Future

- Continue working with implementation of government reforestation/rural development programmes. Programme 661 should increase in size (budget). It is now only a fraction of the original plans and targets because of shortage of government funds.
- There are discussions/plans to give the PFE responsibility for Watershed Management Boards in Bac Me District.
- The PFE has tried to start wood processing in joint venture with a Chinese company, but no agreement so far.
- They would like to get allocation of forest and forest land for management on a sustainable, commercial basis. They could also take care of critical watershed areas for protection if they are paid for doing it.
- There should be more government programmes working on sustainable generation of income from the forests, and promotion of markets for forest products. Today the programmes are focusing too much on “protection without production”.

IV. Yen Minh Provincial Forest Enterprise (PFE)

Based on discussions with Mr. Dung, Deputy Director of the PFE, on 26 May 2000.

1. History
The PFE was established in 1978. Before, in the 1960s, there was a Forest Protection Station in Yen Minh. Actually there were two forest enterprises established in 1978, but only one of them is existing today.

1978 - 1992: Initially, the PFE had two tasks: (1) Forest protection and (2) Maintaining security in the border area to China. In 1980 they also started planting trees (mainly pine and some Cunninghamia) in the watershed areas. During the whole period they planted 714 ha.

They also built roads (inter-communal as well as national roads). No logging activities. The PFE had up to 1,400 employees.

1993 - 1998: During this period, the PFE worked with (1) Programme 327, (2) Fixed Cultivation and Sedentarisation (FCS) Programme and (3) Protection of a provincial forest reserve area (Dugia forest - about 24,000 ha). There were about 46 people employed (12 staff and 34 labour).

2. Current Situation

Since 1999, the PFE is working with (1) Programme 661 and (2) Dugia Forest Reserve management. The total staff/labour has increased to 65.

The current annual targets of Programme 661 are:

- Planting 160 ha
- Protection 1,280 ha
- Natural regeneration 307 ha

They still plant pine and Cunninghamia, but have plans to mix in fruit trees in the plantations. The current Programme 661 budget is 757 million VND/year.

The Dugia Forest Reserve management include:

- Planting 30 ha/year
- Protection 407 ha/year

The current budget for these activities are 51 million VND/year.

The total of 65 staff/labour include:

Staff:

1. Director
2. Deputy Director
3. Accountant
4. Administrator
5. Cashier
6. 2 Forest Technicians
7. 2 Technicians (in Dugia stations)
8. 3 Brigade Leaders
9. Labour 53

The PFE can not pay these staff and labour full-time salaries. The income from the two activities covers only about 50%.

They have the following facilities:

1. Office (new)
2. Motorbike (Minsk)
3. Desk-top computer
The PFE has no allocated forest land.

3. Plans and Ideas for the Future

- Continue to work with government reforestation/rural development programmes.
- They would like to get allocation of forest land for management and development. They will then develop commercial activities including planting.
- They would like to carry out sustainable harvesting (logging) of watershed plantations. This would require changed government management regulations.
- If being allowed to carry out timber harvesting, they could also develop small wood processing industry (for construction wood, furniture etc.).
- The provincial government plan to hand over the Dugia Forest Reserve management to the Forest Protection Station in the District.

V. Wood Processing Enterprise in Ha Giang

Based on discussions with Mr. Thanh, Deputy Director, on 30 May 2000

The enterprise was established in 1971. Before, it had been a small wood workshop since 1964. In the 1970s, there were two wood processing enterprises in Ha Giang. They were merged into one enterprise in 1988.

The enterprise has a permit (quota) from DARD to buy 1,000 m$^3$ of logs in the Province in year 2000. They buy the logs from farmers in Vi Xuyen, Bac Quang, Bac Me Districts, and from Ha Giang town, mainly as round logs but also some square logs. They also buy 1,500 tons of bamboo per year.

The enterprise is working under very primitive conditions in old buildings and with old machinery and techniques. There are three band saws and five circular saws. They have 69 permanently employees (12 staff and 56 labour). In addition they employ 15-20 labour on short-term.

The main products are:

- Construction timber (about 450 m$^3$/year)
- Furniture (beds, chairs, tables, cupboards, coffins etc.)
- Chop sticks of bamboo (500 tons/year)
- Waste of bamboo, processed into a pulp

Of the construction timber, 200 m$^3$ is sold locally and 250 m$^3$ exported to other provinces. Some small volumes are sold to China. The furniture is sold locally. The furniture wood is dried in a kiln. All chop sticks are sold to a company in Hanoi. The bamboo waste is boiled and made into a simple pulp which is sold to Thai Nguyen Province.

The annual turn over of the enterprise is 2.4 million VND this year (1.7 million VND last year). The annual profit (150-200 million VND) is invested in the enterprise.

The limitations for expansion were said to be the poor facilities and machineries, and the given permit to buy only 1,000 m$^3$ of logs per year.

1There is also a Wood Processing Enterprise in Ha Giang Town owned by the Province (DARD). See a short description in Annex 5.