

**Ministry of Agriculture and Rural Development**

**Vietnam Sweden Mountain Rural Development Programme 1996 - 2001**

**Analysis and Assessment of the Implementation of  
Forest Management Policy and Institution at 5 Provinces under  
the Vietnam Sweden Mountainous Rural Development programme**

**Vu Huu Tuynh**

Short-term Forestry Policy

Advisor

**September 2001**

**CONTENTS**

	<b>Background</b>	<b>5</b>
	<b>Part I: The process to reform forestry policy in Vietnam</b>	<b>7</b>
1.	Period 1955 - 1986	7
2.	From 1986 to date	8
	<b>Part II. Policy contents and criteria to analyse and assess the implementation of forestry policy at 5 provinces under the MRDP</b>	<b>13</b>
A.	Implementation of policy and institution on forestland management	13
B.	Implementation of financial policy for forestry activities	15
C.	Organising services for forestry sector	18
D.	Organization and decentralization to undertake State management function over forests and forestland	21
E.	Implementation of the beneficiary policy from forests	26
	<b>Part III. Analysis and assessment of the implementation of policies and mechanism for forestry management by provinces in MRDP's area</b>	<b>34</b>
I.	Ha Giang province	34
II.	Yen Bai province	48
III.	Lao Cai province	62

IV.	<a href="#">Phu Tho province</a>	78
V	<a href="#">Tuyen Quang province</a>	
VI.	<a href="#">Summary of analysis results on forest policies implementation in 5 provinces</a>	104
	<b>Annexes</b>	<b>113</b>
	References	113
	List of people to be contacted and interviewed during forest polices analysis process conducted in 5 provinces	116

## BACKGROUND

The provinces located in the area of the Vietnam - Sweden Mountainous Rural Development Project (MRDP) are Ha giang, Tuyen quang, Lao cai, Yen bai and Phu tho. Over the past 10 years, forestry policy of Vietnam has gradually changed from State-owned to public forestry; from the main duties of exploitation and use of forests to restoration and development of forest resources; from duplicated management over forests to clear definition of the function on State management by governments at different levels and the one on management of production and business by State forest enterprises (SFE), decentralization of State management responsibility over forests were clearly regulated for governments at 4 levels: Central, provinces, districts and communes. Together with the entire country, the aforesaid 5 provinces have been actively implementing the forestry reform policy. Nevertheless, due to different natural, socio-economic conditions, the application of forestry reform policy at those provinces varied and gained achievements at different levels.

This report is to analyse deeply implementation of forestry policy and management mechanism by the State at 5 provinces located under the MRDP area, based on which to withdraw the most common issues for reform of the current policy and mechanism relating to forests.

### The report includes the following main parts

Part I: The process to reform forestry policy in Vietnam

Part II : Indicators for analysis and assessment of the MRDP's implementation at 5 provinces

Part III: Analysis of the implementation of forestry policy and mechanism at 5 provinces

#### I. Ha giang province

#### II. Yen bai province

#### III. Lao cai province

#### IV. Phu tho province

#### V. Tuyen quang province

#### VI. Summary of the analysis in the implementation of forestry policy at 5 provinces

### Part I: The process to reform forestry policy in Vietnam

---

After the liberation from the war against French colony (1954), forestry sector of Vietnam has experienced 2 periods with the following typical features, as followings:

## **1. Period 1955 - 1986**

During this period, forestry policy at the North of Vietnam (from 1955 - 1975) and of the whole forestry sector (from 1976 - 1986) have the following main features:

### ***1.1 Forests of the State, for the State and under the exploitation of the State forces***

The State allocated forests and forestland only for State organizations (SFEs). There were ever 413 SFEs assigned by the State to manage 8.7 million ha forests and forestland, including nearly 6 million ha natural forests, rich forests with deposits of over 150 m<sup>3</sup>/ha were allocated to SFEs for management and use. A small part of forests and forestland (some 1.8 million ha) were distributed to agricultural cooperatives. Mountainous people and local community were not allocated with forests and forestland for production and business.

All activities relating to forests were aimed to fulfilled quota and plans set by the State. At that time, quota and plans were considered as the ordinances, if the quota and plans were not fulfilled, it meant to break the law. Quota and plans were to address targets of the State, direct and specific benefits of mountainous people were paid undue attention.

SFEs and State companies were the ones mainly involved in forestry activities. They recruited laborers from plain provinces, each SFE had around 200 - 400 workers, some even had nearly 1,000. The SFEs' workers who were local people were every rare, mountainous people were seperated from forests so they made best use of any opportunites to apply slash-and-burn practices in order to meet their daily food demands.

### ***1.2 Forestry activities mainly relied in exploitation and use of forest products, no due attention was placed on restoring, developing forest resources and bringing into play protection and perservation functions of forests***

At the period 1976 - 1986, the volumes exploited by State forces every year from natural forests were 2.5 - 3 million m<sup>3</sup> commercial wood, 12 million Ster fuelwood, hundreds of millions of bamboo stems, whilst forest protection and enrichment faced lots of problems so natural forest areas decreased some 100,000 ha/year. Though efforts have been made, new planted forest area was just 50,000 ha/year, which were not enough to cover the lost area. The forest cover in 1990 was only 28.9%.

In the quota and plans assigned to SFEs, there were only commands of "list and volume of forest products to be exploited and handed in", which was considered legal commands. If the quota and plans were not completed, SFE's director might be blamed, warned and even sacked. Besides, the assigned quota and plans for plantation and natural forest regeneration were just the guidance, the SFE would implement it as much as it could, even if it did not complete the quota and plan, no punishment would be applied.

### ***1.3 In management work, there was confusion between the functions of State management and management of production, business. Management responsibilities of different institutions at different levels were unclear, resulted in overlappings and gaps in dealing with certain issues***

State agencies did not concentrate on State management but intervned in the function to manage production and business of SFEs, for instance to command the SFEs on which goods they had to produce with a fixed quantity, to whom they had to sell the goods at a set price. Added, the SFE was a State-owned organ, it had to take care of not only production and business but also socio-economic development at the locality such as organizing and managing education establishments, providing health care services for its workers and local people, even some SFEs was charged with management of local registered residents and marriage at the locality since it was a newly established region and adminisitrative organs were yet set up. As the results, the SFE could not concentrate its efforts on production and business, if it got surplus profits, it would hand in to the State and vice versa if it got lost, it would be subsidized by the State.

## **2. From 1986 to date**

The forestry reform policy has been reflected in the following contents:

## **2.1 Gradually change from State forestry to people's, the duty of forest protection and development has been combined with socio-economic development at the locality**

i. If in the past, household economy has been considered by agricultural cooperatives as the minor activity, by 1988 the Resolution 10 affirmed that household was an independent economic unit, had legal status, equal in economic and legislative relations with other economic components.

ii. The Law on forest protection and development (1991), the Land Law (1993) and other bylaws like Decree 02 (1994), Decree 163 (1998), all regulated: the State allocates forestland and forests to organizations, households, individuals for use with forestry purposes, the forests and forestland allocation tenures are 50 years with possible expansion, the land area to be allocated is 30 ha/household, if they have further demand, they can hire or get contract of the land from other land users. The ones allocated forests and forestland will be granted land use rights certificate by the State and are entitled to use, transfer, sell, rent, inherit and mortgage the land for credit or use the land's value to contribute in the joint-venture.

iii. Decree 01 (1995) regulates: State organizations (like State-own enterprises, protection and special-use forest management boards) allocated forests and forestland by the State can contract such land and forest areas to households and individuals in 20 - 50 years' term basing on the principles of mutual agreement and benefits.

In the past, attention in the plans was purely paid to protection, restoration or plantation, but today forest protection and development was planned and implemented under projects, in which forest protection and development duties were combined closely with other socio-economic activities at the locality.

The mentioned-above regulations have created pre-conditions to undertake socialization of forest occupation and to change State forests to people's.

## **2.2 To change from the exploitation-based forestry to the main focus of forest restoration and development**

i. The National Assembly approved the Law on forest protection and development in 1991, and issued the Regulations on management of 3 forest types - special-use, protection and production forests together with the Decision 08 by the Prime Minister in 2001. In those papers, the State based on use purposes of forests to classify them into 3 types: special-use, protection and production forests, and to define ways and intervention to each forest type in order to address the set objectives.

ii. In 1996, the Government (GOV) had the "Project on gradually decreasing and stopping wood exploitation from natural forests" formulated and implemented. Under that project, the quota for commercial wood exploitation from natural forests before 1995 was 2.5 - 5 million m<sup>3</sup>/year, but from 1996 onwards it was just 300,000 m<sup>3</sup>/year. Added, the patrol and control of wood exploitation from natural forests were strictly applied. Every year, the Prime Minister, basing on wood demand from natural forests of the localities and sectors in the whole country, provided quota of wood production to be exploited from natural forests. The Ministry of Agriculture and Rural Development (MARD), basing on the status of forest resources, allocated wood production to be exploited from natural forests for each province. The provincial Department of Agriculture and Rural Development (DARD) appointed organs that had forests to prepare exploitation design, organized a council to appraise the design, and submitted it to the provincial People's Committee (PPC) for approval and issuance of exploitation license for DARD to implement.

The exploitation process was supervised strictly by forest protection force. Each exploited log was stamped to certify its origin and legal exploitation, then it was transported to the consumed area.

iii. From 1993 - 1998, the 327 program had been conducted with the total investment of nearly 3,000 billion VND to protect, regenerate and plant forests, aiming at greening bare land and hills, and increasing protection function of forests.

Results from this program were to contract 2 million ha of protection and special-use forests for people to protect, plant 600,000 ha forests and thousands ha of industrial crops and fruit trees, which can have protection function like forests.

iv. Since 1999, the 5-million ha reforestation program (5MHRP) has been implemented and planned to complete in 12 years (1999 - 2010) with the following specific tasks:

- Protect existing forest resources, regenerate 2 million ha natural forests (mainly protection and special-use ones).
- Plant 2 million ha forests on bare land and hills, including 1 million ha protection forests and 1 million ha production forests.
- Plant 1 million ha industrial crops, fruit trees which have protection function as forest trees.

Thanks to the mentioned above efforts, forest area at the nation-wide as well as at the 5 provinces have been developed positively (see tables 1 and 2).

**Table 1\* - Natural forest area of the country-wide and of 5 provinces in 1992 and 1995**

Year	Forest area (ha)	
	Country-wide	5 provinces
1992	8,630,965	687,942
1999	9,444,198	938,121
1999/1992	109.42%	138.20%

\* Forest cover at the country-wide in 1992 was 28.9% and in 1999 - 33.2%; at the 5 provinces: increasing from 21% to 38.4%

In the whole country, natural forest area in 1999 compared to 1992 increased 9.42%, the one in 5 provinces was 38.2%.

**Table 2\* - Forest area at the country-wide and in 5 provinces in 1995 and 1999**

Year	Forest area (ha)	
	Country-wide	5 provinces
1995	9,302,200	1,167,016
1999	10,915,592	1,915,873
1999/1995	117.34%	164.16%

\* According to the Forest Inventories 1992, 1999 and the local report in 1995 protection is charged with examination, supervision of the application of the Law on Forest management, protection and development, use of forest land at the provincial territory. If special cases occur, it has to collaborate with police, army forces at the locality to go on patrol and attack the forest destroyers, prevent and fight forest fires.

In the whole country, forest area (including natural and planted forests) in 1999 compared to 1995 increased 17.34%, the one in 5 provinces was 64.16%.

### **2.3 Clearly define the functions on State management over forests and management of production, business; hand over the function to manage production and business to enterprises.**

***Organs charged with State management over forests are now just assigned the following work:***

- Conduct inventory and classification of forests, define boundaries of forests and forestland on maps and at field to commune level, collect statistical data on forests and forestland changes.
- Prepare planning and plans to protect and develop forests, use forest land in the whole country as well as at each locality.
- Promulgate legal papers on management, protection and development of forests, use of forests and forestland, implement legal papers issued by competent institutions.
- Allocate forests and forestland, get back forests and forestland
- Register, prepare and manage cadastral books; issue land use rights certificates (Red books)
- Check-up, inspect and deal with acts violating laws and policies relating management, protection and

- development of forests and forestland.
- g. Settle disputes on forests and forestland.

To clearly identify functions of different organs at the same level and different levels in one sector relating to implementation of State management function over forests as mentioned above, in December 1998, the Prime Minister promulgated the Decision 245-1998/QĐ-TTg on undertaking State management responsibility over forests and forestland by different levels. According to that Decision, DARD was appointed as a specialized agency to assist PPC implement State management function over forests. Cadastral Department is the one to help PPC in conducting State management function over land, including forestland. Sub-Department of Forest

Decision 245 also regulated specific responsibility of governments at different levels in undertaking State management function over forests. However the provinces that had guidance papers for implementing the Decision were few. Governments of many communes did not master well contents of the Decision so they were not well aware of their responsibility in managing and protecting forests.

## Part II. Policy contents and criteria to analyse and assess the implementation of forestry policy at 5 provinces under the MRDP

According to statistical data, the number of legal papers relating to forestry policies promulgated from 1990 to date is 113. It is impossible to conduct the analyse basing on individual papers but they should be grouped in compliant with their specialized areas as the tables below.

**Table 3 - Criteria and policy contents to analyse and assess the implementation of forestry policy at 5 provinces in the MRDP area.**

### A. Implementation of policy and institution on forestland management

Analysed contents	Level 1: Well implement State policies	Level 2: Implement basic contents of the policies	Level 3: Implement the policies with lots of mistakes
1. Classify land and forestland	<ul style="list-style-type: none"> <li>- Boundaries of forest land and other land types were clearly defined on maps and at the field by using appropriate criteria</li> <li>- Forest was classified as special-use, protection forest (including only critical and very critical ones) and production forests. Classification unit is "unit" (around 1,000 ha)</li> </ul>	<ul style="list-style-type: none"> <li>- Boundaries of forest land and other land types were just defined on maps, only special-use forests were identified at the fields. Disputes over land and land encroachment still occurred.</li> <li>- Forests were classified into 3 types: special-use, protection and production and in units, marked on the maps but were not applied on the fields clearly and specifically.</li> </ul>	<ul style="list-style-type: none"> <li>- Boundaries of forest land and other land types were just marked on small scale maps (1/50,000 or 1/100,000). Disputes over land and encroachment of forests and forestland often occurred</li> <li>- Yet to define specifically the list of forest units classified as special-use, protection and production forests</li> </ul>
2. Land and forests use planning	<ul style="list-style-type: none"> <li>- The provinces had land use planning and forestry development strategy to 2010</li> <li>- Forest development projects had high feasibility</li> <li>- Most of communes had land use planning to 2005, those that had forestland have had plans to protect and develop forests to 2005</li> </ul>	<ul style="list-style-type: none"> <li>- The provinces had land use planning and forestry development strategy to 2010</li> <li>- Investment projects with high viability for forestry works (protection, special-use zones.) have been formulated</li> <li>- Most of communes had land use planning to 2005.</li> </ul>	<ul style="list-style-type: none"> <li>- The provinces had land use planning and forestry development strategy to 2010 but its feasibility was limited</li> <li>- Investment projects for forestry works have been formulated and disbursed for implementation</li> <li>- Some communes had land use planning to 2005. Some</li> </ul>

		Many communes having forestland have had plans to protect and develop forests to 2005	having forestland have had plans to protect and develop forests to 2005
3. Land and forests allocation	<ul style="list-style-type: none"> <li>- Most forestland area has been allocated to organizations, households and individuals.</li> <li>- For forests and forestland area impossible to be allocated, district People's Committee (PC) assigned commune PC to manage. For the forest-covered area, commune PC assigned hamlet community to manage, protect and use appropriate with the regulations to manage each forest types.</li> <li>- Hamlet community has formulated and implemented plans and regulations on management, protection and use of community forests.</li> <li>- Most of forests and forestland allocated to State organizations (Management boards of protection, special-use forests, SFEs).</li> </ul>	<ul style="list-style-type: none"> <li>- Most forestland area of the province has been allocated to organizations, households and individuals.</li> <li>- For forests and forestland area impossible to be allocated, the forest protection force directly manages and protects but yet does procedures to hand over responsibility to manage them for commune PC as regulated in Decision 08.</li> <li>- Only small area of forests managed by forest protection force or communes were assigned to hamlet community to protect and use.</li> <li>- Hamlet community's role was weak, regulations on forests protection by community were yet worked out at many areas, some had the regulations but yet to apply into the practice.</li> <li>- Management boards of protection, special-use forests, SFEs have contracted households and community to protect, regenerate and plant forests mostly on short term annual base, yet on long-term and stable base as stipulated at the Decision 01.</li> </ul>	<ul style="list-style-type: none"> <li>- Most forestland area has been allocated to organizations, households and individuals. Households were not allocated with forest-covered area but bare land and hills planned for production forests.</li> <li>- Most forests and land area that were yet allocated but unwell managed by commune governments were destroyed and encroached upon as the forests without owners.</li> <li>- Management boards of protection, special-use forests, SFEs have contracted households, individuals and community to protect, regenerate and plant forests in accordance with the annually allocated fund but due to their limited staff, the management boards could not examine, guide and supervise each household so the effectiveness was limited.</li> </ul>

## B. Implementation of financial policy for forestry activities

Analysed contents	Level 1	Level 2	Level 3
1. Investment policy			
	<ul style="list-style-type: none"> <li>- Plantation of special-use, protection forests was provided 2.5 million VND/ha (in 3 years)</li> <li>- Plantation of production forests using rare, precious species with long-cycle growth was provided with 2 million VND/ha, planter would be the owner of the forests</li> </ul>	<ul style="list-style-type: none"> <li>- Apply the set supportive levels:</li> <li>+ Special-use forests plantation:</li> <li>2.5 million VND/ha, at high, remote or difficult topographical areas, the provinces supported further so that the levels could reach 3.5 - 4 million VND/ha.</li> </ul>	<ul style="list-style-type: none"> <li>- Special-use, protection forests plantation was supported with 2.5 million VND/ha</li> <li>- Many invested forest areas for regeneration, protection were not included in priority list so the allocated budget has to be broken into small parts, therefore the contracted fund for forest protection and regeneration</li> </ul>

	<ul style="list-style-type: none"> <li>- Regeneration with supplementary plantation to enrich forests: 1 million VND/ha</li> <li>- Conservation of protection and special-use forests: 50,000 VND/ha/year (in the first 5 years)</li> </ul>	<ul style="list-style-type: none"> <li>+ Forest regeneration and enrichment: 1 million VND/ha</li> <li>+ Forest protection: 50,000 VND/ha/year, the level at some project areas could be 100,000 VND/ha/year</li> <li>+ Payment for permanent commune forestry, extension staff was from 100,000 - 300,000 VND/month</li> </ul>	<p>could not be 1 million VND/ha as well as for forest protection - not at the level of 50,000 VND/ha/year as regulated.</p>
2. Credit policy	<ul style="list-style-type: none"> <li>- Forest owners were entitled to borrow from the National Investment Support Fund to undertake projects to plant industrial forests for producing artificial boards with favorable interest of 5.4%/year, the interests was not calculated on accumulated base, the credit terms were consistent with growth cycle of forest trees.</li> <li>- If the projects were at high and remote areas, 50% of the interest at post-investment period would be supported (i.e. the net interest was only 2.7%/year)</li> <li>- Households could borrow up to 10 million VND without collateral from Agricultural Bank or Bank for the Poor to develop their economic activities.</li> <li>- Households could also borrow from Credit-saving fund of foreign and local funded projects with favorable conditions in compliant with objectives of each project.</li> </ul>	<ul style="list-style-type: none"> <li>- SFEs, private enterprises, households planting production forests under farm model could borrow with favorable interest rates from the National Investment Support Fund (5.4%/year).</li> <li>- Some households have borrowed from Agricultural Bank, Bank for the Poor to develop agro-forestry production, and new occupations at rural area. In general, the households were not well aware of the procedures to borrow and ways to use the credits so the number of households to obtain credits for production development was still small.</li> <li>- Great number of people participated in the Credit-saving fund at hamlets. Some funds operated well. However, the amount of money borrowed by households from such funds was limited, which could just help solve immediate problems or develop small production to alleviate poverty.</li> </ul>	<ul style="list-style-type: none"> <li>- SFEs and farm owners could borrow credit with favorable interest rate of 4.5% to plant forests for industrial materials.</li> <li>- Credits from Agricultural Bank, Bank for the Poor to develop households' economy were just introduced for some households at towns or areas nearby transport roads.</li> <li>- Most of farmer households were not well aware of the procedures to borrow and ways to use the credits or due to no markets, they could not borrow credits.</li> <li>- Farmer households still waited for support from the State or borrowed few hundred thousands VND from Credit-saving fund to buy some cattle, poultry to raise in order to alleviate their poverty.</li> </ul>
3. Tax policy	<ul style="list-style-type: none"> <li>- Exploitation, use of wood and non-wood products from natural forests had to pay natural resources tax (depending on types of products, location of the forests, the tax could vary from 0 - 45% of the exploited products' value).</li> <li>- Exploitation of products from planted forests had to pay land use tax equivalent to 4% of the total products' value. If forests were planted on bare land, hills, land use tax would be exempted.</li> </ul>	<ul style="list-style-type: none"> <li>- The ones that exploited, used products from natural forests for sale had to pay natural resources tax; if for own consumption, they would be exempted from tax.</li> <li>- Exploiting products from planted forests had to pay land use tax equivalent to 4% of the total products' value (including products from forests planted on bare land, hills)</li> <li>- Most SFEs doing business on planted forests got lost,</li> </ul>	<ul style="list-style-type: none"> <li>- Apart from paying natural resources tax as stipulated by law, the ones exploiting products from natural forests had to make another contribution for the local fund to develop forests.</li> <li>- Most of SFEs doing business on planted forests got lost, or even if they had surplus, it was very small so they did not have the retained income tax to re-invest in reforestation.</li> <li>- Buyers of agro-products from farmers still had to pay</li> </ul>

	<ul style="list-style-type: none"> <li>- It was not required to pay VAT for products from planted forests.</li> <li>- SFEs were entitled to retain all the income tax (or profit tax) to re-invest in managing and protecting forests of the SFEs.</li> <li>- Buyers of agro-forest products at high, remote communes were exempted from business tax (to encourage them to consume products for farmers).</li> </ul>	<p>or even if they had surplus, it was very small. The SFEs' income tax was negligible so they did not have enough to spend.</p> <ul style="list-style-type: none"> <li>- Exemption of business tax for buyers that collected agro-forest products were not strictly done.</li> </ul>	business tax.
--	---	---	---------------

### C. Organising services for forestry sector

Analysed contents	Level 1	Level 2	Level 3
1. Input services	<ul style="list-style-type: none"> <li>- Farmer households demanded to borrow credits from the National Investment Support Fund or Banks all were assisted by specialized staff to work out projects and do procedures quickly.</li> <li>- Land allocation, contract and lease to develop production were based on quick and convenient procedures.</li> <li>- Agro-forest farms, shops ensured to supply timely and sufficient inputs for forestation and agri-production for every commune in the province.</li> </ul>	<ul style="list-style-type: none"> <li>- The number of households borrowed fund from the National Investment Support Fund was small. Many households demanded credits for production development but could not access credit sources and did not know lending procedures</li> <li>- Land contract, lease were paid attention by local authority to solve quickly without troubles</li> <li>- Procurement of materials, equipment to serve production did not face any problems.</li> </ul>	<ul style="list-style-type: none"> <li>- People could not access credit services from the National Investment Support Fund, Credit people's fund. Only few cases were possible to access such credit sources</li> <li>- Lots of troublesome procedures in applying for land allocation, lease for production development.</li> <li>Technical infrastructure was weak, network of small-scale processing establishments and rural occupations was developed slowly, goods produced by farmers had no markets to consume so they had to be transported to far market, which was very costly.</li> </ul>
2. Services on technology transfer and production guidance	<ul style="list-style-type: none"> <li>- Apart from the specialized agro-forestry extension system of the State (extension center at province, extension stations at districts), extension clubs, groups to disseminate information have been set up at hamlets. Each commune has at least one permanent extension staff (university graduated) to work on contract basis with district extension stations.</li> <li>- Extension staff worked well to timely transfer advanced technology and good seeds.</li> </ul>	<ul style="list-style-type: none"> <li>- The extension networking was developed to districts, at some regions even to communes' groups. Some communes have had permanent extension staff working on extension basis; some hamlets had extension or dissemination clubs.</li> <li>- Extension system's activities were diversified and abundant, which timely transfers good experiences and production technologies for farmers.</li> </ul>	<ul style="list-style-type: none"> <li>- Though extension networking has been developed to districts, and even to some communes' groups but its activities were not even, lack of qualified staff, the gained effectiveness was not worth with invested fund.</li> </ul>
Outputs services	<ul style="list-style-type: none"> <li>- There was purchasing network, small-scale</li> </ul>	<ul style="list-style-type: none"> <li>- Remote and isolated hamlets did not have</li> </ul>	<ul style="list-style-type: none"> <li>- Many communes had not have rural markets while</li> </ul>

	processing establishments and rural markets to ensure consumption of agro-forest products for farmers.	information on daily changes in terms of prices and markets so they were imposed prices by buyers.	having great potential of non-timber products, great surplus labor but if they collected forest byproducts to sell, they could not find markets.
4. Role to provide services of SFEs	<p>- SFEs did business and production well, independent in implementing projects 661, fixed cultivation and sedentarization</p> <p>- SFEs could do well the functions to supply inputs and consume agro-forest products for local farmers.</p>	<p>- Not many SFEs got profits but the 661 projects managed by the SFEs were evaluated better than results achieved by other organizations, individuals</p> <p>- However, services to supply inputs and consume products by the SFEs were not better than those supplied by other economic components.</p>	<p>- No SFEs got profits in their production and business. The assignment of SFEs as 661 project owners was just immediate measure to maintain the SFEs' existence.</p> <p>- SFEs could not undertake the functions to supply inputs and consume agro-forest products for farmers.</p>

#### D. Organization and decentralization to undertake State management function over forests and forestland

Analysed contents	Level 1	Level 2	Level 3
<p>1. At provincial level</p> <p>The assignment and collaboration between DARD, Cadastral Dept. and Sub-Dept. of Forest protection</p>	<p>- There was close collaboration between DARD, Cadastral Dept. and Sub-Dept. of Forest protection in State management over forests and forest land</p> <p>- DARD assisted PPC to undertake State management function on forests, including inventory and classification, planning and plans for forest protection, development and use; to issue legal papers to implement State forests policies; coordinate with Cadastral Dept. and Forest protection Sub-Dept. to allocate land and forests to organizations, households, individuals; to inspect and check-up application of forestry policies; settle disputes on rights to use forest land and forests; organize management of special-use, protection forests and forest-engaged enterprises consistent with the assigned authority. Cadastral Dept. assisted PPC to undertake the State management function on land, including forestland: land use planning; land allocation; issuance of land use rights certificates; prepare, register and manage cadastral book;</p>	<p>- Cadastral Dept. conducted the function to prepare planning and plans to use different land types; allocate land and grant red books for organizations; examine, inspect the use of land; manage maps and cadastral books. DARD did forestland use planning; coordinated with Cadastral Dept. and Forest protection Sub-Dept. to allocate land and forests to SFEs, organizations and private components doing business over forests; and was charged with other State management functions relating to forests. However, due to lack of staff (no quota), DARD was not able to complete the assigned functions</p> <p>- Apart from the functions to check-up, supervise application of forest laws, the Forest protection Sub-Dept. was assigned other duties such as allocate land, allocate and contract forests for households, hamlet community to directly manage some natural preservation areas; act as owners of projects on natural preservation areas, forest protection, fire prevention and fight.</p>	<p>- DARD did not fulfill its assigned function on State management over forests. Loosely management still existed.</p> <p>- Cadastral Dept. did not strictly manage forestland. Issuance of land use rights certificates was not much done.</p> <p>- Forest protection Sub-Dept. yet assigned forest staff to protect forests at the fields. Slash-and-burn practice, forest fire and illegal exploitation occurred commonly.</p>

	<p>inspect, examine the use of forestland.</p> <p>- Forest protection Sub-Dept. was charged with examining, supervising application of forest laws; organizing and managing the network to protect forests, prevent and fight fire; and conduct task assigned additionally by the PPC.</p>		
<p>2. At district level: organization, assignment and coordination between Agricultural and rural development division, Cadastral division and Forest protection station</p>	<p>To comply with the Decision 245:</p> <p>- Agricultural and rural development division was to assist district PC to undertake State management function over forests, responsible for the same duties as DARD at district level.</p> <p>- Cadastral division was to assist district PC to undertake State management function over land, including forestland, directly allocated land and granted Red books for households, individuals and collectives.</p> <p>- Forest protection station was charged with examining, supervising application of forest laws relating to forest protection, fire prevention and fight. To fulfill its duties, it assigned each staff to take care forest protection at one or some commune. As results, forests were well protected, no serious acts to violate forest laws.</p>	<p>- Agricultural and rural development division has fulfilled most of its functions as stipulated in the Decision 245; closely coordinated with Cadastral division and Forest protection station in land allocation, forests allocation and contract.</p> <p>- Cadastral division has fulfilled most of its function on State management over land, including forestland; instructed the issuance of land use rights certificates for almost forestland having been allocated to households, individuals and collectives.</p> <p>- Forest protection station, apart from the patrol and protection of forests, has distributed staff to help communes protect forests at the locality, organize campaigns for people to protect and develop forests.</p>	<p>- At almost districts, Agricultural and rural development division often did not have specialized staff on forestry, or if there was those staff were often assigned other urgent work, no staff were charged with forest management as regulated in the Decision 245.</p> <p>- Cadastral division just paid attention to other land types such as residential, agricultural and specialized-used land; forestland was almost neglected, issuance of Red books for forestland was done quite few.</p> <p>- Forest protection station mainly examined, controlled on-road transported forest products; yet distributed staff to communes to coordinate with local authority to manage forests on-the-spot.</p>
<p>3. At commune level: assignment, coordination between commune forestry staff, on-the-spot forest protection staff, extension staff and cadastral staff</p>	<p>- Commune forestry board, forestry staff, on-the-spot forest protection staff, extension staff and cadastral staff have collaborated closely with each other to manage forests and forestland in accordance with the responsibilities stipulated at Article 6, Decision 245 - 1998/QD-TTg. Most of forest and forestland areas in the communes have had their owners. Areas impossible to be allocated, the commune PC allocated it to hamlet communities for management, protection and use. Hamlet communities have worked</p>	<p>- There have been commune forestry board and on-the-spot forest protection staff.</p> <p>Most of the responsibilities stipulated at Article 6, Decision 245 - 1998/QD-TTg have been fulfilled.</p> <p>Most of forest and forestland areas in the communes have had their owners. Areas impossible to be allocated were now under protection of commune PC or allocated to the community for management and protection.</p>	<p>- Commune forestry board has been established but operated ineffectively; no on-the-spot staff is charged with forest protection at the communes; the people's movement to protect and develop forests was weak. Many households applying for land allocation but yet to be done. Most of forest areas neither had owners nor was managed strictly by commune authority so illegal cases to exploit forests and hunt animals often occurred. Slash-and-burn practice still existed (through rarely).</p>

	<p>out and applied local regulations on forest protection.</p> <p>- There were no longer illegal cases to exploit forest products, hunt animals, and apply slash-and-burn practice.</p>	<p>- However, small illegal cases to exploit forest products or hunt animals listed in the "Red Book" still occurred.</p>	
--	---	---	--

## E. Implementation of the beneficiary policy from forests

Analysed contents	Level 1	Level 2	Level 3
<p>1. For natural production forests of State organizations (SFEs, forest management boards)</p>	<p>- In the course to protect, regenerate forests, contracted people were allowed to apply agro-forest production mode, raise animals under the forest canopy, collect forest byproducts and intermediate products</p> <p>- Once the forests grew a certain wood volume and was possible for exploitation, they would have to prepare the exploitation design and submit to DARD for approval; the PPC would issue license but for selected exploitation, usually from 20 - 35%.</p> <p>- Bamboo forest could be exploited every 2 or 3 years when its cover reached over 70%. Exploitation production for each exploitation was from 25% - 33% of the available volume (exploitation of over 2-year-old stamps only).</p> <p>- Forest owners had to submit exploitation design to DARD for approval and issuing exploitation license. Exploited products would be shared between the contractor and the contractee in accordance with the agreement set in the contract.</p>	<p>- Contracted people were allowed to apply agro-forest production mode, collect forest byproducts and intermediate products</p> <p>- When the forests could be harvested and reached at a certain wood volume, forest owners prepared exploitation design and submitted it to PPC for approval, based on which DARD would grant exploiting license at the level of 35%. For bamboo forests, the exploitation level was 30%.</p> <p>- Forest owners allowed to apply public bidding or sell standing trees. Contractee often did not share main products since they were paid by the contractor for forest protection (20,000 - 50,000 VND/ha/year).</p> <p>Contractee could involve in the stage to clean forests after the harvest and collect remaine wood, branches for fuel and furniture.</p>	<p>- Contracted people were allowed to apply agro-forest production mode, collect forest byproducts for own use, not for sale.</p> <p>- When the forests could be harvested, forest owners had to prepare exploitation design and submitted it to DARD for appraisal, then submitted to PPC for approval, based on which DARD would grant license for selected exploitation.</p> <p>- Forest owners allowed to apply public bidding or sell standing trees. Rarely contractee was offered to conduct exploitation.</p> <p>Contractee often did not share main products since they were paid by the contractor for forest protection (20,000 - 50,000 VND/ha/year).</p>
<p>2. For natural forests belonged to households, individuals, collectives (including restored forests on forest gardens) thanks to regeneration method</p>	<p>- Forest owner was allowed to decide exploitation time and volume. If the exploitation was to serve domestic purpose, he had to inform only to local commune PC; if it was for sale, he had also to notice to local forest protection station for it to stamp onto</p>	<p>- Forest owner was allowed to exploit for domestic use but had to apply for the exploitation and obtain agreement from district PC (in some area, it was just required agreement from commune PC). Wood for domestic use was exempted from natural resources tax</p>	<p>- Forest owners were not allowed to exploit forest products for sale though they were regenerated forests on forest garden area, and were at too mature stage so wood trees or bamboo got too old and died, whilst people were in great need to have money</p>

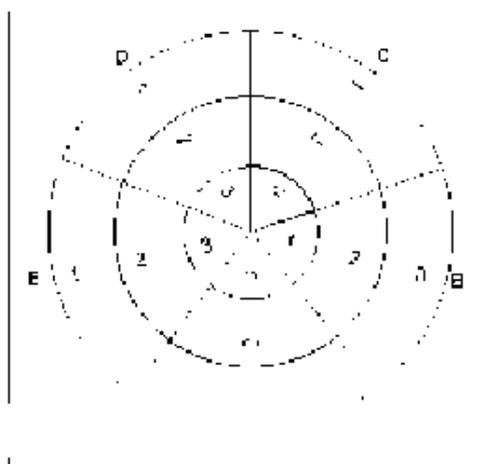
	<p>exploited wood so as to facilitate transportation and consumption.</p>	<p>- Forest owners were not allowed to exploit products from their natural forests for sale while the forests were at harvesting stage, the demands were high, if it was not exploited, it would be a waste.</p>	<p>for production development and living condition improvement.</p>
<p>3. Planted forests on production forest land area funded by State budget or credit with favorable interest rates from State organizations</p>	<p>- When forests were at harvesting stage, forest owners would prepare exploitation design, submit it to DARD for approval and issuance of exploitation license. Forest owners were obliged to pay back allocated fund and credits (including the interest) and to reforest within a year after the exploitation.</p>	<p>- When forests were at harvesting stage, forest owners would prepare exploitation design, submit it to DARD (or Paper Corporation for the case of SFEs belonged to the Corporation) for approval and issuance of exploitation license.</p> <p>- Forest owners were obliged to pay back the credits and interest to the organs that had allocated or lent the fund, and to reforest within a year after the exploitation.</p> <p>- Some contracts regulated: forest owners did not have to pay in cash for the contract to protect forests annual but the contractee could enjoy 2 - 4% of the total value of exploited products</p>	<p>- Procedures to issue exploitation license was troublesome, forest owners had to fulfill too strict requirements inconsistent with the current regulations. The contractee was paid in cash or could share part of the exploited products' value (from 2 - 4% for each year to protect forests).</p>
<p>4. Forests planted by households, individuals; wood in households' gardens and from scattered trees invested by forest owners for the plantation</p>	<p>- Forest - owners had rights to decide exploitation, consumption of the products and did not have to ask for permission from any organs.</p> <p>- If planted forest trees were the same species as in natural forests, once they were harvested, forest owners had to notify the forest protection station for it to certify that those were the products from planted forests so as to ease the transportation and consumption.</p>	<p>Though forest - owners were entitled to decide exploitation, use of the wood but since the transport distance to consumption market was too far, the roads were in bad conditions, forest planter could not bring their products to processing establishments for sale. They often sold products on-the-spot so the prices were very low. Business from planted forests did not bring about profit or with very low profit so people did not want to plant forests to supply materials for industry.</p>	<p>Forest owners had to have exploitation design and license approved and issued by DARD respectively.</p> <p>- Exploited products were not sold to markets but to the organs appointed by DARD with the prices set by the Department of Finance and Prices</p>
<p>5. Protection forests (including natural and planted forests considered as critical and very critical protection forests)</p>	<p>- Contractee was allowed to apply agro-forest production mode, raise animals under the forest canopy, collect forest byproducts.</p> <p>- When the forests were mature as natural ones or had closed canopy, forest owners were allowed to conduct selected exploitation of old, insect-attacked or lied-down trees (due to natural disaster) at</p>	<p>- Contractee was allowed to apply agro-forest production mode, raise animals under the forest canopy, collect forest byproducts for own use or sale.</p> <p>- Since it was yet allowed to exploit protection forests, contractee mainly relied on the little payment for forest protection under 661 projects, or support from other projects.</p>	<p>- Contractee was allowed to apply agro-forest production mode when the canopy was not closed, collect forest byproducts for own use not for sale.</p> <p>- It is strictly prohibited to exploit forest products from protection forests.</p>

	<p>the level of 20%. For bamboo forests, when the cover reached 80%, the owners could exploit up to 30%. Forest wners had to prepare exploitation design and submitted it to DARD for appraisal, then to PPC for approval, based on which DARD would grant license for selected exploitation. The share of products had to be based on the agreement set in the contract.</p>	
--	---	--

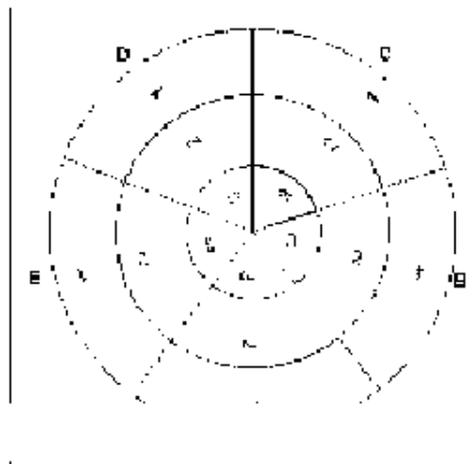
For each province, the mentioned above criteria and contents will be based on to analyse and assess the implementation of forestry policies at the locality, which then will be classified in accordance with each criteria as illustrated in the round below (5 parts in 1 round, each part represents a criterion). Each criterion was further divided into 3 sub-parts:

- The outside sub-part illustrated good implementation of State policies (level 1)
- The middle one - to fulfil basic requirements in the State policies (level 2)
- The inside one - to have lots of mistakes (level 3)

If the province well implemented all State policies, it would be reflected by the outside shadow round (see Diagrams 1 and 2 below)



Graph 1 - Levels to implement forestry policies of provinces



Graph 2 - Good implementation of forestry policies of the State

**Notes:**

- A. Implementation of the policy on land and forests
- B. Implementation of the policy on forestry finance
- C. Organizing forestry service activities
- D. Organization, assignment and decentralization of the State management over forests
- E. Implementation of the policy on forest exploitation and benefits

## Part III. Analysis and assessment of the implementation of policies and mechanism for forestry management by provinces in MRDP's area

---

### I. HA GIANG PROVINCE

Ha giang is a frontier province and borders China. Its natural area is 788,437 ha with 9 districts, 1 town called Ha giang, 184 communes, 1,574 hamlets. It locates at the elevation of 200 - 2,400 m.a.s.l (meter above sea level) with complicated topographical condition. The population is 600,000, 90% are ethnic minorities (Mong 30%, Tay 25%, Dao 15%), population density is 76 heads/km<sup>2</sup>.

According to the Forest inventory 1999 as published in 1/2001, Ha Giang had 284,537 ha forests, including 262,957 ha natural forests, 21,580 ha planted ones, the forest cover was 36.1%, bare land and hill were 406,084 ha.

Out of 262,957 ha natural forests, there was 210,497 ha wood forests, 25,006 ha bamboo forests and 27,454 ha mixed forests of bamboo and wood trees. Forest deposits in Ha giang were 16,072,000 m<sup>3</sup> wood; 181,183,000 bamboo stams and many byproducts (herbal plants, rattan.). Most of natural forests in Ha Giang were poor, which were restored after being burned for cultivation, the average deposit was only 61 m<sup>3</sup>/ha. Below is the deep analysis on the implementation of some policies of Ha giang.

#### 1. Policy and institution on forest management

##### 1.1 Classification of land and forestland

In Ha giang, forestland was classified to the following types:

- Special-use forest land, including natural preservation areas, forests relating to historical relics, landscape for tourism.
- Protection forest land, including critical and very critical protection forests only (excluding less critical protection forests). Such classification of Ha giang was conducted some years ago but did not match with the regulations to manage 3 forest types issued by the Prime Miniser together with the Decision 08-2001/QD-TTg.
- Production forests included natural forests and planted forests for the purpose to produce wood, bamboo. Protection function was just the additional one.
- Forest garden land of households were often forestland located nearby residential area, used for agro-forest production, reforestation or natural regeneration. In the national system to classify forests, forest garden land was considered part of production forests allocated to households so the applied policy was as for production forests. But at Ha giang, forest garden land was classified as a seperated type, which allowed forest owners to use the land flexibly, e.g. for plantation of forest trees, fruit trees, speciality trees or for agro-forest production, aiming at achieving highest efficiency. It was a creative way to apply State policy by Ha giang.

In a consulting report for Ha giang (April 1999), Mr. Rolf Gilliusson has proposed to add 1 more land type. i.e. agro-forest land in the land classification system of Vietnam. Change of land types was a difficult task as indicated in the Land Law, however if all provinces as well as Ha giang classified forestland into 3 types: special-use, protection and production forest land, in production forest land, forest garden land would be seperated for agro-forest production, thus it would meet suggestion made by Mr. Rolf Gilliusson.

In the report, Mr. Rolf Gilliusson also proposed to eleminate protection forests. Critical and very critical protection forests should be added in special-use forests and called preserved forests. Hence, in the forest classification system, there were only 2 forest types: preserved and production forests.

In this regard, we think that Vietnam based on use purposed to classify forests into 3 types: special-use, protection and production forests, and had various policies and mechanisms to achieve the main objectives as well as certain economic benefit. Special-use forests were aimed to preserve genetic sources, serve as

standards for the national ecological system, maintain bio-diversification so it was required to be strictly protected, prevent any interventions to and exploitation from the forests. For protection forests, it was not required to apply so strict control, it was possible to exploit wood and forest products from protection forests while maintaining its protection function, bringing about certain economic benefits for forest owners.

Vietnam plans to establish protection forest system of around 6 million ha in the whole country. If 6 million ha protection forests were considered as preserved ones, the forest protection system had to be strengthened, State budget had to spend more while forest products' exploitation was not allowed, resulting in great waste and impossible to deal fulfill socio-economic duties at the locality. In contrary, if we changed forest management regulations to allow exploiting products from special-use forests, the objectives to preserve genetic sources and maintain bio-diversification would not be realized.

Hence, it should not add both protection and special-use forests to form preserved forests as suggested by Mr. Rolf Gilliusson.

### **1.2 Forestland and forest use planning**

Ha giang has prepared forestland and forests use planning, as followings (see Table 4):

**Table 4\* - Forestland and forest use planning at Ha giang**

Forest types	Area (ha)	Divided into:		
		Existing natural forests	Existing planted forests	Bare land
Protection forest forests	461,878	190,704	10,920	260,254
Special-use forests	60,790	51,813	1,875	7,102
Production forests	69,475	20,440	8,785	40,250
<b>Total</b>	<b>592,143</b>	<b>262,957</b>	<b>21,580</b>	<b>307,606</b>

\* According to land use planning for forest development of Ha giang

The province has set up 4 forest preservation areas:

- Du Gia (Yen Minh district) 20,000 ha
- Phong Quang (Vi Xuyen and Quang ba districts) 7,000 ha
- Tay Con Linh (Hoang Xu Phi and Xin man districts) 18,790 ha
- Bac Me (Bac Me district) 15,000 ha
- Total: 60,790 ha

The province has formulated the Forestry Master Plan to 2010, investment projects for establishment and protection of special-use, protection forests and the ones to plant forests for industrial materials implemented by SFEs at Bac quang district. Most of the communes have had land use planning to 2005, most of communes having forests have had forest protection and development plans.

### **1.3 Land allocation, forests allocation and contract**

- Total forestland area in the whole province was 592,143 ha
- Forestland area having been allocated in accordance with Decree 02/CP was 312,036 ha, accounting for 52.7% of the total forestland area
- Forestland area having been allocated and granted with land use rights certificates was 82,012 ha, sharing 26.2% of the allocated land
- Objects to be allocated with forestland and forests at Ha giang were including:

+ 3 SFEs under the Vietnam Paper Corporations were allocated 14,389 ha production forests and forestland. 4 SFEs belonged to the province (Vi Xuyen, Hoang Xu Phi, Bac me, Yen Minh) were not allocated forests and were not granted land use rights certificates since almost forests and forestland under those SFEs'

management were planned as protection forests, the SFEs just acted as owners of 661 project.

To date, the province has not yet established any management boards for protection forests. Protection forests and forestland were all managed by local authority. 661 and HPM projects' owners contracted hamlet communities or farmer households to protect, regenerate and plant forests.

+ Management boards of allocated special-use forests: 53,689 ha

+ Other organizations (polices, frontier soldiers, schools.): 76,490 ha

+ Households (67,764 households): 181,857 ha

The proportion of forestland allocated to households accounted for 58.3% of the total allocated forestland. Most of the land allocated to households were used for forest gardens, on average each household was allocated 2.68 ha, equal to only 53.6% of the level set by the province (at the Decision 1338/QD-UB of 20/7/1999 to regulate the maximum area of forestland allocated to a household to develop forest garden was 5 ha/household). The number of farmer households allocated with forestland for forest garden made up 72.4% out of the total farmer households of the province.

For protection forests, 661 and HPM project owners contracted in 30 years' tenure to hamlets for protection, regeneration and plantation.

Only HPM project has signed contracts with communes and districts to protect 20,000 ha forests at upland area in 1998, 1999, 2000.

The analysis above showed that Ha giang was the province to well implement land policy of the State. Most of forestland has been allocated to people for management and use, 3/4 of the farmer households of the province has been allocated land to develop forest gardens. However, the number of households granted with land use rights certificates accounted just for 25%. Ha giang could be ranked at level 1 in implementing land policy.

## **2. Implementing financial policy to forestry activities**

### **2.1 Investment policy**

The province has well implemented investment policy as regulated at the Decision 661:

- Planting protection forests: 2.5 million VND for the first 3 years
- Regenerating and enriching forests: 1 million VND for the first 6 years
- Protecting forests: 50,000 VND/ha/the first 5 years
- Managing projects at the locality: 6% of the total investment capital

The province has not implemented the support of 2 million VND/ha for households to plant rare and precious species since the Central had not disbursed the fund yet.

To encourage people at upland districts which suffered from lots of difficulties but the forest cover was low, the provincial People's Council had the Resolution to increase contract level for forest protection from 50,000 to 100,000 VND/ha/year for 4 districts Dong van, Meo vac, Yen minh and Xin man using the fund source from the component of forest protection in the HPM project.

### **2.2 Credit policy**

- In general, agro-forest production at Ha giang was just for self-sufficiency, capital demand was not high. Only some agricultural or forestry enterprises accessed the credit source of the National Investment Support Fund. Nevertheless, wood for paper materials was now difficult to consume, the bank debts were at time to repay but since the enterprises could not sell wood so they could not pay the bank and therefore dared not to borrow for continuous development of the forests. Moreover, favorable interest rate for investors to develop forests was 3.5% as regulated in the 264 Decision, but it was 5.4% now under the Decree 43. Such interest rate was too high, forest planters would not make profit so they dared not to borrow for the forestation. At present, only 3 SFEs under the Paper Corporation located at the Bac quang district borrow credit with favorable conditions to tend, protect and plant forests.

- According to the State regulations, farmer households could borrow up to 10 million VND from the Bank on Agriculture and Rural Development for expanding production and business without collateral. However, to ensure safety for its capital and avoid risks, the local banks required households to list their properties certified by local authority, but the local authority dare not certify so households demanding capital still could not obtain it.

### **2.3 Tax policy**

- All the cases to exploit wood and products from natural forests for sale had to pay natural resources tax as stipulated by law. However, since the wood volume exploited from natural forests was just from 2,000 - 3,000 m<sup>3</sup>/year, the tax revenue from this source was not much.
- According to the Decision 2430-1999/QĐ-UB of 22/11/1999 by PPC of Ha giang, exploitation of wood, products from forest gardens for domestic use or contribution to construct infrastructure at hamlets, communes, districts would be exempted from natural resources tax. This regulation of the province did not comply with the Law on natural resources tax but met expectation of people and should be considered a rational one.
- The Law on land use tax stipulated that those to plant production forests had to pay land use tax when exploiting products. The tax level was 5% of the exploited products' value, calculating on the base of practical exploited volume and prices at the forests. Land use tax would be exempted when forest was planted on bare land and hills.
- Law on land use tax should have been calculated basing on land area and type but the Land regulated and implemented based on actual production and value, which discouraged rational and effective use of land and did not have any bases to exempt tax in case forests were planted on bare land and hills.
- Exemption of business tax for purchasers of agro-products from upland and remote communes could not be done since it was impossible to identify who were the purchasers of agro-products from upland and remote communes.
- The income tax to be left for SFE as regulated at the Decision 187-1999/QĐ-TTg could not be done as well since 4 SFEs under the province did not do business so did not have profits. The other 3 SFEs under the Paper Corporation though did business from planted forests but gained very little profits so the income tax they were allowed to keep was negligible. In short, implementation of forestry financial policy of Ha giang was just at level 2, i.e. basically complete the State policies.

## **3. Organizing service activities for forestry**

### **3.1 Input services**

- Ha giang had only some SFEs and big farms demanding and eligible to borrow capital from the National Investment Support Fund. Procedures to get credits were rather simple and convenient.
- Land of agricultural and forestry enterprises/farms eligible to conduct business has been granted land use rights certificates, the exchange, sale and mortgage could be done quickly.
- Under the market mechanism, the purchase of materials, equipment to serve agricultural production was quite easy.

### **3.2 Services on propagation, transfer of technology and production guidance**

- The State extension force in the entire province had 59 persons, including 12 staff at the provincial Extension Center and 47 staff working at 10 extension stations of districts, towns. The State extension force was very few, that engaged in agricultural extension only, they could not afford to implement forestry extension activities.
- Thanks to support from MRDP and HPM projects, propagation units, extension clubs have been set up in some hamlets, many communes have permanent extension staff working on contract basis. The network of unofficial extension staff has contributed significantly to disseminate policies and advocates of the State, and transfer advanced technologies to farmers.
- Forestry extension activities were often conducted by owners of forest projects. 4 SFEs belonged to the province, district project management boards were owners of 661 project, 3 SFEs under the Paper Corporation were owners forestation projects for paper materials. District extension stations were owners of the components on forest protection contracts under HPM project. Organs assigned to be forestry project owners have organized forest extension staff to guide local farmers to collect and process seeds, seedlings for forestation, use technical silviculture methods in protection, regeneration and enrichment of forests. In general, people at hamlets have captured well forest production techniques.

### 3.3 Output services

- Small-scale processing establishments at Ha giang were yet developed to process forest products (especially non-timber products) collected by local people.
- Extension force has not updated information for local people on market demands and price changes of major forest products in the region. Farmers (especially those living at upland and remote areas) could sell available products at local markets, they did not know to produce goods demanded by markets.

### 3.4 Role of SFEs in providing services

According to the Decision 187 by the Prime Minister, SFEs were defined as State-owned enterprises to do business on forests. SFEs applied the self-financing mechanism and provided "inputs - outputs" services for farmers. Let have a look at the SFEs at Ha giang to see how they conducted such functions. There were 7 SFEs operating at Ha giang, including:

\* **Vi Xuyen SFE** (belonged to the province): had 26 staff, including 18 workers, 4 forestry engineer. Fixed assets of the SFE were negligible, the SFE was not allocated forests and forestland and did not do forestry business. Since 1999 to date, the SFE acted as owners of 2 projects: 661 and fixed cultivation, sedentarization projects of the district. Total budget invested annually was 600 - 800 million VND, the SFE used the budget line of project management fee (6% for 661 project) to pay salaries for its management staff so the staff income was very low.

\* **Hoang Xu Phi SFE** (belonged to the province): had 35 staff, including 22 workers. Fixed assets of the SFE were negligible (1 office, 1 nursery garden, 1 Minsk moto cycle and 1 computer). The SFE was not allocated forests and forestland and did not do forestry business. Since 1999, the SFE has acted as 661 project owner implemented on 22 communes located at upstream area of Chay river, the total budget invested annually was 900 million VND.

The SFE used the budget line of project management fee (6%) to pay salaries for its management staff, the workers directly took part in seedling at nursery garden, planting forests and were paid from the contract. Income of SFE's staff and workers was, therefore, very low.

\* **Bac Me SFE** (belonged to the province): had 21 staff, including 11 management staff and 10 workers, they did not have any engineers. Fixed assets of the SFE were negligible. The SFE was not allocated forests and forestland and did not do forestry business. At present, it was charged with 3 duties:

- Owner of 661 project on 9 communes of the district
- Owner of Fixed cultivation and sedentarization project at 2 communes
- Management and protection of the Bac Me natural preservation area Annual fund allocated to the project implementation was 800 million VND.

The province planned to change Bac Me SFE to management board of Bac Me natural preservation area.

Salary of the SFEs' management staff relied on the source of project management fee so it was quite low.

\* **Yen Minh SFE** (belonged to the province): had 65 staff, including 12 management staff and 53 workers, The SFE was not allocated forests and forestland and did not do forestry business. At present, it was charged with 2 duties:

- Owner of 661 project
- Management and protection of the Du Gia natural preservation area Annual fund allocated to the project implementation was 700 - 1,000 million VND.

The SFE used project management fee source (6%) to pay salary for its management staff, which just covered 50% of the regulated salary level.

The SFE did not have any valuable asset. The province planned to change it to management board of Du Gia natural preservation area.

Through analysing current status of 4 SFEs belonged to the province, it was shown that those SFEs did not have production and business activities of a State own enterprise. They existed as management boards of 327 project in the past and 661 project at present.

According to the evaluation of provincial authority, the SFEs would act as forestry project owners better than project management boards since the boards' members were from district organs and did only part-time work. Added, the SFEs' staff were technically qualified and experienced in forest management, assigning the SFEs as forestry project owners was quite rational.

\* **Cau Ham SFE** (belonged to the Paper Corporation): had 134 staff, including 8 forestry engineers, 17 technicians (junior college graduated), 109 workers. Besides, it had 131 workers working on seasonal contract basis.

The SFE presently managed and used 5,441 ha land located at 8 communes of Bac Quang district, including 1,284 ha natural forests, 1,744 ha planted ones, 1,544 ha forestland without forests, 778 ha agricultural land and 91 ha of other land types. The SFE was granted with land use right certificate in 1998. All the forestland area was in the paper material plan of Bai Bang paper plant.

The SFE was charged with plantation of forests to supply materials for Bai Bang Paper plant using its own capital source and credits from the National Investment Support Fund and banks. Annual turnover of the SFE was 2.5 - 3 billion VND. The greatest difficulty of the SFE at present was to pay the banks' debt, many planted forests were at harvesting age, required to be exploited for sale so as to enable payments to the banks but the SFE could not exploit since it could not consume the products due to unbalanced demand - supply of paper materials. Supply was too much over demand.

**Ngoi Sao SFE** (belonged to Paper Corporation): had 106 staff, including 7 engineers, 8 technicians (junior college graduated) and 91 workers.

SFE at present managed and used 4,641 ha land located at 5 communes of Bac Quang district, including 1,133 ha natural forests, 1,159 ha planted forests, 1,696 ha forestland without forests, 250 ha agricultural land and 404 ha other land types. All the land area managed by the SFE was granted Red book in 1998, and was in the paper material plan of Bai Bang paper plant.

The SFE did business by planting forests to supply materials for Bai Bang paper plant. The turnover was 2 - 2.5 billion VND/year. The SFE's fund sources were its own capital and credits from the National Investment Support Fund and banks.

Ngoi Sao SFE faced the same difficulty as Cau Ham, i.e. unable to consume its products.

\* **Vinh hao SFE** (belonged to Paper Corporation): had 214 staff, including 12 engineers, 14 technicians (junior college graduated) and 188 workers. Besides, it hired 120 people working on contract base.

SFE at present managed and used 4,907 ha land located at 5 communes of Bac Quang district, including 165 ha natural forests, 2,448 ha planted forests, 1,344 ha forestland without forests, 243 ha agricultural land and 706 ha other land types. All the land area managed by the SFE was granted Red book in 1998, and was in the paper material plan of Bai Bang paper plant. The SFE operated production and business, including the following activities:

- Planting forests to supply materials for Bai Bang paper plant.

- Produce pulp from bamboo to sell for Viet Tri paper plant. The turnover was 2 - 2.5 billion VND/year. The SFE's fund sources were its own capital and credits from the National Investment Support Fund and banks.

As Ngoi Sao and Cau Ham SFEs, the main difficulty of Vinh hao SFE was not to have enough markets to consume wood from planted forests.

SFEs under the Paper Corporation were not assigned to be owners of 661 and other projects but they conducted well its role in supplying services:

- Through short-term or package contracts, or contracts in accordance with Decree 01, joint-venture, cooperation, the SFEs have created employment for not only their staff and workers but also hundreds of farmer households in the region.

- The SFEs have well undertake the function to supply fund for forestation, materials for agro-forest production and consumption of products for farmers. Without the SFEs, people could not access the National Investment Support Fund for credits to plant forests.

- The SFEs have well done the function to transfer technology and experiences on agro-forest production for local people.

Looking at the organization of forestry service activities, it showed that Ha giang has made great efforts. Though the material base and infrastructure were less developed, people's intellect was limited, the staff was in great shortage and unqualified, Ha giang has organized forestry service activities that met basic demands and were ranked at level 2.

#### **4. Assignment, decentralization to implement State management function over forests**

In the past, Ha giang, like all other parts in the country, faced with unclear definition between State management function and production, business function. State management agencies often interfered severely to the independent and self-responsible rights in production and business of the SFEs. In contrary, the SFEs undertook duties or gave out decisions as a State administrative organ. That situation has been gradually overcome along with the administrative reform process and the forestry reform. At present, State management agencies on forests only implemented the State management functions regulated at Article 8 - the Law on Forest protection and development (1991) and reiterated at the Decision 245/1998/QĐ-TTg.

Before the Decision 245's effectiveness, the provincial forest protection force, apart from the function to protect forests, had been charged with the duties of land and forest allocation, cadastral agency was responsible for issuing land use rights certificates. However, up to date only 26.2% of allocated land was granted Red books. The area that has not been granted Red book, "forestry book" was provided in stead in order to make people confident to develop production and business on their allocated land.

After the coming-into-force of Decision 245, forestland management covered land use planning, forests and forestland allocation; issuance of land use rights certificates were transferred to cadastral sector, the Sub-Department of forest protection just undertook the function to supervise implementation of forest laws, prevention and fire of forest fire, and direct instruction for conducting the component on "forest protection" in HPM project.

State management function over forests according to 245 Decision rested with agricultural and rural development sector but the forestry staff were few. DARD and Sub-Department of Forest development had only 8 permanent staff; at districts, each agricultural and rural development division had only 1 staff charged with forestry. At commune, though forestry boards were set up but there were no specialized forestry staff so the board's operation was not run regularly. With such staff force, agricultural and rural development sector was hard to cover all the duties indicated in the Decision 245.

To date, there were many staff, especially at district and commune levels, who were not well aware of contents of Decision 245 and their responsibilities in forest management and protection, they regarded it as the duty of their upper forest protection force.

People's involvement in forest management and protection at hamlets: land and forests have been allocated thanks to support from MRDP, HPM, Fixed cultivation and sedentarization projects, which have brought about active and remarkable results. Slash-and-burn practice no longer existed, forests of households and individuals were well protected, forests of community was also well managed, protected and used in accordance with village's regulations.

The Decision 245 has regulated State management responsibility over forests local governments at provincial, district and commune levels. At each administrative level, there were assisting specialized bodies. Hence, the province needed to have papers clarifying responsibility of agricultural and rural development, cadastral and forest protection sectors to assist PC at all levels in undertaking State management function on forests and forestland while organizing training for forestry staff at various levels so that they were well aware of the Decision 245. However, Ha giang has yet done those duties.

The above analysis has shown that the application of 245 Decision at Ha giang was ranked at level 2, i.e. meeting basic demands.

#### **5. Implementing policy on forest exploitation and beneficiary**

This policy has been regulated in the regulations to manage 3 forest types: special-use, protection and production forests issued under the Decision 08-2001/QD-TTg by the Prime Minister, Decision 187-1999/QD-TTg on SFEs' reform, Decision 02-1999/QD-BNN'PTLN and Decision 47-1999/QD-BNN-KL by the Ministry of Agriculture and Rural Development on the regulations on forest product management, exploitation and transport.

To implement the mentioned-above papers, Ha giang province had the Decision 2430-1999/QD-UB on 22/11/1999 to promulgate regulations on management, exploitation, transport, process, business and consumption of wood and forest product on the provincial area.

Contents of the policies on forest exploitation and beneficiary in the Decision 2430 were as follows:

### **5.1 Exploiting wood and products from natural forests (including production and critical, very critical protection forests)**

- Forest owners were allowed to exploit, collect lie-down trees due to natural disasters, naturally-dead trees and other forest products because of forest clearance to get land for other use purposes in compliance with decisions made by competent State agencies.

- Forest owners were allowed to make use of byproducts of wood and trees like flowers, fruits, oil, resin, leaves, herbal trees, different types of mushroom (for pine resin, it was permitted to exploit resin in the way to encourage its growth)

- Forest owners were allowed to apply selected exploitation of less than 20% of existing resources for the following species: bamboo, bambusa multiplex forma alphonsockarri, neohoujeaua dulloa, viburnum colebrooklanum, arundinaria spathiflora, rattan, calamus tenuis. Bamboo, bambusa multiplex forma alphonsockarri, neohoujeaua dulloa, viburnum colebrooklanum could be exploited in the off-season of bamboo shoots.

To issue forest product exploitation license, forest owners had to prepare application and exploitation design certified by local commune PC and then district PC, after that submitted it to DARD for appraisal, basing on which PPC would approve for DARD to issue exploitation license and inform local forest protection station to supervise the exploitation, stamp on exploited wood to ease transportation and consumption.

### **5.2 Exploiting wood from planted forests**

i. For planted protection forests: applied as natural ones

ii. For planted production forests: when the forests came to harvesting stage, exploitation mode was decided by forest owners.

For the planted forest areas located at the mountains or hills' summits, upstream of springs, it was allowed to totally exploit at the first cycle - at the next one, selected exploitation mode to be applied for not over 30% of the existing deposits, such areas would be gradually turn to protection forests. Procedures and competence to issue exploitation license would comply with articles 21, 23 - Chapter II of the Decision 02-1999/QD-BNN/PTLN on 22/11/1999 by MARD.

### **5.3 Exploiting wood, forest products in forest gardens**

When forests were at harvesting stage, forest owners were allowed to exploit wood, forest products in forest gardens for own use or sale.

i. If they exploited wood, forest products for use or contribution to construct basic structures at hamlets, communes, districts, they would have to inform commune PC. If they exploited rare, precious wood (under groups I, II, III) for use, they had to send application to PPC, DARD to get license.

ii. If they exploited wood, forest products in forest gardens for sale, they had to send application to commune PC to forward to district PC. If they exploited non-timber products, district PC would consider the application and issue permission. If they exploited wood for sale, district PC would write their comments on the application and submit it to PPC for approval, then DARD for issue exploitation license.

From the introduction of Decision 2430 of Ha giang, it could be drawn some remarks, as follows:

- Ha giang had 4 natural preservation areas of over 60,000 ha but in the Decision 2430 of the province, there were no regulations on the exploitation and share of non-timber products in those forests.

- Decision 2430 just stipulated the rights to exploit and benefit forest products of forest owners, has not yet mentioned the rights to exploit and benefit of households contracted by forest owners to plant, protect and regenerate forests.

- From the point of view to gradually reduce and then stop wood exploitation from natural forests in some years' time, it was rational when the Decision 2430 provided some strict regulations and procedures relating to wood exploitation from natural forests.

However, such strict regulations should not be applied for non-wood products, forests owners should only need to get permission from district PC, and not all non-timber products required exploitation design (like rattan, calamus tenuis.), resulted in waste.

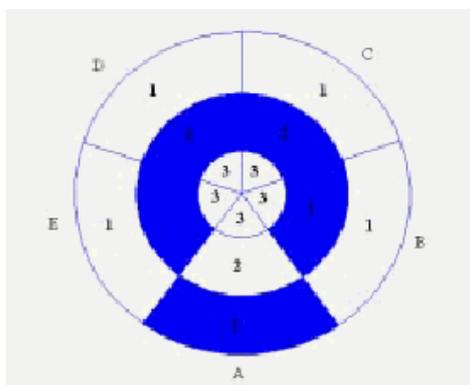
The Decision 2430 regulated rather simple procedures to allow households exploiting wood and products from forest gardens for sale, but difficult procedures if it was for sale, i.e. to require approval from PPC and then exploitation license from DARD. Such procedures were too troublesome. For precious, rare wood planted or regenerated for some 70 years by people, it was even harder if they wanted to exploit and use. Whilst, the State now encouraged plantation of rare, precious species, even granted 2 million VND for 1 ha, therefore it was not rational if Ha giang did not have support policy for both the plantation, exploitation and use of rare, precious species.

It is proposed to regulate that all wood and products from forest gardens were belonged to forest owners. They were entitle totally to decide exploitation and use of such products and did not have to apply for permission from any organs. They just needed to notice commune PC and the nearest forest protection organ to get certification of legal exploitation status.

Analysis of the introduction of exploitation and beneficiary policies from forests at Ha giang showed that it was in lack of some important regulations (like the policies for contracted households, exploitation and use of forests at natural preservation areas). In the household economy policy, Ha giang has yet facilitated hosueholds to create goods from forestry activities which could brough about significant income source for them. However, compared to some provinces in the region, Ha giang has had the Decision 2430 - an important paper to guide implementation of exploitation and benefit policy from forests. In general, Ha giang was ranked at level 2 - fulfilling basic requirements of the State policy.

Basing on the ranking at the end of each analysis on the implementation of some main policy group, the forestry policy implementation of Ha giang could be reflected at the following diagram:

**Diagram 3 - Levels to implement forestry policies of Ha giang**



Including:

A. Policy and mechanism on forestland management

B. Forestry financial policy

C. Organizing service activities for forestry sector

D. Organization, assignment and decentralization of State management over forests

E. Exploitation and benefit policy from forests

## II. YEN BAI PROVINCE

Yen Bai is a mountainous province at the North, has the natural area of 688,292 ha, population - 679,684 people from 30 ethnic minorities, the 3 main minorities are Kinh 53%, Tay 17.6%, Dao 9.3%, H' Mong 8.1%, Thai 6.1%, others 5.9%. Each minority has its own culture, tradition, customs and different levels of people's intellect, therefore their awareness to comply with State policies were at different levels, as well.

Total laborers of Yen bai are 343,692 people, accounting for 47% of the population, including 167,302 male (48.7%) and 176,390 female (51.3%). Those engaged in agro-forestry production are 277,015 people, making up 80.6% of the total laborers. Unemployment prevails rather commonly.

Yen bai is an agricultural province. Recent years, thanks to the application of new seeds and advanced farming techniques, paddy yield has reached 3.25 tons/ha, corn - 1.72 tons/ha. Average food production was 224 kg/capita/year, yet to meet consumption demands of the locality. However, at the off-season, hunger still happened at some remote and isolated villages, communes.

According to the forest inventory 1999 published in 1/2001, the current status of land and forests at Yen Bai was as followings:

### **Total natural area: 688,292 ha<sup>1</sup>, including:**

1. Forest-covered land 258,918 ha; forest cover 37.6%; total wood production: 14,649,000 m<sup>3</sup> Including:

1.1 - Natural forests Including 180,430 ha potentially deposited: 12,09,000 m<sup>3</sup> wood

+ Medium forests 4,347 ha

+ Poor forests 51,099 ha

+ Regenerated forests 51,978 ha

+ Mixed forests (wood + neohoujeaua dulloa) 10,141 ha

+ Bamboo, neohoujeaua dulloa 23.865 ha

1.2 - Planted forests 78,488 ha potentially deposited: 1,564,000 m<sup>3</sup> wood

2. Bare land and hills 309,360 ha accounting for 44.9 % natural area

3. Agricultural land 66,692 ha accounting 9.7% natural area

4. Residential land 3,697 ha accounting 0.6%

5. Other land types: 49,625 ha accounting 7.2%

Yen bai has 7 districts and 2 towns (Yen bai and Nghia lo), the entire province has 180 communes, wards, among which 165 communes have forests and forestland, 64 mountainous communes are in specially difficult condition. Some 560,000 people are living in forestry area (94,000 households), who almost applied fixed cultivation and sedentarization however their production was mainly for self-sufficient and their living conditions were very hard.

Below is the analysis of the forestry policy implementation of Yen bai.

## 1. Policy and institution on land and forest management

### 1.1 Land and forest classification

Forests and forestland at Yen bai were classified as protection and production forest land (no special-use land). Protection forests were divided into 2 levels: critical and less-critical (no very critical protection forests)<sup>2</sup>, which were different from the Regulations on managing 3 forest types promulgated under the Decision 08-2001/QĐ-TTg to classify protection forests at 2 levels: critical and very critical protection forests (no less critical protection forests).

Yen bai divided production forests into industrial and speciality forests (cinnamon), there was neither forests to plant big-size wood species to serve construction nor to supply fuelwood for domestic use. In practise, such types of production forests were indispensable.

Land and forest classification in Yen bai was not suitable with the classification stipulated by the State, which would result in difficulties while introducing State policies. For instance, in the Decision 661, the State promulgated the support policy (grant aid) for forest owners planting rare, precious species with long-cycle growth in production forests, the support level was 2 million VND/ha. However, in the classification of Yen bai, such type of forests was not included so how to implement that support policy.

For land without forests (309,360 ha), Yen bai has based on the current status of vegetation on the earth surface to classify it into 3 types:

- Bare land IA: to have grass, saccharum arundinaccum or banana
- Bare land IB: to have bushes, few wood trees, bamboo, neohoujeaua dulloa
- Bare land IC: to have many regenerated wood trees

Based on the above classification, Yen bai has identified bare land possible to be used for forestry - 202,787 ha, accounting for 65.5% of bare land and hills of the province. If all provinces could do as Yen bai, the identification of areas for forestation and regeneration would be rational and accurate.

### 1.2 Forestland use planning

Basing on forests and forestland classification as mentioned above, Yen bai has formulated land use planning as the following table.

**Table 6: Yen bai forestland use planning**

No.	Forest types (classified according to usepurposes)	Total forest land area (ha)	Including			
			Land with forests (ha)	Bare land, hills		
				Total (ha)	Restored methods	
					Regeneration	Plantation
	The whole province	461,705	258,918	202,787	82,716	120,071
1	Protection forests	252,578	135,236	117,342	77,271	40,071
1.1	Critical protection forests	182,882	96,056	86,826	46,755	40,071
1.2	Less critical protection forests	69,696	39,180	30,516	30,516	
2	Production forests	209,127	123,682	85,445	5,445	80,000
2.1	Industrial material	161,084	115,639	45,445	5,445	40,000

	forests					
2.2	Speciality forests (cinnamon)	48,043	8,043	40,000	40,000	

Due to the above land and forest classification, in that table, it was absent the land used for forest to plant big-size wood for business; in protection forests, it existed land for less critical protection forests which should be included in production forest land, as stipulated by the regulations on 3 forest types.

Based on the forestland use planning table, the province has worked out investment project for conserving and developing protection forests, as followings:

1. Project on Mu cang chai watershed protection: 50,198 ha
2. Project on protection forest development at Tram Tau station: 43,746 ha
3. 661 project - Van Chan district
4. Project on Forest seed of Yen bai province. Objectives: to set up 381 ha for seedlings, 2 seed production centers, 9 nursery gardens of 10 ha each, each year to supply 30 million standard seedlings.
5. 661 project - Luc Yen district: 57,217 ha
6. 661 project - Yen binh district: 48,378 ha
7. 661 project - Van Yen district: 88,796 ha
8. Project on the plan to upgrade landscape forests at Yen bao town (2,450 ha).

5 among the aforesaid projects were placed priority, including

Projects on Mu cang chai watershed protection, Tram tau, Van chan, Luc yen and Forest seeds, while still maintaining industrial material forests implemented by 9 SFEs at present.

In general, the identification of forest boudary has just been marked on maps by the project but yet at sites. Therefore, the land encroachment and disputes between households and SFEs occurred commonly.

Most of the communes in the province have worked out land use planning; communes having forests have had plans to protect and develop forests but the common situation was most of those planning and plans were prepared using "top-down" mode, local staff and people were rarely invited to participate in the preparation process so its viability was limited.

### 1.3 Land allocation, forest allocation and contract

According to the report dated 25 June 2000 by Cadastral Department of Yen bai, by end May 2000, Yen bai has allocated land and forests in compliant with the Decree 02/CP for organizations, households and individuals, as followings:

- Total forestland having been allocated: 152,699 ha, accounting for 33% forestland, including:
  - + Forests-covered land: 39,640 ha, equal to 26% of the allocated forestland
  - + Bare land and hill: 113,059 ha, equal to 74% of the allocated forestland
- Land and forests having been allocated to the following objects:

+ Households (31,905 households): 92,768 ha, 2.9 ha/households on average

+ SFEs (9 SFEs): 59,931 ha (mainly production forests land)

- 31,459 ha forestland allocated to 19,637 ha households have been granted land use rights certificates, accounting for 34% allocated forestland area

Besides, with the assistance from the MRDP, Yen bai was establishing 8 models on community forests management at Mu cang chai, Van chan, Tran yen and Yen binh districts. At each model, the district PC allocated the hamlet community a natural forest area of some hundreds ha for management, protection and use in accordance with regulations of local people living at upland region. Organization and management of the community to the forests met desire and were appropriate with customs of upland people but according to the Civil Code, hamlet community did not have legal status so in the legal papers relating to land allocation, there were no regulations on land allocation to residential community.

For the forests, mainly protection ones yet to be allocated, commune authority and forest protection force were responsible for protection and management. The province organized implementation of 661 project, assigned local SFEs to act as project owners, the SFEs used fund disbursed from the State budget to contract households, hamlet communities, local organizations, unions (farmer association, veterant association.) to protect, regenerate and plant foersts.

Relating to the implementation of land and forest allocation pilicy at Yen Bai, we had the following comments:

- 33% of forestland has been allocated to organizations, households, individuals, the remaining 67%, mainly protection forests have not been allocated. The province did not set up foerest maangement boards to act as forest owners and take responsibility to manage those forests as regulated in the Forest management regulations issued together with the Decision 08-2001/QD-TTg.
- Forestland size allocated to housheolds depended on the land availability of each commune but was not over 30 ha/household. Where possible, the province encouraged households to get bare land to do forest business using farm model. At present, Yen bai has had hundreds of forest farms from 5 - 30 ha.
- The current contracts for protection, regeneration and plantation of forests according to 661 project were undertaken by SFEs (project owner) while SFEs were not forest owners so they were not entitled to sign contracts of over 30 years as regulated by the Decree 01. The SFEs could only rely on the fund allocated by the project to pay for the contracts. Therefore, when the SFEs had fund, they signed contracts; when they did not have fund, they did not sign contracts so contractee was not confiient to protect forests. If they were paid they well cared forest protection but if they were not paid, they did not care and forests suddenly had no owners and therefore were destroyed. To overcome that situation, protection forests areas had to be set up, and depending on their area, they would be contracted for different objects to protect. If the area was over 5,000 ha, forest management boards were set up with permanent staff and stable salary fund source. Land and forests would be allocated and land use rights certificated to be granted for the boards so that they would be reponsible for managing, protecting the forests in long and stable terms as indicated in the Decision 08. If the area was under 5,000 ha, it was not necessary to set up management boards. The forests could be allocated to households, individuals and community for management and protection. They were also invested by the State as for the management board.

In general, for the forest classification, land and forest use planning and land, forests allocation, the implementation of policy relating to land and forest management at Yen bai reached level 2 - meeting basic demands of the policy.

## **2. Implementation of financial policy to forestry activities**

### **2.1 Investment policy**

According to the current financial policy, the State Bank would invest in management, protection, regeneration and plantation of special-use forests, critical and very critical protection forests at the following levels:

- Planting special-use, protection forests: 2.5 million VND/ha (for plantation and tending for the first 3 years)
- Regeneration and supplementary plantation: 1 million VND/ha (for 6 years)
- Forest protection: 50,000 VND/ha/year (in 5 years' time)

For production forests, if rare and precious species with the growth cycle of over 20 years were planted, forest owners were supported 2 million VND/ha (forest belonged to its owner). Planters of production forests using quick-growth species could access favorable credits.

Yen bai has implemented seriously investment policy of the State, only the support fund for forest owners if they planted rare and precious species in production forests (2 million VND/ha) has not been disbursed by the State for implementation.

The contracted forest area for protection approved by the State got smaller from year to year. However, to maintain the area to be protected as the first years, Yen bai had to divide the total fund allocated annually for forest protection to the total contracted forest area since the first years, so the payment was only 23,000 - 28,000 VND/ha/year, not 50,000 VND as regulated.

Regarding the forest protection contract, Yen bai has placed priority for households living nearby the forests, that had labor and was the target for poverty alleviation. Nevertheless, with the contract payment of only 28,000 VND/ha/year, each household could well protect only around 20 ha forests and the total income they could have from forest protection was 560,000 VND (28,000 VND x 20 ha) which was too little and unattractive to people.

## **2.2 Credit policy**

Production forest planters could borrow capital from the National Investment Support Fund with favorable interest rate - 5.4%/year regardless accumulated interest. The term was consistent with growing cycle of forest trees (8 - 12 years), the debt and interest would be repaid when forests were exploited. The National Investment Support Fund provided credits basing on the feasibility studies. However, the 5.4% rate was too high, inappropriate with nature of the business on long-cycle forest trees which had great risks. Some years ago, forest planters could access favorable credit sources in accordance with the Decision 264, the interest rate was 3.5%/year for forestation, if they were lucky enough, they could gain profits of 10,000 - 12,000 VND/m<sup>3</sup>, i.e. after 8 - 10 years, profits from 1 ha planted forest was 500,000 - 600,000 VND/ha. The current rate of 5.4%/year was too high, many people dared not to borrow because they feared of lost. Only few SFEs and forest farms kept borrowing credit to tend and protect the planted area.

Besides, the National Investment Support Fund often disbursed fund after the forests were planted, but to plant forests, it was required to clear the vegetation, prepare land and seeds from the previous year. To conduct such work, they had to borrow fund from credit organizations with commercial interest rate of 12 - 15%/year. The average interest rate from other sources and the National Investment Support Fund was 7% so planters often got lost in their production.

Though the State policy regulated that farmer households could borrow up to 10,000,000 VND from the fund without collateral but to ensure the fund's safety and avoid risks, the bank staff often asked the ones applying for the credits to hand in land use right certificates or the list of their properties certified by commune PC. In many cases, the households were just given "forestry book" by forest protection force, yet the land use rights certificates, or the PC was afraid to bear responsibility over the credits so it did not certify on the property list, or the households were too poor to have anything valuable to list so they could not access the credit for forestation.

## **2.3 Tax policy**

According to the legal papers on tax, products exploited from natural forests would have to pay natural resources tax from 0 - 45% basing on the practically exploited volume and selling prices at region II. Those doing business on planted forests had to pay land use tax, when they exploited planted forest products, they had to pay tax once equal to 4% of the gained value (depending on the practical production and selling prices at the forests). They were exempted from land use tax if forests were planted on bare land, hills. Those doing business on planted forests did not have to pay VAT.

For SFEs, if they gained profits from doing business on forests, they were allowed to keep the income tax to re-invest in forest development.

The State allowed provincial budget to keep all revenues from forest resources tax, forestland use tax for the province to use in forest management, protection and development.

Yen bai province has strictly applied the Law on natural resources tax when exploiting wood and other products from natural forests. The forestland use tax applied on forests to supply paper materials was 20,000

VND/ m<sup>3</sup> (while it was 10,600 VND/ m<sup>3</sup> in Tuyen quang and 8,000 VND/ m<sup>3</sup> in Phu tho), equivalent to 4% of forest products, depending on practical production and selling price at region II (equal to price of standing trees + exploitation cost + transportation fee to the area accessible for vans to get in and load the wood).

Through the investigation at Yen bai Forest product company, the buying prices of paper materials at region II, Yen binh district in 1999 were as followings:

- Eucalyptus: 270,000 VND/ m<sup>3</sup>
- Styra<sup>x</sup> tonkinesis, Manglietia glauca: 200,000 VND/ m<sup>3</sup>
- Acacia: 215,000 VND/ m<sup>3</sup>

Land use tax paid for each product:

- Eucalyptus: 10,800 VND/ m<sup>3</sup>
- Styra<sup>x</sup> tonkinesis, Manglietia glauca: 8,000 VND/ m<sup>3</sup>
- Acacia: 8,600 VND/ m<sup>3</sup>

On average: 9,133 VND/ m<sup>3</sup>

If it was not able to apply different tax level for different products, the average tax was 9,133 VND/ m<sup>3</sup> but Yen bai has taxed 20,000 VND/ m<sup>3</sup>, twice as the required level, equivalent to 9% of the exploited value, which reduced income of forest planters.

Collection of land use tax in accordance with practical value of forest products did not encourage rational and effective use of forest land since with the same area, those applying intensive plantation had to pay more while those applying extensive mode had to pay less. Added, the province did not apply tax exemption for forests planted on bare land, hills.

Apart from the very high forestland use tax as mentioned above, from 1998 backward, Yen bai collected another fee to set up the provincial fund for reforestation. On average, 1 m<sup>3</sup> wood had to pay 20,000 VND. If we added this fee with the land use tax, 1 m<sup>3</sup> wood has to pay 40,000 VND, equal to nearly 18% of the wood. The high land use tax together with the fee for reforestation fund have increased revenue for provincial budget, enabled introducing solutions for socio-economic matters but it discouraged forestation so in 1998 the provincial People's Council has issued the Resolution to abolish the fee for reforestation fund, the only tax to be paid was land use tax (20,000 VND/ m<sup>3</sup>).

Through analysis of the forestry financial policy, we saw that Yen bai has implemented basic requirements of the policy and was ranked at level 2.

### **3. Organizing service activities for forestry**

#### **3.1 Services for implementing the 661 program (5MHRP)**

The 661 program of Yen bai had the duties to protect existing forest area and plant 12,000 ha forests, regenerate 83,000 natural forests by 2010. To fulfil those duties, Yen bai has organized 9 local projects, including the one to develop forest seeds, which had the following duties:

- Set up 9 nursery gardens with the capacity to supply 30 million seedlings/year, which were located at districts planting forests
- Set up 2 centers producing seedlings using tissue culture and cutting techniques
- Change 381 ha forest to the one supplying seeds

Those duties reflected high attention paid by Yen bai in producing forest seedlings - the key factor to ensure success of the forestation. The instruction and implementation of 661 projects were assigned by the province for SFEs which acted as project owners. At Yen bai, almost SFEs were not only allocated land, forests for direct management, protection and plantain on cost-accounting basis, but also assigned to act as 661 project owners to receive and disburse fund, provide technical guidance and supply seedlings for people in the

districts to protect, regenerate and plant forest on forestland that was not owned by the SFEs. (See table 7 for more details).

**Table 7 - Forestland managed by the SFEs and project area**

SFEs	Number of staff	Area managed by the SFEs (ha)	661 project area where SFEs acted as project owners (ha)
1. Viet Hung SFE	154	9,400	19,214
2. Van Chan SFE	64	9,750	46,000
3. Ngoi lao SFE	143	6,061	
4. Luc Yen SFE	246	7,345	38,000
5. Yen binh SFE	69	4,942	26,000
6. Thac ba SFE	124	4,289	
7. Van yen SFE	202	7,733	43,000
8. Tram tau SFE	30	4,323	43,746
9. Pung luong SFE	160	15,165	50,198
Total	1,192 persons	69,017	266,163

With the available experiences, staff, workers and expertise, the SFEs have well fulfilled their functions as the project owners. From the stages of project formulation and management to the receipt, disbursement and technical design for forest plantation and regeneration, supply of seedlings, technical guidance for land preparation, forestation, examination and work commissioning. Staff and workers of the SFEs have made great contribution to the success of 327 project in the past and 661 project at present at Yen bai.

### 3.2 Output services

Yen bai has 5 districts - Tran yen, Yen binh, Luc yen, Van yen and surrounding area of Van chan district located in the area planned for forestation to supply materials for Bai bang paper plant. Out of the total 78,488 ha planted forests of the province, the forests for paper materials were 35,724 ha, including 3,500 ha forests at harvesting age. To ensure consumption of all products for farmers, the province allowed the SFEs - Yen binh, Luc yen, Van yen, Thac ba, Viet hung, Ngoi lao, Yen bai forest products company, Forestation Services Company 327 (Yen binh), forestation group of Minh quan commune and some limited companies to purchase wood for people and sell it to Bai bang paper plant. At present the serious unbalance between supply and demand occurred. Supply was much over demand. Each year, Bai bang plant consumes around 200,00 tons paper material wood to produce 48,000 tons pulp while the production of planted wood at harvesting age in the whole region was 420,000 tons, i.e. 220,000 tons were surplus. Since only Bai bang plant was the purchaser - the monopoly while supply was over demand resulted in disregarding wood quality and reducing wood prices.

The plant fixed the price of material wood at its gate was 330,000 VND/ton for styrax tonkinensis, 420,000 VND/ton for eucalyptus, 340,000 VND/ton for acacia. If we deducted other fees such as exploitation, transport, loading and unloading, in case of Yen bai, the price of selling trees was just 120,000 VND/ m<sup>3</sup> for acacia, 110,000 VND/ m<sup>3</sup> for styrax tonkinensis. Hence, forest planters got lost, especially at remote and isolated areas. To solve the surplus of paper materials, the province has set up 9 establishments to process planted wood and non-wood products, 3 SFEs had stations to process pulp and paper, expanded markets to Ha noi, Hai phong and directly exported paper and chopsticks to Taiwan. Though the province has introduced various solutions to expand wood markets for people but in-stock material wood was in serious situation. For example, forestation company 327 at Yen bai has cooperated with households at 20 communes planting paper material wood and by 5/2001, the in-stock wood production of the company was 80,000 tons. It has proposed to the Government to intervene so that Bai bang paper plant would buy the materials, however the plant itself also had 60,000 tons in-stock, if it kept buying, the materials would be eroded and reduce quality.

To deal with the situation at Yen bai in particular and at all other paper material areas in general, it was required to solve the problem basically and the main direction was to quickly develop establishments to process planted wood (like processing pulp, artificial board.).

In short, regarding the organization of services for forestry, Yen bai has made great efforts and gained lots of achievements but the "output" services still faced great constraints, forest planters could not sell their products or had to sell through many intermediators, were imposed prices and quality grade. It could be said that Yen bai has completed basic requirements and reached level 2.

#### **4. Assignment, decentralization to implement State management function over forest and forestland**

After the Government issued the Decision 245-1998/QĐ-TTg, the Sub-Department of forest protection has assisted the province to organize inter-sectoral meetings between agriculture and rural development, forest protection and cadastral sectors to discuss contents of the Decision and agreed on assignment of specific duties for each sector and each level.

##### **4.1 Provincial level**

- DARD assisted PPC to undertake State management function on forests. DARD did not set up Sub-Department on Forest development. DARD had 1 vice-director responsible for forestry, 1 forestry division with 6 university-graduated staff. The planning division of DARD also functioned as 661 project management office so it was difficult to cover all the State management functions as regulated in the Decision 245.
- Sub-Department of forest protection with 202 persons was organized to 9 stations, 1 mobile patrol unit and 3 specialized divisions. Apart from the function to supervision application of forest laws, forest fire prevention and fight and monitoring of forest resources changes, in the past the forest protection force also undertook land and forest allocation but after the effectiveness of Decision 245, this duty was handed over to cadastral sector.
- Cadastral Department assisted PPC to implement the responsibility on land management, including forestland. In the past land and forest allocation were instructed by forest protection sector, cadastral sector was just charged with mapping and issuance of land use right certificates. Presently, land and forest allocation was handed over to cadastral sector. With limited permanent staff, cadastral sector could afford to take care agricultural and residential land only and found hard to undertake and finish the duties of land, forest allocation and issuance of land use right certificates by 2002 as stipulated in the Directive 24 of the Prime Minister.

##### **4.2 At district level**

- According to the Decision 245, the district Division of ARD assisted district PC to implement State management over forests but almost divisions of ARD had only 1 forestry-specialised staff. For a mountainous district with large area, difficult transport condition, backward communication facilities, 1 staff found hard to master the entire forestry situation so as to advise district leaders to work out effective policies.
- Cadastral division assisted district PC to implement State management over land, including land allocation and issuance of land use rights certificates to households, individuals but it could just finished the duties on agricultural and residential land only. For forestland, since people were not in great need to get forestland use right certificates, Cadastral division did not pay sufficient attention to accelerate the allocation and issuance of "Red books" for people.
- Forest protection stations have fulfilled the responsibility to supervise management, protection of forests and forestland by forest owners, and transport of forest products but the assignment of forest protection staff to the locality to protect forests on-the-spot has not much done.

##### **4.3 At commune level**

Almost communes have set up forestry boards, had permanent staff, well organized people's force to protect forests, worked out and applied regulations on forest protection.

In general, the implementation of 245 Decision at Yen bai was not implemented largely and completed. Though provincial conference has been held but the conference's participants were limited to leaders of the province and some districts. After the conference, no guiding papers were prepared so many experts from divisions, units of province, districts and communes have not captured contents of the Decision, and their responsibility in implementing it.

Related assignment, decentralization of State management on forests to fully cover all the responsibilities indicated in the Decision 245, Yen bai was ranked at level 2.

## **5. Implementation of exploitation and benefit policies from forests**

Yen bai did not have any papers to guide implementation of forest exploitation and use policies like other provinces. The implementation of the province had to comply with regulations of the State, as followings:

### **5.1 Natural production forests of SFEs**

When the forests grew in sufficient time as regulated for an exploitation cycle and had deposit over 90 m<sup>3</sup>/ha, the SFEs would report to DARD to make proposal to PPC for exploitation. If the proposal was accepted, the SFEs would prepare exploitation design, DARD would appraise it and then sent it to PPC for further consideration and approval. The PPC after that submitted the design to MARD for appraisal. MARD issued decision to open forests for exploitation for each province. Basing on the forest open decision, the province would issue exploitation permission for SFEs, whilst asked the Sub-Department of forest protection to supervision the implementation. The procedures to exploit natural forests in Yen Bai complied with Decision 02-1999/QD-UB of MARD so forests were well protected. Households and residential community were contracted by the SFEs to protect forests with the payment of 23,000 VND/ha/year, allowed to collect forest byproducts for use. When the SFEs exploited forests, they were not shared the main products. AT some areas, after the exploitation, the contractee had responsibility to clear the forests and therefore they could collect left branches for fuelwood or making furnitures.

### **5.2 Natural forests of households, individuals and collectives**

To date, Yen bai yet allocated natural forests to households, individuals but while implementing Decision 184/HDBT (promulgated in 1993), many households was allocated land for developing forest gardens. After being regenerated, many gardens grew rather well with the main species as the ones of natural forests and were now at harvesting stage but they were not given permission by the province to exploit for use and sale in accordance with article 27 - Decision 02 of MARD. People have actively protected, regenerated their forests but were not enjoyed their working results, which were irrational and eradicated motivation of forestry work.

### **5.3 Intensive production forests planted by State own and private enterprises, households using State budget or favorable credits**

When forests were at harvesting age, forest owners prepared exploitation design, submitted it to DARD for approval and permission. Forest owners were responsible to pay back allocated budget (both the credit and interest) to credit institutions and to reforest within a year after the exploitation.

### **5.4 For forests planted by forest owners using their own fund, the owners were entitled to decide exploitation and use of forest products**

Procedures to exploit and use of planted forests at Yen bai were quite simple, consistent with regulations in the Decision 02 of the Ministry and Regulations on forest management signed by Prime Minister and issued together with Decision the 08-2001/QD-TTg.

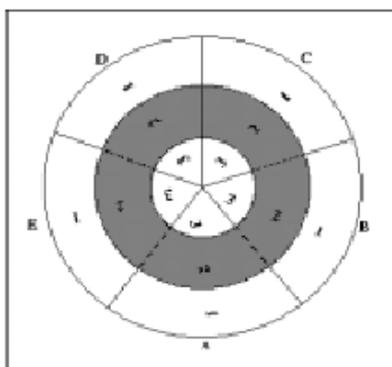
### **5.5 Critical and very critical natural and planted protection forests**

Yen bai had the policy to strict forbid exploiting products from protection forests. With the current status of forest resources, it was quite rational for Yen bai to forbid the exploitation. However, if contractee was not allowed to enjoy benefits from forests, even cutting for fostering trees' growth, how could we encourage people to be close with the forests and then when we did not have fund to pay the contracts, forests suddenly had no owners.

When we studied implementation of the policy on forest exploitation and use, Yen bai even had stricter regulations than the State policies, which did not facilitate people to enjoy benefit from forests and lived on forest work. Basing on the policy analysis criteria, we could classify Yen bai at level 2, i.e. complete basic contents of the policies.

We could reflect the implementation of 5 forestry policies by Yen bai in the following diagram:

#### **Diagram 4 - Implementation levels of forestry policies by Yen bai**



Including:

- A. Policy and mechanism on forestland management
- B. Forestry financial policy
- C. Organizing service activities for forestry sector
- D. Organization, assignment and decentralization of State management over forests
- E. Exploitation and benefit policy from forests

### III. LAO CAI PROVINCE

Lao Cai is a mountainous province next to Trung Quoc with the bordering line of 203.5 km. The total natural area of the whole province is 804.400 ha with 8 districts and 2 towns (Lao Cai and Cam Duong) including 180 communes of which 120 ones belongs to area III (area with special difficulties).

According to population investigation data (4/1999), there were 594.637 people living in Lao Cai of which men occupied 49,92%, women of 50,08%, rural population accounted to 82,87%. Average population density of the whole province is about 71 people/ km<sup>2</sup>, however, it is fragmented distributed as at remote and isolated area, population density is only 48 people/ km<sup>2</sup>.

Lao Cai has 27 minorities groups with the 4 dominant ones as: Kinh 32,74%, H.M«ng 20,67%, Tµy 13,88%, Dao 12,2%; all the remaining groups only cover 20,51% of the entire population. Each group has its own psychological and cultural features, however, in general their intellectual is low resulted in backward cultivation and a proportion of the population still live under shifting cultivation, slash and burn cultivation and poor conditions.

In terms of economic development, Lao Cai mainly relies on agriculture, self sufficient production with over 80% of the laborers engaged in agriculture, however, agricultural area only covers 84.271 occupied 10,5% of the entire natural area, food plantation area is 61.994 ha and in average of 0,1 ha/people.

Over the last years, agriculture sector in Lao Cai has actively mobilized local people to apply new high yield paddy seed, transfer seasonal pattern, apply advanced cultivation technique so as to increase paddy yield of winter-spring crop to 41,9 t<sup>1</sup>/ha, seasonal crop to 31,8 t<sup>1</sup>/ha, upland rice to 10,3 t<sup>1</sup>/ha, maize can be rotationally planted 3 times per year and in average of 16 t<sup>1</sup>/ha. Dispite all the cited efforts, food production in Lao Cai - however - only meets 82% of the practical needs.

According to forest inventory data in 1999 that published in January 2001, forest resources status in Lao Cai can be seen as follows:

- Natural area of the whole province: 804.400 ha
- Forest area 240.184 ha, forest coverage of 29,9%

Of which:

+ Natural forest: 202.589 ha

+ Plantation forest: 37.595 ha

- Barren land and denuded hills of 425.153 ha, of which 303.664 ha is usable for forestry purpose.

50% out of the total barren land and denuded hill area is covered by grass and located at the height of 700 m, and to be targeted for protection forest plantation. Forest deposits in Lao Cai has 17.244.264 m<sup>3</sup> wood and 207.512.000 bamboo and rattan trees, of which plantation forest wood deposit accounted 368.259 m<sup>3</sup>.

Hereby, we would like to deeply analyse forest policy implementation status in Lao Cai.

## 1. With regard to the implemenation of land management related policies and institutions.

### 1.1. Forest and land classification

Lao Cai also classifies forest land into 3 categories: special use (Hoang Lien Son nature conservation area), protection forest and production forest. Protection forest is not further classified as crucial and very crucial ones. It is very suitable not to further classified protection forest since even it is classified and indicated on the map, it is extremely difficult to have favorable conditions to identify the demarcation at the site. Furthermore, according to investment policy regulated at decision Nr.661, the investment norms for 1 ha of protection forest is unchangeable even it is crucial or very crucial forest, it is therefore not necessary to further classify.

Nevertheless, protection forest watershed classification only relies on technical criterion (such as slopping degree, soil composition, rainfall etc.) without paying sufficient attention to socio-economic criterion resulted in inappropriate planning. As a case in which protection forest is planned to be established on an area where number of Mong's villages are living and of course, in order to maintain their livelihood, they have to destroy forest for cultivation area, exploit forest for getting fuel and by doing that they create ressure to forest and forest hence, can not be established as well as it is expected.

### 1.2. With regard to forest and land use planning

Land use planning to 2010 can be seen as follows:

- Total natural area: 804.400 ha occupied 100%

- Agriculture land: 84.271 ha - 10,4%

- Forest land: 543.848 ha - 67,6%

Of which: + Land with forest: 240.184 ha - 29,9%

+ Barren land & denuded hills: 303.664 ha -37,7%

- Others 176.281 ha - 21,9%

Of which: river, stream and mountainous area:40.527 ha - 5 %

And forest land use planning can be discribed at the following table

**Table 8 : Forest land use planning (\*)**

Nr.	Types of Forest land	Total area (ha)	Of which		
			Protection	Special-use	Production

	Total forest land area	543.848	343.997	17.182	182.669
1	Land with forest	240.184	184.204	13.499	42.481
	- Natural forest	202.588	164.943	12.776	24.869
	- Plantation forest	37.595	19.261	723	17.612
2	Barren land	303.664	159.793	3.683	140.189
	- Regeneration	125.987	79.599	1.843	44.846
	- New plantation	153.410	80.134	1.838	71.388
	- Forest gardening, farming	22.270	-	-	22.270

\*) Source: *From forest land use planning report of Lao Cai*

It is shown from this data that:

- Total forest area in Lao Cai is 543.848 ha accounted to 67,6% of the natural area and it is proved that forest plays an important role in the provincial economy.

- The total planned protection forest area is 343.997 covering 63,25% of the total forest area and it is indicated that the protection of watershed and ecological environment has to be considered as the driving task of forestry sector in Lao Cai of which due attention should be paid to the rehabilitation of more than 159.793 ha of barren land and denuded hills.

- Production forest area is 182.669 ha, occupied 33,59% forest area of which new plantation forest is 140.186 ha targeting at providing inputs to industry and domestic use of local people.

To undertake forest land use planning task, Lao Cai province submitted the proposal Nr. 180/TT-UB dated 27/3/01 requesting for the approval of the project on Red river watershed protection forest establishment from now to 2010 with the followings tasks:

- Protection of 85.791 ha of the existing forest
- Rehabilitate 35.022 ha of natural forest, in average of 3.500 ha/n<sup>o</sup>m.
- New plantation of 17.000 ha, in average, 1700 ha/n<sup>o</sup>m is planted each year.

The project's activities related to forest protection, regeneration and new plantation are taken place at Bat Xa, Van Ban, Bao Yen, Muong Khuong, Bao Thang district, Cam Duong and Lao Cai towns. Due to vast operational scope, the project is divided into 7 small ones: each district has one project with its perspective project management board while Cam Duong and Lao Cai share one project and its management board is attached to Lao Cao People's Committee.

Besides, the province is preparing to submit MARD to approve the following projects:

- Da river protection forest project
- Chay river protection forest project
- Project on tranformation of several plantation forests into seedlings forest
- Paper material plantation forest project at Van Ban, Bao Thang and Bao Yen districts.

- Socio-economic development project at 7 communes in Sa Pa where valuable Pomu wood is available.

Thought to be completed, all the cited forest and land use planning to 2010 as well as the above said projects were developed under top-down approach without any participation of local people resulted in the situation in which appropriate planning is still missing at some communes located within project area. In addition to that, local people are still insecure about the exact forest and forest land at their commune not alone its type. Therefore, people still carry out rotational cultivation in protection forest or even planners still arrange cultivation land for protection forest establishment so as to restrict the viability of the planning.

### **1.3. With regard to forest and land allocation**

According to report of Forest Protection Department (8/2000) and forest inventory data in 1999 (published by the Central forest inventory committee in 1/2001), around 297.461 ha was allocated up to the end of 1999 covering 51% forest area in the province.

Of which:

- Natural forest: 76.490 ha, occupied 37,8% of natural forest in the province
- Plantation forest: 37.595 ha, occupied 100% plantation forest. It means that 51% of forest land area and 37% of natural forest has its real respective owners.

Unallocated forest land and natural forest of about 264.387 ha is managed and protected by forest protection force and respective district and commune authorities including 103.263 ha of natural forest accounted to 62,2% of natural forest area in the whole province.

Target groups to be allocated with forest land and forest in Lao Cai are as follows:

- + State organisations (inclusive of management boards of protection, special-use and production forests, state forest enterprises, armed forces): 190.785 ha, of which 97.880 ha with forest.
- + Cooperatives and households: 89.454 ha of which 22.836 ha with forest (only 5.087 ha were allocated to households\*).

-----

(\*) According to project on planning of barren land and denuded hill in the province (8/2000) page.18

Law on forest protection (1991), Land law (1993) as well as other Decree such as Decree Nr.02/CP (1994), Decree Nr.163 (1998) all affirms that: Natural forest and land belong to the entire population and under state management. The State allocates forest and forest land to organisations, households and individuals for long terms and stable use in accordance State's planning orientation. However, just a small area has been allocated, particularly households only allocated 5.087 ha, covering 1,7% of the allocated forest land area.

Unfortunately, we do not have specific data on number of households allocated land so as to know exactly how many square meter is each household allocated in average?

Forest protection force is now managing all forest and forest land allocated to state organisation as well as unallocated area, other owners of previous projects such as 327 and the current 661 use state budget for paying forest protection, regeneration and plantation contract to farmers households, mass-organisation at villages and communes (within 6 years, only 13,659 ha of forest was planted, 7,518 ha was regenerated and 41,392 ha was protected under contract form).

Luo Cai has not yet applied contract form in which contractee is entitled to forest products in a sustainable and long-term manner (20 years) as regulated at Decree Nr.01/CP (1995). Contractees are insecure and losing confident if they are contracted on annually basis as they only have income unless contract fund is available and they are not sure whether they are contracted next year or not. If forest is not contracted for protection, it will be destroyed for cultivation or illegal exploitation will be occurred even by the people who was contracted to protect that last year.

After analyzing the implementation status of forest land policy and institution in Lao Cai, we all find out that the feasibility of forest land use planning options and investment projects on land and forest use is rather limited, additionally, limited area of forest and forest land were allocated, the on-going applied contract mechanism has not yet created opportunities for contractees to benefit from forest in a sustainable and long-term manner. Therefore, the implementation of policies and forest land management mechanism in Lao cai can be ranked at level 2 - meaning that the province just satisfy basis requirements of policies.

## **2. With regard to financial implementation status over forest activities.**

### **2.1. Investment policies**

As well as other province, Lao Cai strictly applies investment norms regulated at decision 661-1998/Q§-TTg of the Prime Minister as follows:

- New plantation: 2,5 mil VND/ha (including plantation and tending in the next two years)
- Forest regeneration and enrichment: 1.000.000 vnd/ha (during 6 years).
- Plantation of rare and valuable species of over 20 year-cycle: 2 mil.vnd/ha funded by the State as grant aid (belong to planters).
- Forest protection: 50.000 d/ha-year (during the first 5 years), the State has not yet supported any fund to forest owners for plantation of rare and valuable species. It is extremely difficult to plant forest under the fund of 2,5 mil.d/ha since currently, most of the existing barren land and denuded hills area need to be greened particularly at remote and isolated area. It is obliged to reduce several steps within forest plantation sequence if the above said investment level is still remained and it will lead to low proportion of live trees and low forest quality. It is necessary for the state to increase investment norm from 3.5 to 4 mil.vnd/ha for all the plantation forest to reach technical requirement.

A part from that, for over 4 years (1997-2000), Lao Cai development project, MRDP has supported 1,285 million vnd to 324 villages, hamlets at 21 communes of 5 districts in Sa Pa, Bao Thang, Muong Khuong, Bac Ha, Si Ma Cai in order to sow 7,176.000 seedlings to provide to households engaged in forest plantation. If forest density is calculated as 2,500 trees/ha, such provided seedlings is enough to plan forest on 2,870 ha of barren land and denuded hills.

### **2.2. Regarding credit policy**

According to the existing policies, people involved in industrial inputs forest plantation (paper, artificial board) are entitled soft loan from the National investment support fund with the interest rate of 5.4%/year during 8-10 years without calculating compound interest. Both the original loan and interest are paid once after carrying out forest exploitation. The National investment support fund provides loan on the basis of individual feasible projects approved by competent agencies.

Besides, organizations, households and individuals are provided loan from other credit organizations with commercial interest rate for production development. Farmer's households can ask for loan up to 10 mil.vnd from agricultural bank without any mortgage.

*(\*) Source: From report prepared by Ralf Gilliusson - 3/2001*

In Lao Cai, only 3 districts as Van Ban, Bao Thang, Bao Yen are located within industrial inputs forest plantation planning area, so if there is any need for soft loan, it is necessary to develop feasibility study to be approved by competent agencies. This regulation is really difficult for households whose forest is planted on several ha only.

Hence, only 3 forest enterprises, Van Ban, Bao Thang, Bao Yen have sufficient conditions to ask for soft loan from the national investment support fund, however, they dare not to ask for loan for further plantation since their products are abundant and have not yet been consumed. They only ask for loan for tending and protecting the planted forests.

With such conditions and procedures, farmer's households can hardly get loan directly from the National

investment support fund; instead, they are invested by forest enterprise under joint venture, cooperation or contract.

At rural area, number of households that have demand for loan to expand production and develop career is rather low, most of them need money to deal with their daily difficulties so as they are unable to return the loan. That is why, credit organizations are very careful once providing loan.

### **2.3. Regarding taxation policy:**

- As stated at the existing policies, people who exploit forest products from natural forest are supposed to pay natural resources tax on the basis from 0 - 45% of the exploited products calculating base on the practical yield and price applied at the loading site Nr.II (depending on individual forest products). The total collected natural resources tax is to be transferred provincial budget for funding in forest protection and development activities.

Currently, there are only 2 forest enterprises involved in exploiting wood from natural forest with the volume from 2000 to 3000 m<sup>3</sup>/year, hence money collected from natural resources tax is not much, every expenditure in terms of forest protection and management is mainly relied on the disbursement from Central budget.

- It is regulated at the land use tax law that: after exploiting, people who plant production forest are obliged to pay land use tax in equivalent with 4% of their products value. (on the basis of the practical volume and selling price applied at forest). Over few years recently, due to difficult consumption, wood exploitation volume from plantation forest is only from 5000 to 8000 m<sup>3</sup>/year. If people have to pay 8000d/ m<sup>3</sup> as land use tax from industrial inputs plantation, the entire amount collected by the province is about 40 to 64 mil.vnd/year. Such a modest fund is far to meet the practical needs of the province on forest protection, regeneration and plantation, In fact, annually, Lao Cai needs 7,700 million vnd. (\*).

After analysing the implementation status of financial policies, we can see that Lao Cai has no single specific regulation on forest policies, everything is implemented as regulated by the Central level. Addition to that, we can also recognise from the analysing of tax policy implementation that forestry sector in Lao Cai has great potential, however its contribution to the provincial economy as well as provincial budget is too small. It is therefore possible to rank the implementation status of forest financial policy at level 2.

(\*). Source: from page 4, the proposal of Lao Cai on Red river watershed protection forest establishment project.

## **3. Regarding to forest services**

### **3.1. Main forest activities at Lao Cai**

Implement projects under the previous 327 and the current 661 programs. 6 out of the 10 projects under 661 programs are assigned to state forest enterprises as project owners.

State enterprises provide services to households that received contract on forest protection, regeneration and plantation such as project establishment, financial receiving and management, technical design, seedlings and inputs supply, forest plantation technical guidance, products commissioning, distribute and balance annual fund etc. State forest enterprises are considered as forest owners that implement and manage 661 projects better than other organisations and agencies.

However, with regard to state forest enterprise whose business activities are absence (such as Sa Pa, Bac Ha, Muong Khuong, Than Uyen), and only focus on implementing 661 projects, the management fee (6% of the total investment fund) is just enough to cover 50% of the necessary management activities and salary for managers. This is really a burden to these state enterprises.

### **3.2. With regard to state forest enterprises located within the industrial inputs forest plantation planning area or, where natural forest wood are exportable (such as Bao yen, Bao Thang, Bat Xat and Van Ban):**

Business production can be seen as the main activity of these enterprises. Besides, these enterprises can act as owners of 661 projects at the locality. They well function as 661 project owners and at the same time to ask for soft credit from the National investment support fund in order to invest in member's households and

farmer's households in the area to plant industrial inputs forest. State forest enterprises consume plantation forest products and natural forest by-products generated by households. Households will fail to access to soft credit to invest in forest plantation and their products will not be consumed if state forest enterprises are absent.

### **3.3. At Lao Cai, agro-forest extension system is also undertaken in compliant with Decree Nr.13/CP of the Government**

Agro-forestry extension center is at provincial level and agro-forestry extension station is located at district level, at communal level - there are number of extension staff working under contractual basis. However, extension staff are very weak in term of quantity and they usually have to deal with lots of boiling issues in agriculture sector so as not to have sufficient time to be engaged in forestry extension work.

Nevertheless, agro-forestry extension force have well implemented their assigned tasks to receive fund supported by MRDP to organise and instruct 324 villages and hamlets of 21 communes in project area "highland area development in Lao cai" to sow 7,176.000 forestry seedlings to plant on the area that they received red book.

In short, after analysing activities on organising services activities for forest production in Lao Cai, we can rank it at level II.

## **4. With regard to responsibility and decentralization on implementation of state management function over forest and forest land.**

After the issuance of decision Nr.245 -1998/QD-TTg, Lao Cai province instructed 3 sectors of agriculture and rural development; cadastral and forest protection to jointly meet and promulgate inter-department dispatch dated 9-10/2000 on assigning responsibility and decentralization on state management over forest and forest land at various levels.

As stated at this dispatch, responsibilities of individual sector and levels are regulated as follows:

### **4.1. At provincial level**

4.1.1. DARD is regulated as a consultant unit to assist People's Committee to exercise state management function over forest and forest land, DARD takes over the following tasks:

- Organise forest inventory, classification, review forest area and deposits, forest mapping and demarcation identification of each forest types both on the map and at practical site.
- Develop and forward forest planning, protection, development and use to province for further submitting to Government for approval.
- Guide people's committee at district level to develop forest planning, protection, development and use; organise appraisal for submitting to provincial people's committee for approval; instruct the implementation of such plans and plans.
- Organise the appraisal of natural forest wood exploitation design and subsequently submit to provincial people's committee for approval and promulgation of exploitation licence. Directly appraise and issue licence on exploitation of plantation forest wood, forest products and natural forest non-timber forest products
- Within the assigned authority, develop and submit legal documents to provincial people's committee for stipulation or directly stipulate these legal documents targeting at instructing and guiding people's committee at district and communal level and local people to under state's policies, regulations and rules on forestry sector.
- Directly manage and instruct activities related to forest seedlings
- Directly manage, instruct social forest projects, mountainous rural development projects and other 661 projects.

Within DARD's forest management structure, there is one vice director responsible for forestry sector in addition to one forestry section constituted by 7 staff and most of them are forestry engineers. These people take over all responsibilities related to forestry sector.

4.1.2. Cadastral department: Is a consulting unit to assist provincial people's committee to exercise state management function over land including forest land, cadastral department is responsible for the following tasks:

- Organise forest inventory, review forest land and forest area, develop and manage cadastral map. In addition, instruct and guide cadastral section at district level to monitor changes related to forest land, periodically report these changes to provincial level.
- Develop and forward land use planning including forest land of the whole province to provincial people's committee for further submitting to Government for approval and implementation.
- Guide people's committee at district level to develop land use planning and plans (inclusive of forest land), organise the appraisal of these plannings and instruct the implementation once they are approved by provincial people's committee.
- Organise land allocation and lease; revoke, register, prepare cadastral files, issue land use right licence.
- Organise inspection and control of land use, settle down land use conflicts including the ones on forest land.

To under take the cited tasks, DARD has 25 staff that graduated from agriculture and forestry oriented university or highschool. Before the issuance of decision Nr.245, land and forest allocation was taken over by forest protection force and now, this duty is handed over to cadastral department and some officials from forest protection also transferred to cadastral department to implement this task.

4.1.3. Forest protection station is identified as consulting unit to assist provincial people's committee to exercise state management function over forest, forest products management at Lao Cai province. FPsD is supposed to take over the following tasks:

- Inspect, check and deal with administrative violence, involve in civil procedures in the field of forest management, protection and use.
- Monitor changes of forest resources and forest land.
- Manage and instruct forest protection stations at district level, and forest products control stations and mobile forest protection groups to enforce the law on forest protection and development.
- Directly manage special-use forests in the province
- Participate with cadastral department in the field of forest land allocation
- Participate in forest land allocation with cadastral department
- Organise the development and instruct the implementation of forest fire protection and fight measures as well as forest pest prevention. To implement the above said tasks, there are 173 official staff working in forest protection force, 28 out of the total number are working at the office, 80% of the staff were graduated from university and professional high-school.

#### **4.2. At district level**

4.2.1. Agriculture and rural development section (SARD) is a consulting unit to assist district People's Committee to exercise state management function over forest.

SARD is responsible for the hereafter tasks:

- Formulate forest planning; forest management, protection and use plan to submit to provincial people's committee for approval. Guide communal people's committee to formulate plans, planning related to forest management, protection, development and use within responsible area. Organise the appraisal to forward to district People's committee for approval. Instruct the implementation of the developed plannings and plans.
- Coordinate with cadastral section to carry out forest land allocation to households and individuals.

- Consult district People's committee - within entrusted mandate - to promulgate legal documents in order to undertake policies, regimes and regulations related to forest in the district.
- Participate with cadastral section and forest protection station to settle down conflicts on forest and forest land use right.

Each SARD has at least 1 forest specialized official to undertake the above mentioned tasks.

4.2.2. Cadastral section is a consulting unit to assist district People's Committee to exercise state management function over land including forest land.

Cadastral section is responsible for the following tasks:

- Formulate and forward land use planning and plan including forest land to provincial People's committee for approval and implementation. Guide communes to formulate land use planning and plan at commune.
- Coordinate with forest protection station, SARD and people's committee of communes to carry out forest land allocation and lease to households and individuals. Deal with procedures and issue land use right licence to the right target groups.
- Instruct cadastral staff of communes on the field of land management.
- Monitor, check up the enforcement of policies and law related to land.

To undertake these tasks, each cadastral section is nominated from 5-6 staff. After transferring forest land allocation task to cadastral unit, several district forest protection staff who involved in this task also move to work at the latter.

4.2.3. Forest protection station: is a consulting unit to assist district People's committee to exercise state management function over forest protection and to be a unit to enforce the law on forest protection, management, development and use.

Forest protection station is responsible for:

- Inspect, check up activities related to forest management, protection and use in the whole province. Deal with sanction against administrative violence and involve in civil procedures within the entrusted authority.
- Coordinate with cadastral section in forest land allocation activity.
- Coordinate with SARD in formulating forest management, protection and utilization plans in the whole district.
- Act as standing unit of the district steering committee on forest fire protection and fight.
- Assign forest rangers of station to practical site, each forest ranger is responsible for 1 or 2 communes with forest. Field forest ranger coordinates with communal people's committee to organise activities related to forest protection and management in the area.

Number of official staff working at each forest protection station is depended on forest area available at district as well as the complexity of forest protection activities - in average each forest ranger is nominated for 1000 ha of forest.

### **4.3. At communal level**

Each commune has one forestry board with the core part constituted by specialized forester, field forest rangers and cadastral official.

Communal forestry board takes over the instruction of formulating forest and forest land planning; forest and forest land management, protection and use plans at locality. Additionally, communal forestry board in coordination with cadastral section also not only organise the instruction and mobilization of people to actively participate in implementing these plannings and plans once they are ratified by district People's committee but as well guide land allocation process taken place in commune and guide villages, hamlets to develop and

undertake convention on forest management, protection and use.

Organise, mobilize mass organizations to participate in forest fire extinguish, forest pest prevention etc.

Decision Nr.245 of the Prime Minister regulates state management responsibility over forest and forest land of authorized body at various levels. Besides, the inter-decision of Lao Cai also coherently regulates concrete duties responsible by individual functional agencies at various levels. According to these documents, forest protection force on one hand takes over the task of ranging forest and on the other hand be in charge of managing Hoang Lien nature conservation area, protecting forest and coordinating with cadastral agency in the field of forest land allocation.

It is appropriate to assign more tasks to forest protection force since they are very strong in terms of number, more or less 200 staff. Moreover, they are well and closely organised under vertical system from province down to commune. If they are not assigned more tasks, their potential and capacity will not be well used and exploited.

After the joint meeting between leaders of provincial people's committee and core staff of various agencies in the province and after chairman of district people's committee started to undertake decision 245, training courses were held in most of the districts targeted at officials from specialized agencies and chairmen of communal people's committee in order to guide the implementation organization of decision 245. Subsequently, chairman of communal people's committee had meeting with functional staff of eople's committee, representatives of people's council to disseminate contents of decision 245 and the inter-agencies document of the province as well as implementation plan of decision 245 in commune. Thanks to this dissemination, specialized staff and officials from local authority at province, commune, villages, hamlets can realize their responsibilities on forest and forest land management and protection.

It may be too early to affirm that Lao Cai's untiring efforts in organising, assigning and decentralizing state management over forest have brought significant results in forest protection, nevertheless, it may be said that Lao Cai is one of the province that goes forwards in organising the implementation of decision 245. That is why, it can be ranked at level I for the implementation of this policy.

## **5. With regard to the implementation of exploitation and beneficiaries policies.**

Lao Cai strictly follows all State's policies, regimes and regulation related to exploitation and beneficiaries from forest as specifically:

### **5.1. In terms of production forest is natural forest of state forest enterprises:**

Forest enterprises are allowed to exploit consistent with forest regulation program. In order to get exploitation permission, forest enterprises have to report to dARD and ask for exploitation permission from the previous. Once to be approved by provincial people's committee, forest enterprises shall develop and forward to DARD the exploitation design for appraisal. After being ratified by province, the exploitation design shall be further submitted to MARD for further appraisal. State forest enterprise shall receive exploitation lisenze by DARD when MARD issued decision to open forest. In parallel, FPsd also receives this exploitation lisenze for cross-checking when carrying out activities related to checking, monitoring during exploitation process and marking forest protection hammer for certification on each log.

Forest enterprise is entitled to the entire exploited forest products value after paying natural resources tax. Additionally, it is responsible for cleaning forest after exploitation and report to forest protection station to prepare procedures to close forest for breeding until the next exploitation rotation.

People who are contracted to protect and breed forest are not entitled to forest products once main exploitation carried out. However, they are entitled to collect by-products and paid from 23.000d to 50.000d/ha-year depending on practical conditions. They may participate in forest cleaning when they can make use of the remaining peak from the trees to use as fuel and furniture.

Currently, only two forest enterprises V<sub>n</sub> B<sub>μ</sub>n and B<sub>t</sub> X<sub>t</sub> are allowed to exploit wood from natural forest with the volume from 2000 to 3000 m<sup>3</sup>/year.

### **5.2. With regard to natural forest of households and individuals:**

Lao Cai does not allocate natural forest to households and individuals, however, previously when undertaking decision Nr.184 of the Ministerial Council (now called as Government), Lao Cai already allocated forest area that adjacent to inhabitants for establishing forest garden. Up to now, after nearly 20 year allocating land to local people, thanks to appropriate application of the natural regeneration, number of natural forests with potential deposits have been rehabilitated on households. forest garden area. However, the province only allows households to exploit for utilization purpose, not for selling because in order to get more income, they may exploit State's natural forest.

**5.3 With regard to production forest planted by State budget, preferential loan:** forest owners have the right to exploit and use once forest reach mature, however, they are responsible for on one hand paying the funded capital or loan (including interest) and on the other hand replanting forest within one year after exploitation. To get exploitation license, forest owners have to elaborate and forward exploitation design to DARD for appraisal and providing license. In addition to that, they are under monitoring of forest protection force during forest products exploitation, transportation and consumption process.

Plantation forest products serving as paper production inputs usually focus at 3 forest enterprises: Van Ban, Bao Thang, Bao Yen with the annual volume from 5000 to 8000 m<sup>3</sup>. Households are contracted to plant and tend forest for the first 3 years and then hand over to forest enterprise for protection or contract to adjacent households for protection until exploitation. Contracted people may paid in cash or products once exploitation is carried out. They are entitled to 2% of products value for every year of protection.

**5.4 With regard to plantation forest planted by households, individuals. capital:**

Perspective owners are entitled to exploit, use and consume all the trees planted in households. garden or scatterly planted. Before exploiting, they need to inform communal people's committee in order to get certification for legal forest products exploitation.

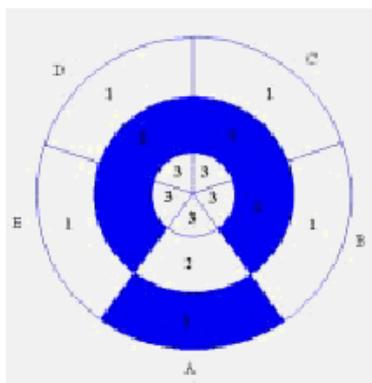
**5.5 With regard to protection forest (very crucial and crucial):**

For the time being, Lao Cai is prohibiting to exploit protection forest products on (inclusive of natural and plantation forests). People contracted for protection are paid from 30.000d to 50.000d/ha-year and allowed to collect non-timber forest products.

Lao Cai is ranked level II for the implementation of policies on exploitation and beneficiaries as they undertake basic requirement of these policies.

Base on the ranking towards the implementation of individual forests policies groups, we can indicate on diagram as follows:

**Diagram 5 : Implementation level of forest policies in Lao Cai**



Of which:

A: Implementation of forest land managerial mechanism and policies.

B: Implementation of forest financial policies

C: Organisation of forest services activities.

D: Organisation on the implementation of state management decentralization over forest.

E: Implementation of forest exploitation and beneficiaries policies.

#### IV. PHU THO PROVINCE

Phu Tho is a midland and mountainous province located at Northern central area with total natural area of 351.857 ha, forest area covers 125.965 ha, forest coverage reaches 35,8%. Phu Tho province has 10 districts and 2 towns (Viet Tri - Phu Tho), total population of (\*) 1.275.100 belonging to 21 minority groups of which Kinh people occupy 85% of the entire population. Population density is about 368 people/ km<sup>2</sup>. Population increasing rate is 1,2%/year.

Total laborers in the province are 685.000 people, accounted to 53,8% of the entire population, of which laborers engaged in agro-forestry occupied 80,5%. Over recent years, economy has had some positive changes with GDP/capita increased from 1,95 mil.vnd in 1995 to 2,17 mil.vnd in 2000. People's livelihood improved initially, poverty proportion reduced from 23% in 1996 to 11% in 2000. Food products/capita reached 285 kg/capital in 2000.

Land use status (\*) in 2000 can be stated as follows:

Total natural area: 351.857 ha

Including :

- Agriculture land 95.986 ha covering 27,3%
- Forest area with forest 125.965 ha - 35,8%
- Unused barren land and denuded hills 101.420 ha - 28,8%

Of which: land can be used for forest production: 74.899 ha

Forest and forest land status can be indicated at table 9

**Table 9. Forest and forest land status in Phu Tho**

Types of forest	Area (ha)	Proportion %	Deposits
<b>I. Area with forest</b>	<b>125.965</b>	-	<b>3.337.472 m<sup>3</sup> wood and 55.970.000 bamboo and rattan trees</b>
<b>1. Natural forest</b>	<b>63.778</b>	<b>100</b>	<b>1.855.879 m<sup>3</sup> wood</b>
- Rich	114	0,2	25.750 m <sup>3</sup> wood
- Medium	4.222	6,6	688.640 m <sup>3</sup> wood
- Exhausted	13.732	21,5	1.030.052 m <sup>3</sup> wood
- Rehabilitated IIA	24.254	38,8	-
- Rehabilitated IIB	4.673	7,3	111.455 m <sup>3</sup> wood
- Mixed	854	1,3	101.120 m <sup>3</sup> wood and 2.125.000 bamboo trees
- Mono-bamboo and rattan	15.929	24,3	53.845.000 bamboo trees
<b>2. Plantation forest</b>	<b>62.187</b>	<b>100</b>	<b>1.380.455 m<sup>3</sup> wood</b>

- Eucalyptus	29.263	48,2	
- <i>Styrax tonkinensis</i>	16.442	25,3	
- Others	16.482	26,5	
<b>II. Barren land potential for forest plantation</b>	<b>74.899</b>	-	-

(\*) Source: provincial statistical book

(\*\*) Source: forest development planning document of the province

From the cited statistical data, we can see that plantation forest area covers nearly 50% of the area with forest. Within natural forest, rehabilitated forest occupied the largest area in comparison with other type. It indicated remarkable successes of Phu Tho in planting and regenerating forest over the last years.

However, natural forest deposit is still very poor, young forests still covers 38,8% of the natural forest area.

Within plantation forest, eucalyptus forest covers 48,2%, it is under the discussion that the plantation of eucalyptus may lead to soil degradation. Barren land area is quite large (nearly 80.000 ha) mainly exhausted land or locating at remote or isolated area so as to create difficulties for forest plantation activities and at the same time require high investment level.

Phu Tho has great potential in terms of labor and land. Forest resources comprise various and abundant fauna and flora provided with suitable transportation condition. Additionally, industrial inputs forests are located nearby consumption centres. Above all, leaders of both the provincial Party and authorized bodies pay special attention to exploit all the cited potentials and advantages.

In 1997, the Standing Party issued Resolution Nr. 07 on organization of forest management, protection and development for the period from 1997 to 2000.

In 1998, the Standing Party issued Resolution Nr.03 on development of paper inputs zone to 2010.

In 1999, the Standing Party issued Resolution Nr. 16 on intensifying leadership, organising the implementation of forest plantation plan on 80.000 ha in Phu Tho area (within the 5mil. Ha afforestation program).

In 2000, the province reviewed the implementation of the Resolution Nr. 07 of the provincial Standing party.

These said Resolutions have raised appropriate guidelines and options to reach high consensus between leaders and local people in establishing and developing forestry sector.

Hereby, we would like to deeply analyse the implementation status of several forest policies in Phu Tho.

## **1. With regard to the implementation of forest land management policies and institutions.**

### **1.1. Forest and forest land classification**

Like other provinces, Phu Tho classified forest land into 3 types: protection, special-use and production forest land. Differently from others, while classifying production forest, Phu Tho does not only base on natural conditions but as well on forest products market so as to ensure smooth consumption of outputs and benefit to forest planters. Similarly, classifying protection forest is classified into crucial, very crucial and locally protected types on the basis of the land thickness, slopping and high level, current status, function and the role of the catchment need to be protected. Very crucial protection forest mainly focus at Bua river watershed (Thanh Son) while crucial types can be seen at Bua river, Ao Chau, Ngoi Gianh watershed.

Locally protected forest often locate at the top of mountain and hill, upstream of streams that have function on

protection of cultivated field, environment or some communes, villages and hamlets of districts as Doan Hung, Thanh Thuy, Tam Nong, Phu Ninh, Thanh Ba, Yen Lap, Song Thao, Ha Hoa and Thanh Son.

Base on the classification of forest land and demarcation marking on the map, Phu Tho identified demarcation at practical site by organising forest owners and local authority to prepare statement certifying demarcation of forest and land on the site by natural markers (stream, path, etc. )

Thanks to concrete identification of forest and forest land, the province identified investment priority as ranking follows: very crucial protection forest, crucial protection forest and locally protected forest.

### 1.2. With regard to land use planning

Phu Tho developed land use planning in an attempt to establish forest in accordance to its functions as stated at table 10:

**Table 10 (\*) Forest land use planning in Phu Tho to 2010**

Nr.	Types of forest	Total forest land area (ha)	Of which			
			Forested land (ha)	Barren land		
				Total (ha)	Forest rehabilitation	Forest plantation
<b>I</b>	<b>Protection forest</b>	<b>87.311</b>	<b>67.501</b>	<b>19.810</b>	<b>9.971</b>	<b>9.839</b>
	Of which:					
1	Very crucial protection forest	43.311	37.501	5.810	-	5.810
2	Crucial protection forest	26.066	15.588	10.478	6.449	4.029
3	Locally protection forest	17.934	14.412	3.522	3.522	-
<b>II</b>	<b>Special use forest</b>	<b>7.575</b>	<b>7.109</b>	<b>466</b>		
<b>III</b>	<b>Protection forest</b>	<b>105.978</b>	<b>51.355</b>	<b>54.623</b>	-	<b>54.623</b>
	Of which					
1	Paper material forest	45.634	23.140	22.494	-	22.494
2	Other economic forest	53.334	28.215	25.129	-	25.129
3	Fruit trees plantation and meadow for livestock	7.000	-	7.000	-	-
	<b>Total</b>	<b>200.864</b>	<b>125.965</b>	<b>74.899</b>	<b>9.971</b>	<b>57.928</b>

(\*) Source: Forest development planning in Phu Tho (June/2010)

Base on planning documents, the province instructed districts for further instructed communes to develop forest development planning for their locality. We had chance to look at the forest development planning document of Thanh Son district (a district with forest land area covering 50% of the total forest land area in the province) This document was developed rather concretely and then discussed and ratified by people's council.

However, outstanding issues are unavoidable due to the application of the top-down approach while developing planning, provided with that - the classification of forest and forest land just relied on natural conditions without paying special attention to economic and livelihood features resulted in the situation where

cultivated land was also incorporated into area for protection forest establishment leading to land conflicts.

### **1.3. With regard to forest and land allocation**

Resolution Nr. 07/1997 of the Party's standing committee required to review activities related to forest and land allocation, any unallocated area is supposed to be allocated to organizations, households and individuals so as to provide real owners to forest.

To undertake Resolution Nr.07 of the Party's standing committee, up to September 2000, Phu Tho already allocated forest land to organizations, households and individuals in accordance with Decree Nr,02/CP with the following results: (\*):

- 141.909 ha of forest land was allocated, accounted to 70,6% of forest land, the remaining 58.995 can not be allocated as it is located at remote and isolated area. Forest protection force in coordination with communal local authority directly manage and protect this area including 29.935 ha of protection forest contracted to community, households or household groups for protection, regeneration and rehabilitation under 661 fund. It may be said that, Phu Tho basically fulfilled land allocation task in compliant with decree Nr.02/CP.

- Totally, 110.656 ha of forest land has been allocated and with land use right license, accounted to 78% of the total allocated land. This is rather high proportion in comparison with other provinces in the country-wide.

Phu Tho has allocated forest land to the following target groups:

+ State forest enterprises (9 SFE under Vietnam paper corporation) were allocated 36.362 ha, mainly forest area planted by these enterprises previously provided with barren land and denuded hills planned for paper material forest plantation. Phu Tho has neither established protection forest management boards as regulated at decision Nr.08 nor allocated natural forest and forest land planned for protection forest plantation to state forest enterprises. On the other hand, Phu Tho does not assign the tasks as 327 (previously) and 661 (currently) project owners to state forest enterprises as other provinces because the province wants forest enterprises to intensively concentrate on business production.

+ Special use forest management board (inclusive of Xuan Son natural preservation area and Hung temple historical relic area): 5.772 ha.

+ Armed forces and other organizations: 706 ha.

+ Households and individuals (31.100 households): 99.069 ha, in average each household is allocated 3.19ha to plant forest and carry out combined agro-forest production. Total number of households engaged in agriculture and forestry sector in Phu Tho is 109.600 ones of which 31.100 households were allocated forest land and provided land use right license so as occupied 28,37% of the entire agro-forestry engaged households in the province.

-----  
 (\*) Source: 3 year review report on the implementation of Resolution Nr.07 of the provincial party's standing committee in Phu Tho

Farming economic in Phu Tho strongly develops thanks to land allocation for forest garden establishment. At the present, there are more or less 2.059 farms with production scale from 1,0 ha upward with the total area of 9.340 ha, in average 4,5ha/farm. Districts have great number of farms such as Doan Hung 601 ones, Thanh Son: 423. Income get by households involved in farming business is 3 or 4 times bigger than that of other households.

A part from being allocated forest and forest land consistent with decree Nr.02/CP, annually households; individuals and communities are also contracted to protect, regenerate and plant forest by state forest units such as special-use forest management board, management board of 661 projects and state forest enterprises. Long term and stable contract (for 50 years) as regulated by Decree Nr.01/CP has not been applied in this province.

By analysing the status related to the implementation of forest land management policies and mechanism in

Phu Tho, we can find out that the province classifies forest and forest land in a very concrete manner, in addition - planning activities are carefully conducted and basically, forest land allocation has been completed provided with the provision of land use right license.

Phu Tho is ranked at level I for good implementation of state policies.

## **2. With regard to the implementation of forest financial policies**

### **2.1. Investment policies**

2.1.1. In the field of protection, special use forest protection and regeneration; Phu Tho also applies investment levels regulated at decision 661 as specifically:

- Protection forest plantation: 2,5 mil.vnd/ha (for plantation and tending of the next 2 years).
- Forest regeneration and enrichment: 1 mil.vnd/ha (during 6 years).
- Forest protection: 50.000 vnd/ha/year (for the first 5 years). Phu Tho has not been funded by state budget to support to people who engaged in production forest plantation by rare and valuable species (2 mil. vnd/ha) as regulated at decision 661.

2.1.2. For plantation of paper inputs forest, state forest enterprises and farms. owners use their own capital and loan to invest in plantatin iva contract, joint-venture with households. Investment level may be 5mil vnd/ha (if plantation by nursed seedlings under traditional approach and 8.5 mil.vnd/ha (if plantation by nursed seedlings under tissue approach m« hom).

- If invest 5 mil.vnd/ha, productivity will reach from 5- 8 m<sup>3</sup>/ha-year.
- If invest 8,5 mil.vnd/ha, productivity will reach from 10-15 m<sup>3</sup>/ha-year.

### **2.2. Credit policies**

State forest enterprises and forest farms are entitled to get loan from the National support fund with different preferential interest rates at different periods if they have paper material forest plantation projects: From 1990 to 1995, they were entitled to preferential credit in accordance with decision Nr. 264: interest rate is equal to 30 - 50% of commercial interest rate (around 3,5-5%/year).

Loan period is from 8 to 10 years without calculating compound interest; both the original amount and interest are paid once exploitation is carried out

- From 1996 to present, they are entitled to preferential loan to plant forest under conditions as mentioned above but interest rate is changing within the following years:

- + 1996 - 1997: 0,81%/month (= 9,7%/year).
- + 1998 - 1999: 7%/year.
- + 2000 - 2001: 5,4%/year, not as similar as the level applied previously under decision 264: 4,5%/year.

People are reluctant to ask loan to invest in forest plantation resulted from not only high interest rate and complex procedures applied by Phu Tho development support fund but also the avilability of wood material that hardly to be sold up and forest planters are under pressure in terms of price.

### **2.3. Taxation policy**

Though possessing 63.778 ha of natural forest with deposit of nearly 2 million m<sup>3</sup> of wood, 21,5% of forest area is still considered as exhausted one, 45% is newly rehabilitated young forest with no or very low deposit. In order to protect and rehabilitate natural forest in an attempt to strengthen protection capacity and at the

same time to remain bio-diversity, from 1993 Phu Tho prohibited to exploit natural forest, that is the reason why there is no income contributed to provincial budget from the collection of natural forest resources tax.

Concerning land use tax for paper materials forest plantation, the province gets 8000 vnd/ m<sup>3</sup> of wood, in equivalent to 4% of the selling price at forest. In comparison with other provinces like Yen Bai: 20.000 vnd/ m<sup>3</sup> and Tuyen Quang: 10.600 vnd/ m<sup>3</sup>, the applied rate of Phu Tho is consistent with that regulated by law.

However, with such an exploitation volume 50,000 m<sup>3</sup> from plantation forest and the average annual consumption of about 450.000 ster firewood, the less than 1 billion vnd as the collected land use tax is far to meet the provincial investment need in forest protection and development (about 7-8 billion vnd excluding from credit demands for production forest plantation). This figure helps us to conclude that the current contribution from forest and forest activities of Phu Tho to economy is still very limited.

By analysing the implementation of forest financial policies, we can see that Phu Tho has undertaken all the basis requirements of these policies - and it can be ranked at level II.

### **3. With regard to forest services activities organization**

#### **3.1. Services for 661 projects implementation**

The province assigns special-use forest management board (Xuan Son natural conservation area, Hung temple relic management board) to be owners of 661 projects in that special-use forest, assigns district that located within the area planned for crucial and very crucial forest to establish management board to undertake 661 project in district area. These management board often constituted by one vice chairman of district people's committee acts as project director provided with several staff from SARD, planning section, forest protection station, agro-forestry extension station etc. Management boards take over the following steps: project formulation; fund receiving and disbursement; seedlings and forest plantation materials supply; technical guidance in terms of seedling sowing and forest plantation; appraisal and financial balance. As members of these management boards are all casual staff, they can not spend their whole time and efforts to project management. It is said that, these boards can not manage 661 projects as effective as state forest enterprises like in many other provinces.

#### **3.2. Paper material forest business services.**

- There are 9 state forest enterprises and 1 forest planning Design Company attached to Paper Corporation. The latter is ready to design forest plantation and exploitation once to be ordered by customer. The former supply capital, forest plantation materials design and consume products generated by households via many forms such as contract, joint-venture etc.

- 2 schools of the province are operating serving human resources development target as the Central technician Nr.4, Agro-forestry technical high-school. Every year, these two schools train hundreds of young and qualified laborers serving forestry development process of Phu Tho in particular and its neighbouring provinces in general.

- 3 units participate in providing services related to technical transference and apply such as: Cau Hai forest research Center (under Forest Science Institute), Forest seedling company, Paper material research Center (under Viet nam paper corporation). These units play an active role in supplying high quality forest seedlings generated from tissue technology (as tissue eucalyptus, acacia and several high value indigenous species).

- Agro-forestry extension network is established from province, district down to commune, village and hamlet. However, this network mainly involves in agriculture extension rather than forestry extension.

- Forest products consumption is taken over by one network comprising various processing units:

- + 3 companies involve in paper processing industry: Bai Bang paper mill with consumption capacity of 350.000 tons of material/year; Lua Viet paper mill with consumption capacity of 15.000 tons of material /year, Viet tri paper mill of 75.000 tons/year.

- + 3 units involve in artificial board and chip wood processing industry in the province

+ 12 non-state enterprises and 145 households scale processing units are specialized in producing furniture and internal decoration. In general, technology applied for processing wood from plantation forest is rather weak provided with backward equipments and insufficient attention has been paid to develop small scale processing units at material zone.

However, there exists unbalance status between demands and supply, the abundant of paper material resulted in low price. The province has organised many units to purchase materials and regulate floor price applicable to paper material wood for individual areas in the province but due to urgent need of the daily life, forest planters sometimes have to sell their wood cheaper than the regulated floor price.

In short, Phu Tho has many advantages in terms of commodity forest production services in comparison with other provinces as: suitable transportation, abundant labor force, high intellectual with a large number of technical scientists provided with other research and training institutions and above all, material zone is just nearby consumption area.

The provincial authorized agencies have had many appropriate guidelines measures to exploit such above mentioned advantages so as to enable the provision of materials and services to forest production.

For this content, Phu Tho can be ranked at level I.

#### **4. Organisation and implementation of state management decentralization over forest.**

##### ***4.1. At provincial level***

- DARD assigns 01 Vice director responsible for forestry sector and set up forest development sub-department (FDsd) with 8 members (6 out of them were graduated from university) to assist the province in functioning state management responsibility over forest. However, in essence, FDsd only functions as 661 project steering committee, mainly monitors and instructs protection forest establishment projects at different districts and has not yet functioned other state management responsibilities over forest exploitation and plantation of 9 state forest enterprises under the locally located paper cooperation.

- FPsd in Phu Tho is constituted of 200 official staff and divided into 9 forest protection stations at 9 districts, 2 forest products control and protection stations in addition to 1 mobile forest protection group. 1 forest protection station functions as management board of Xuan Son natural conservation area. FPsd's office based in Viet Tri comprises 20 staff.

With regard to specialized knowledge of forest protection force in Phu tho: 30% of university qualification and 61% of high-school qualification

Over the last years, forest protection force has well undertaken his assigned tasks not only in the field of forest protection but as well in land and forest allocation and land use right license provision via close coordination with cadastral department in an attempt to guide people to develop forest and directly manage Xuan Son natural conservation area.

- Cadastral department takes over state management function over land including forest land, however, due to its limitation in terms of quantity - this task has been exercised by forest protection force for several years. Cadastral unit only involves in preparing administrative procedures and provide land use right license.

##### ***4.2. At district level***

Very often, each district has 1 SARD with about 6-8 staff of which one is responsible for forestry sector, but in Phu Tho, 6 out of 12 districts has no specialized forester under SARD and that is why insufficient attention has been paid to this forestry sector.

- Forest protection stations only checks and supervise law enforcement but also actively participate in forest land allocation, technical guidance provision. 68 forest rangers from these stations were assigned to work in commune (local forest rangers) to jointly coordinate with people's committee and communal forest board to implement forest protection and management at sites.

- Cadastral section has closely coordinated with forest protection force to undertake their entrusted tasks. After

forest protection allocates forest and forest land to households and individuals, cadastral section shall proceed administrative procedures and provide land use right license.

#### **4.3. At communal level**

Communal forest board is set up at most of communes with forest and headed by a vice chairman of communal people's committee provided with other members as forester, local forest ranger, communal police and commune's leader. A forester is paid 200,000vnd/month from provincial budget, this communal forest board has actively operated to guide 632 villages and hamlets to develop and undertake forest protection and management convention.

Though decision 245 on state management decentralization over forest was issued at the end of 1998, Phu Tho conducted forest management decentralization to 3 sectors: agriculture and rural development, forest protection and cadastral right in early 1997. Fundamentally, decentralization contents of Phu Tho matches with that of decision 245 and functions and duties of these 3 sectors were rather concretely regulated. There exists close and good coordination relation among these 3 sectors. Nevertheless, due to new establishment, FDsd has not fully fulfilled its state management functions over forest. Considering the field of organisation and implementation of state management function over forest, Phu Tho can be ranked at level II as it meets basic requirements of policies.

### **5. Implementation of forest exploitation and beneficiaries**

#### **5.1. With regard to natural forest from 1993**

Phu Tho already prohibited to exploit wood, bamboo and rattan from natural forest and at the same time to strengthen forest regeneration and enrichment. Thanks to these activities, natural forest area increased from 30.456 ha (1993) to 56.511 ha (2000), increasing 86%. With such forest status, the prohibition of exploitation on natural forest wood is very appropriate, however, it would be inappropriate in terms of bamboo and rattan since they are considered fast growth and perishable species, hence they will become exhausted and perished if exploitation is not conducted so as resulted in waste and negative impact to forest growth and development. At Thanh Son and Yen Lap districts, several tens years ago, number of households allocated land for forest garden establishment carried out forest regeneration on non-forested area and up to now, many areas become potential natural forest with high deposit. However, these households are not entitled to exploit wood and even bamboo and rattan from these forests for selling or use. Local people are very disappointed as they spent time and efforts to protect and breed forest for several tens years and then they are not entitled to their products and that is the reason why they are not engaged to forest activities.

#### **5.2. With regard to plantation forest**

Phu Tho applies very flexible mechanism: forest owners have the right to decide exploitation and consumption of their products once forest reach mature for exploitation. If forest is planted under state budget or preferential credit loan, forest owners are supposed to get permission from competent agencies for getting exploitation license once they wish to exploit their forest.

- Paper materials company under Vietnam Paper cooperation is in charge of providing exploitation license to state forest enterprises.

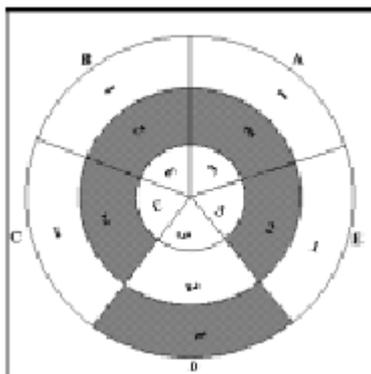
- District People's Committee (via SARD) takes over the provision of exploitation license to private enterprises, households and farms. In an attempt to combine production and protection function of forests, Phu Tho province regulates as follows: It is prohibited to clear cut at any forest with sloppy degree from 200 upward and remain 10% of forest area for protection function and environmental protection. Unfortunately, this regulation has not been strictly undertaken, people only pay attention to make the best use of forest products while neglecting other functions such as protection, soil enrichment and environmental protection.

- Households contracted for forest plantation and protection for state forest enterprises and farms enjoy benefit according to their negotiation addressed at the contract jointly signed with contractors. From the above discription, we can find out that, Phu Tho has not yet had beneficiaries policies applicable to any target groups allocated natural forest for management and the lack of such policy has eliminated momentum in the compagne of implementing forest career socialization guideline.

Base on the assessment on the implementation of individual policy group, we can reflect level of forest policy

implementation of Phu Tho as follows:

**Figure 6: Implementation level of forest policies in Phu Tho**



Of which :

A- Implementation of forest management policies and mechanism

B- Implementation of forest financial policies

C- Organisation of forest services activities

D- Organisation on assignment and decentralization of state management over forest

E- Implementation of forest exploitation and beneficiaries policies.

## V. TUYEN QUANG PROVINCE

To be a mountainous province, Tuyen Quang locates at Northern Central region with the total natural area of 582.002 ha, including 5 districts (Na Hang, Chiem Hoa, Ham Yen, Yen Son and Son Duong) and Tuyen Quang town.

According to the statistical data in 1999, Tuyen Quang has 22 minority groups with the total population of 677.176 of which Kinh people occupied 50,6%, Tay 24,2%, Dao 10,5%, others 14,7%. Population density is 116 person/ km<sup>2</sup>. Each minority has its own traditional customs, psychology and development rate. However, in general - intellectual level of minority groups in Tuyen Quang is better than that of other mountainous provinces:

Total laborers in the province is of: 350.603 people covering 51,7% of the entire population, laborers engaged in agro-forestry production is 312.125 people accounted to 89% of the total figure. In average, every year around 7.000 to 8.000 people reach labour ages.

To be an agricultural province but agricultural land of Tuyen Quang is only 71.980 ha accounted to 12,4% of the natural area of which paddy cultivated area is 28.284 ha covering 4,9% of the natural area.

Though paddy cultivated area/capita is only 416 m<sup>2</sup>/person, but thanks to the application of new seeds with high yield provided with advanced production technique, average paddy yield of the whole province reaches 440 tons/ha-year. Average food per capital is about 384 kg/person-year so as to ensure food security in the province.

Forest and forest land status of Tuyen Quang can be prescribed as follows:

Natural area: 582.002 ha

Area with forest: 297.128 ha, forest coverage is 51,1%

Of which:

- natural forest 235.635 ha, occupied 79,28% of forested land
- plantation forest: 61.493 ha, occupied 20,72% of forested land

total wood deposit of Tuyen Quang: 16.115.793 m<sup>3</sup>, 664.746.000 bamboo and rattan trees

Of which:

- Natural forest with deposit: 14.381.418 m<sup>3</sup> wood and 659.535.000 bamboo trees
- Plantation forest with deposit: 1.734.375 m<sup>3</sup> wood and 5.211.000 bamboo trees.

In terms of forest production outputs: According to the documents from provincial forestry master project, over the last year, Tuyen Quang has achieved the following results:

- Forest plantation: in 5 years (1996-2000) 48.633 ha of forest has been planted, in average - 9.727 ha.
- 126.924 ha of forest has been regenerated.

Of which :

- + From 1993 to 1996 : 67.426 ha
- + From 1997 to 2000 : 59.498 ha

-----

(\*) Source: forest inventory in 1999, published in early 2001.

In parallel with the strengthening of forest regeneration and rehabilitation, both officials and local people in Tuyen Quang have strictly undertaken the guideline on natural forest closure. Thanks to that, natural forest area of the province increases from 169.051 ha (1991) to 235.635 ha (2000), meaning that to increase 66.584 ha or +39,40% after nearly ten years.

- Forest exploitation: mainly exploitation of wood and bamboo from plantation forest. During 5 years (1996-2000), 194.828 m<sup>3</sup> wood and 68.584 tons of paper material oriented bamboo and rattan have been exploited. In average, 38.960 m<sup>3</sup> wood and 13.720 tons of bamboo have been exploited every year.

- Forest products processing: There are 4 state owned enterprises, 3 private enterprises, 8 cooperatives and 75 households involved in forest products processing. Main products are furniture, packing wood, construction materials produced out of non-timber forest products and plantation forest wood. Generally, production scale of these units is still rather small.

Base on the cited potential in terms of labor and forest resources, we hereby would like to analyse the implementation of forest policies in Tuyen Quang as follows:

## **1. Regarding to the implementation of forest land management policies and mechanism.**

### **1.1. Forest land classification:**

Like other provinces, Tuyen Quang divides forest land into 3 types: protection forest land, special-use forest land and production forest land.

Tuyen Quang does not divide protection forest into very crucial and crucial ones but applies a synchronous managerial mechanism to prohibit forest products exploitation on protection forest regardless its crucial level. This mechanism has helped to fast speed up the greening of barren land and denuded hills. However, there remains as well disadvantages as local people have no opportunities to enjoy economic benefit generated from forest at less crucial and locally protected forest.

Within non-forested area, Tuyen Quang coherently identifies area correspond to different land status as:

- Status Ia : barren land and denuded hill covered by grass: 57.656 ha
- Status Ib : land covered by bushes: 31.460 ha
- Status Ic : land with bushes mixed by regenerated forest trees: 59.675 ha

Thanks to this classification, the province can know what kind of land need to be planted new forest or which one is possible to be applied regeneration and rehabilitation measures.

### 1.2. Forest land use planning

Tuyen Quang is preparing to submit to the Government for consideration and approval of forest land use planning document as indicated at table 11:

**Table 11 (\*) - Forest land use planning to 2010 in Tuyen Quang**

Nr.	Types of forest	Total forest area (ha)	Of which			
			Forested land need to be protected (ha)	Non-forested area (ha)		
				Total (ha)	Forest rehabilitation	Forest plantation
I	Protection forest	252.509	153.352	99.156,8	75.850	23.306,8
II	Special use forest	84.765	67.5111	17.253,9	12.511	4.742,9
III	Production forest	100.419	75.617	24.802	17.606	7.195,9
<b>Total</b>	<b>437.692</b>	<b>296.480</b>	<b>141.212</b>	<b>105.967</b>	<b>35.245,6</b>	

(\*) Source: provincial forest master plan document

- In terms of special use forest: the following areas were and will be set up:

- + Tat Key - Ban Bung natural conservation area 35.531 ha
- + Cham Chu natural conservation area 34.142 ha
- + Area located within Tam Dao National park 7.951 ha
- + Tan Trao historical and cultural forest 5.542 ha
- + Kim Binh historical and cultural forest 1.293 ha
- + My Bang historical and cultural forest 538 ha

- In terms of protection forest: the following projects shall be set up:

- + Forest development project at Na Hang district 85.795 ha

- + Forest development project at Chiem Hoa district 73.279 ha
  - + Forest development project at Ham Yen district 19.805 ha
  - + Voluntary members. Forest development project of Ngoi La lake 4.209 ha
  - + Forest development project of Tuyen Binh forest enterprise 17.643 ha
  - + Forest development project of Yen Son forest enterprise 32.140 ha
  - + Forest development project of Nguyen Van Troi forest enterprise 4.822 ha
  - + Forest development project of Son Duong forest enterprise 16.986 ha
- In terms of production forest : there is 100.419 ha, of which 75.617 is forested area, 17.606 ha shall be applied for regeneration and 7.196 ha shall be planted.

The province has instructed districts, special-use forest management boards and other units to be nominated as owners of 661 project to develop forest land use planning and plan of their perspective commune for project implementation.

The formulation of planning via top-down sequence has inflected strong will of leaders however, it fails to involve local people's participation resulted in unavoidable difficulties. In some cases, cultivated area is incorporated in the area planned for protection forest establishment so as to restrict feasibility of the planning.

### **1.3. With regard to the implementation of forest and forest land allocation:**

According to forest inventory data in 1999 and published in 1/2001, there is total 297.128 ha of forest in Tuyen Quang managed by the following target groups:

- State forest enterprises: 30.996 ha occupied 10,4 % area with forest
- Special use forest management boards: 42.196 ha - occupied 14,2% area with forest
- Households and individuals: 42.994 ha - occupied 14,46% area with forest.

This forest area is planted by households or regenerated on the allocated forest garden in compliant with decision 184/HDBT since early 80s. After the issuance of Decree Nr.02/CP, Tuyen Quang has only allocated barren land and denuded hill but not any forested land area to households and individuals for forest plantation.

- Armed forces: 123 ha

- Forest protection force directly manages and protects 180.818 ha of forest (mainly protection forest) covering 60,85 of the existing forest area. Hence, Tuyen Quang neither set up protection forest management boards nor allocates forest and forest land to these boards like project owners as regulated at the law on forest protection and development as well as at Decree Nr.02. Activities related to forests protection and management of protection forest is taken over by forest protection force while 327 and 661 project management boards are responsible for organisation and instruction of forest plantation, regeneration and rehabilitation of protection forest.

6 out of the total 9 state forest enterprises in the province belong to provincial level and the remaining 3 ones are attached to Vietnam paper cooperation. Only Son Duong forest enterprise was provided with land use right license and 4 others were assigned to be owners of 661 project on protection forest development.

Via the analysis of implementation status related to forest land management policies and mechanism, Tuyen Quang can be ranked at level II, meaning to undertake basic requirements of policies.

## **2. With regard to forest financial policy implementation**

## 2.1. Investment policies

Like other provinces, Tuyen Quang is funded by the State for investment in protection, regeneration and plantation of special-use and protection forest under the hereafter norms:

- Forest plantation: 2,5 mil.vnd/ha (plantation and tending in the next two years)
- Regeneration with supplementary plantation: 1mil.vnd/ha (for 6 years)
- Forest protection contract 50.000d/ha-year (implementation for the first 5 years)

A part from that, there are also other programs such as: (sedentarization and resettlement, mountainous rural development, poverty alleviation etc.) comprise as well activities as forest protection, regeneration or plantation.

The province instructs to integrate the said programs and projects on one area in an attempt to focus all sources into one unit to undertake provincial instruction. Thanks to this, the province can have favorable conditions to increase investment level in forest plantation at areas with difficulties to 3,5 mil.d/ha so as to ensure high proportion of live stands and high quality. (in many provinces, people complain on plantation investment level of 2.5 mil.vnd/ha as it is too low and request Central level to adjust this level but number of provinces that can apply the cited investment level as Tuyen Quang is very rare in practice).

In order to increase investment capital source in forest plantation, regeneration and rehabilitation, the province assigns forest protection force to take over the management and protection of the entire existing natural forest area so as to transfer the whole fund financed by state budget for natural forest protection contract into new forest plantation or natural forest regeneration. This has on one hand helped Tuyen Quang increase its sources in forest development process and on the other hand helped to explain why during early 90s, forest coverage in Tuyen Quang was 32% and now becomes 51,1%, - a highest proportion in comparison with other northern mountainous provinces.

## 2.2. Credit policies

- According to the existing principles, organization - households and individuals are entitled to preferential loan from the investment support fund for industrial material forest plantation. Loan duration is suitable with forest species growth rotation and both the original fund and interest are supposed to be paid once exploitation is taken place. Preferential interest rate was changed as follows:

- From 1992 to 1996: interest rate is equivalent to 30 - 50% of commercial interest rate (around 3,5 to 5%/year).
- From 1997 - 1998: 0.81% /month or 9.72%/year
- From 1999 - 2000: 7%/year.
- From 2001: 5.4%/year

Interest policy has often changed toward the more and more diminution manner to encourage investors to apply for loan to plant forest. However, the on-going applied interest rate is still rather high on annual basis (5.4%/year), forest planters are still afraid of being lost (results from one study shows that if local people get loan with interest rate of 5.4% to plant eucalyptus forest, if no fire and illegal exploitation taken place - after 8 years, each m<sup>3</sup> of wood will generate 33.403d/ m<sup>3</sup>, each forest area will bring 1.670.150d. This means every year benefit generated on one ha is about 5.4% or benefit generated from 1ha/year is 208.768d - a figure is not attractive at all. Hence if they have to apply for loan with interest rate of 5,4%/year, they can only get very inconsiderable fund and they will lose their original capital if they are faced up with difficulties.

Currently, state forest enterprises only dare to get loan for protection and tending of plantation forest but not for new forest plantation due to high interest rate provided with various unconsumed plantation forest wood.

Besides, the development support fund only provides loan on project proposal basis, meaning that forest planters have to formulate loan proposal that subsequently be appraised and approved. These procedures are rather complicated so only large-scale farms and state forest enterprises can access to this loan. Farmers, households who plant several ha of forest can not access to this fund but they can get loan via state forest enterprises under joint-venture, contract forms. In case of very high interest, state forest enterprises do not

want to get loan any more, hence farmers. households also lack of capital for forest plantation.

- To develop household economy, farmers. households can also ask for loan up to 10 million vnd from agriculture bank without any mortgage. However, in order to avoid risks and ensure to return loan, credit organizations still require households to mortgage land use right license or listing their assets with certification of communal people's committee. Households can not get loan if communal people's committee does not certify as authority people do not want to be responsible for that.

- Farmers. households in project area can ask for loan from saving credit funds of the mountainous development program, poverty alleviation fund, job provision program etc. However, this is only small loan for dealing with temporary or unexpected difficulties and far enough to be used for forest plantation.

### **2.3 . Taxation policies**

- Natural forest resources tax: this tax is applicable to forest products exploited from natural forest, Tuyen Quang has no income from this tax since natural forest exploitation was prohibited.

- Forest plantation land use tax: As regulated by taxation law: forest planters are supposed to pay land use tax once exploit forest for selling, the regulated tax level is 4% of products value based on practical productivity and forest products selling price at forest. (where van can access and transport wood ). Land use tax is exempted for the first exploitation rotation in case of planting forest on barren land and denuded hills.

In order to undertake this law, the province regulates that every 1 m<sup>3</sup> exploited is supposed to contribute to provincial budget 10.600vnd. This tax level is rather high as in Phu Tho that is nearby consumption area (Bai Bang paper mill) wood price sold at forest is higher than that in Tuyen Quang but land use tax is only 8000vnd/m<sup>3</sup>, while in Tuyen Quang that is far from consumption area with wood price at forest is cheaper than that in Phu Tho. Hence, land use tax level applicable in Tuyen Quang is inappropriate. In essence, the province collected land use tax for forest plantation up to 5,3% rather than 4% as regulated by law.

Moreover, the collection of tax based on volume of commercial m<sup>3</sup> not only makes it unable to exempt tax for cases, by which forest is planted on barren land and denuded hill but as well discourage intensive forest plantation since the higher yield people harvest, the higher tax level they have to pay.

Additionally, the exemption of bulk trade applicable to people who purchase agro-forest products of farmers at remote and isolated areas has not been undertaken because it is difficult to distinguish which products purchased from isolated area.

By analysing implementation status of forest financial policies, we can find out that Tuyen Quang is very creative by integrating programs and projects to strengthen the available sources in province. But if the province increases land use tax for forest plantation targeting at increasing the provincial financial source, the additional amount is around 159 million vnd/year but it deprives people's willingness and enthusiasm in forest plantation and most of them are poor farmers' households.

Tuyen Quang can be ranked at level II for the implementation of financial policies.

## **3. Organisation of forest services activities.**

### **3.1. Services provided to 661 project's operation**

In compliant with decision 661, the forest development master program of Tuyen Quang mentions 11 projects of which:

3 projects are on natural conservation areas such as: Tat ke - Ban bung, Cham chu and Tan Trao historical and cultural landscape forest. Management board of these forests are also management board for 661 projects.

8 projects are related to protection and production forest development at district, 4 out of 8 projects were assigned to province attached forest enterprises Tuyen Binh, Yen Binh, Son Duong and Nguyen Van Troi. 1 project on Ho Ngoi la (Ham yen) forest development was assigned to voluntary members to be project owner.

Besides, 3 661 project management boards were to be set up at Na Hang, Chiem Hoa and Ham yen districts to instruct 661 projects implementation at district. Organisations to be assigned as project owners are responsible on one hand for project management and on the other hand for carrying out project implementation services: from project formulation, submission and approval steps to a wide range steps of fund receipt and disbursement, technical design, seedlings supply, forest plantation technique guidance, regeneration, monitoring, products commissioning and financial balance. 3 forest enterprises attached to Paper corporation as Ham yen, Tan Thanh and Tan Phong (located within Ham Yen area) and Chiem Hoa enterprises under province are not assigned to be 661 project owners, hence experienced managers provided with high skill technician and workers of these enterprises were not made use and exploited for effective implementation of 661 projects

**3.2. A part from the task on 661 projects, forest enterprises also use their own capital and loan to plant paper inputs forest.**

Via joint venture or contract with forest enterprises, farmers' households and enterprises. member households are provided capital, seedlings, and inputs and guided how to carry out production and consumption once forest is exploited. It is said that, without forest enterprises, local people are hard to access to preferential loan from the support fund to plant forest.

**3.3. Agro-forestry extension force is also organised in a very special manner, not as similar as that in other provinces.**

At provincial level: Agro-forestry extension centre is under DARD with a neat structure of 16 people. Total number of agro-forestry extension staff in the whole province is 1143 people. At district level, agriculture extension station is not set up separately, agro-forestry extension staff are nominated to work at SARD. SARD not only takes over the task on assisting district people's committee to exercise state management function over forest but also involves in agro-forestry extension activities. At communal level, local extension position is often taken by a member of people's committee, chairman of cooperative or leader of village as a cum position. Agriculture extension club is set up at villages, hamlets and its dissemination groups operate very actively.

Under such an appropriate organization, the province has combined closely all guidelines, policies with activities such as dissemination, encouragement and guidance provided to people in an attempt to help them to effectively undertake these guidelines and policies.

Agro-forestry extension force is not strong in terms of quantity but has actively operated in agriculture extension so as to significantly contribute to increase production yield and livestock in the province particularly to increase paddy yield (reaching 440 tons/ha - year) to ensure food security and fully stop slash and burn cases as it used to be occurred over ten years previously.

Tuyen Quang can be ranked at level 1 for the organization of forest services activities as it actively applies state policies.

**4. With regard to the organization and decentralization of state management over forest.**

**4.1. At provincial level**

- DARD assigns once Vice director to be responsible for forestry sector. Within DARD, there is forestry section comprising of 8 staff (most of them were graduated from forestry university) to assist the province to function state management responsibility over forest and this section also acts as standing unit of the provincial steering committee of 661 projects.

- Forest protection sub-department (according to decision 245 - 1998/QĐ-TTg) is unit to be in charge of monitoring and supervising forest law enforcement in provincial area. However, in Tuyen Quang, apart from this function, FPsd also directly involves in management and protection of the existing natural forest and barren land that can be rehabilitated. In order to deal with this task, forest protection force is distributed to communes to disseminate, mobilize and organise mass-organisations to protection forest, guide households adjacent to forest to develop forest protection commitment. Forest protection activities have been well implemented, for the last few years, no single illegal forest exploitation or serious forest fire occurred. Forest protection force comprises 222 staff divided to work at FPsd's office and 8 stations at districts and special-use forests. Forest protection force is considered as strong one with strict organization from province to district, commune, each commune has one forest ranger. In short, it is the most appropriate and effective option to assign forest

protection force to directly manage and protect natural forest.

- Cadastral department is unit to assist provincial people's committee to exercise state management over forest including forest land. Forest land allocation and land use right license provision in this province is carried in a very slow progress. Up to now, only 14.2% of forest land has been allocated to households of which 26.1% of the allocated land has been provided with land use right license.

#### **4.2. At district level**

- As mentioned at the agriculture extension services, SARD takes over 2 functions: state management over agro-forestry and agro-forestry extension. This organisational model has brought positive results, hence it is worthwhile to replicate this model at other 100 provinces.

- Forest protection stations at district level are mainly responsible for forest protection. Staff from these stations are nominated to communes to coordinate with local authority to organise forest protection at site, forest rangers are not only in charge of forest protection but as well on dissemination of guidelines and policies to people, provision of guidance to people to develop production and establish a new life. We had chance to work with several forest rangers and we highly appreciated their full responsibility and enthusiasm.

- Cadastral section at district with limited number of staff has not yet undertaken lots of contents related to state management over forest.

#### **4.3. At communal level**

Forestry board was set up at most of communes with forest area and comprising the following core members: forester cum local extension staff, local forest ranger, communal police and leader. These forestry boards operate rather effective and fully understand status of forest and forest land at commune and always timely prevent negative actions that cause forest destruction.

With regard to the organization of state management assignment and decentralization over forest, despite the lack of an official document to guide the implementation of decision Nr. 245 - 1998/QĐ.TTg of the Government, the decentralization and assignment conducted by the province is rather concrete and coherent, coordination between and among agencies at the same level and various levels is very close.

Tuyen Quang can be ranked at level I for its good implementation of state policies.

### **5. With regard to the implementation of forest exploitation and beneficiaries**

#### **5.1. In terms of natural forest**

At the end of the previous century, after several tens year of over exploitation, natural forest in Tuyen Quang was sharply diminished in terms of both quantity and quality. Since 1992, province prohibited to exploit wood and bamboo from natural forest and assigned the entire natural forest area to forest protection force for management and protection.

This regulation has been strictly implemented, number of forest protection staff were disciplined or prosecuted once they failed to protect forest. Thanks to this strict implementation, forest is well protected.

The prohibition of natural forest wood is suitable, however is it worthwhile to exploit bamboo and rattan from natural forest as they are fast growth species with exploitation cycle from 3-4 years. Hence if exploitation is prohibited at mature time, they will be died, fallen so as creating waste and negative impact to forest development. In parallel, the exploitation of wood from households. forest garden should not be banned as they themselves devoted both their time and efforts to generate these forest.

#### **5.2. In terms of plantation forest for protection purpose**

Tuyen Quang considers all forest planted under state's budget of the previous 327 program and the current 661 program like protection or special-use forest as unexploited forest like natural forest. Forest planters are entitled to plant and enjoy agricultural trees alternatively planted with forest when its canopy has not yet close, and then they are paid under forest protection contract. In case of cutting degraded trees for replantation, it is a

must to get approval from provincial people's committee.

### **5.3. In terms of forest enterprises. production forest planted under state budget from 1990 backward**

Once forest get mature for exploitation, forest enterprises are entitled to exploit in compliant with regulations developed by the province. However, forest enterprises are responsible for replanting forest after exploitation and set up forest regeneration fund. The amount abstracted for fund establishment is as the same as that of the state to invest in forest plantation without calculating interest. This fund is managed and used by forest enterprise for forest management, protection and regeneration purposes in compliant with the estimated cost that appraised by DARD and ratified by financial department in a writtern form. Thanks to this fund, forest enterprises can organise the protection of the assigned natural forest without requesting fund from state budget.

### **5.4. With regard to forest planted by own capital source and loan borrowed from organisations, households and individuals.**

As regulated by the former Ministry of Forestry, forest owners are entitled to exploit in accordance with their selected approach (very often, they selected clear cut in order to have the cheapest exploitation cost) and replant forest within 1 year after exploitation. However, Decision Nr.477/QD-UB dated 24/8/1994 of Tuyen Quang People's Committee concerning the exploitation of Mo forest and mono-eucalytus forest regulates that: forest owners are only entitled to exploit forest that planted on production forest area once forest reach mature for exploitation (Mo 15 years and eucalyptus 8 years) and they have to carry out selected exploitation and leave the trees equally distributed on the area with the density of 400 trees/ha for Mo forest and 500 trees/ha for eucalyptus forest. It is forbidden to cut 3 trees that stand next to each other and it is prohibited to exploit when tree density is only from 400 to 500 trees/ha. For eucalyptus foret planted by degraded seedlings or on uneligibile soil, it is necessary for forest owners - if they want to exploit - to get approval from the provincial forest science council and from provincial people's committee for approval and provision of exploitation license.

If forest owners want to exploit forest, they have to develop and submit exploitation and forest replantation design to provincial fores inventory and planning group for appraisal and then for certifying by forest protection station. These designs subsequently are forwarded to DARD for appraisal and approval and finally FPsd issues exploitation license. Exploited wood is supposed to be sold to provincial forest products company. If forest owners want to exploit 1 ha of forest, they have to develop replantation plan of 2 ha. These regulations are still valid until now.

### **5.5. With regard to the exploitation of forest products from households' forest garden:**

In accordance with number of issued legal documents, the Government; the former Ministry of Forestry and MARD want local people to have full right to use and decide everything related to forest products exploited from their forest garden. However, in Tuyen Quang - the management of forest products exploited from households. forest garden is very strict.

Decision Nr.47/UB - QD dated 20 -1 1994 of provincial people's committee permitting exploitation, transportation and consumption of forest products from households. forest garden regulates as follows:

Households are entitled to exploit and consume certain forest products only such as: wood from Milia azedarach, Artocarpus interprifelium, Dimocarpus longan trees and bamboo in addition to various kinds of bamboo and they are not allowed to exploit other kinds of wood and bamboo planted or regenerated in forest garden.

Decision Nr. 702/QD-UB dated 3/7/2000 of provincial people's committee on supplementary of forest products to be exploited in forest garden permits households to exploit additional forest products a part from the ones regulated at decision Nr.47/QD-UB as follows: dendrocalamus flabellifer Munro, Bavusa nutans Wall, Acacia wood, Khaya senegalensis wood, Bombax ceiba wood etc. It is obliged to sell forest products exploited from forest garden to the provincial forest products company only, not to other target groups.

Before carrying out exploitation, households have to ask forest enterprises to develop exploitation design and then forward to DARD for approval and provision of exploitation license. FPsd also nominates people to monitor and supervise the exploitation of households.

By analysing exploitation and beneficiaries policies in Tuyen Quang, we can see that the implementation of these policies are very rigid and inflexible. Households allocated barren land for forest garden plantation, if they applied forest regeneration approach to have forest in thei garden, they are not allowed to exploit it because it

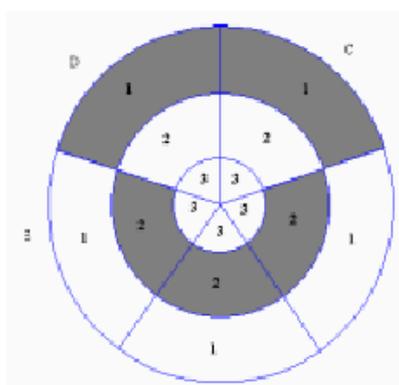
is natural forest to be prohibited for exploitation. Forest enterprises who use loan for forest plantation but when forest get mature for exploitation, they have to leave 400 - 500 trees/ha in equivalent to 25 - 33% exploited volume. Furthermore, they have to prepare capital for plantation of 2 ha while only 1 ha is exploited, hence how can they manage to get capital to pay for both original and interest amount. Additionally, exploitation procedures are rather complicated so as to discourage forest planters.

It is possible to say that exploitation and beneficiaries policies of Tuyen Quang have only met ecological target and speed up the greening process of barren land and denuded hill to ensure environmental security but have not yet met socio-economic target to create additional job opportunities to increase income in an attempt to improve local people's livelihood.

Tuyen Quang can be ranked at level II for its implementation of these policies.

If we base on the classification level identified at the end of the analysis part, the implementation level of forest policies in Tuyen Quang can be indicated as follows:

**Figure 7 . ImpliMementation level of forest in Tuyen Quang**



Of which :

- A . Implementation of forest land management mechanism and policies.
- B . Implementation of forest financial policies
- C . Organisation of forest services activities
- D.Organisation of state management assignment and decentralization over forest
- E . Implementation of forest exploitation and beneficiaries policies

## **VI. SUMMARY OF ANALYSIS RESULTS ON FOREST POLICIES IMPLEMENTATION IN 5 PROVINCES:**

After analysing the implementation of forest policies at individual provinces, the analysical results can be summarized as follows:

### **1. With regard to forest and forest land management mechanism and policies.**

#### **1.1.5 provinces classify forest into 3 types:**

Protection, special-use and production forest land but each province applies different way to classify crucial level of protection forest: Tuyen Quang does not classify protection forest on crucial basis but applies very strict management regime as it is applied for crucial protection forest management regime applied by other

provinces. Phu Tho classifies into 3 levels: very crucial, crucial and locally protected forest with explicit demarcation of forest area of each level whilst Yen Bai classifies protection forest into 2 levels: crucial and less crucial with clear demarcation as well. Lao Cai and Ha Giang classify protection forest into 2 levels: crucial and very crucial and consider the latter as production forest. Forest classification conducted by these provinces is inconsistent with regulation on management of 3 forest types issued along with decision Nr. 08-2001/Q§-TTg of the prime Minister resulted in unsynchronous application of other policies such as forest exploitation and use policies. In short, it has not yet been fully in line with the current regulation on protection forest management.

### **1.2. With regard to forest and forest land use planning and plans:**

All the 5 provinces have already formulated land use planning and plans to 2005 and base on this master planning forest land use plant are formulated to undertake 661 program up to 2010 and at the same time concrete projects under the 5 mil.ha afforestation program also formulated at locality. Districts, communes also develop land use plant and forest development plan at perspective area. However, generally all these 5 provinces apply the top down approach as plannings and plants are to reflect leaders. will rather than local people's expectation. For instance, within Yen Bai forest plantation planning document for the period of 2000 to 2010, cultivated land (with sloppy degree of level I, II, or with mixed gravel less than 40%) was also incorporated in the planning area for protection forest plantation meanwhile people are not interviewed or asked whether they are agree or disagree. Similar situation can be seen in other province too.

Most of land use planning and forest development plant oriented documents prepared by communal level are very weak in terms of professional quality.

### **1.3. With regard to forest and forest land allocation:**

Land Law, Decree Nr. 02/CP and Decree Nr. 163-1998/ND-CP all mention regulation on forest land allocation to organisations, households and individuals (inclusive as well non-forested land and forested land for management and long-term, stable use. As regulated, target groups to be allocated land have to be provided with land use right license. However, in essence, each province follows different way:

- Ha Giang allocated special use forest to its perspective management board but neither established protection forest management board nor allocated them to forest enterprises. The province assigns FPsd in coordination with district and communal authority to manage and protect forest and assigns forest enterprises attached to province to be owners of 661 projects for further contracting to farmers. households and village, hamlet communities to regenerate and plant forest. 3 forest enterprises under Paper cooperation (Bac Quang district) were allocated production forest with land use right license for carrying out industrial material forest business. Other forest enterprises attached to province are not allocated production forest for business production since they fail to find out consumption market for the outputs.

Farmers' households were allocated land for establishing forest garden with the limited area 5 ha/household and they were provided with land use right license.

- Phu Tho allocated special-use forest to its perspective management board but did not set up protection forest management board.

Protection forest is protected by forest protection force in coordination with communal authority. At every district, a 661 project management board was set up to contract households to protect, regenerate and plant protection forest. 9 forest enterprises under paper cooperation were allocated production forest for carrying out paper material plantation forest business, forest enterprises are not assigned as 661 project's owners. Households were allocated production forest for setting up forest garden and provided with land use right license.

- Tuyen Quang also allocated special-use forest to its respective management board but did not set up protection forest management board. FPsd was assigned to be directly responsible for protection and management of the entire existing natural forest and protection forest land that can be regenerated. Enterprises attached to paper cooperation (located in the province) as well as other enterprises attached to the province were allocated production forest land for planting paper inputs forest. Only Son Duong out of the 9 enterprises was provided with land use right license. Households are allowed to manage and use forest garden allocated in compliant with decision Nr. 184/H§BT (1983) and Instruction Nr.29 of the former Secretary Committee. Since the promulgation of Decree Nr.02/CP, the province has not allocated forested land to households.

- Yen Bai and Lao Cai allocated special-use forest to its respective management board. Protection forests are

directly protected and managed by forest protection force. Forest enterprises were allocated production forest and land for conducting business and to be assigned as 661 project owners for carrying out activities related to protection, regeneration and plantation of protection forest (out of forest enterprises. managerial authority).

In all provinces, 661 project management board and state's organisations allocated forest and land contracted households or household groups to protect, regenerate or plant forest under phases basis in a short term. Very few contracts are seen as stable and long terms ones from 30-50 years as regulated by Decree Nr.01/CP (1995).

## **2. With regard to forest financial policies.**

### **2.1. Investment policy:**

As stated by the 5 provinces, the current applied investment level (according to decision 661): 2,5 mil.vnd for plantation of 1 ha of protection, special-use forest is too low as plantation area all locate at remote and isolated area with exhausted soil. Forest planters shall have to reduce several regulated steps within forest plantation sequence if this investment level is still remained so as fail to ensure forest quality. Ha Giang province has to use fund from HPM project to supplement and increase plantation contract level to 3,5 mil.vnd/ha.

Forest protection contract level at 4 districts (that have difficult conditions with low proportion of forest coverage) is increased to 100.000d/ha-year. Other provinces do not have such favourable conditions to support like that in Ha Giang.

### **2.2. Credit policy:**

All the 5 provinces strongly agree with State's guideline on offering soft loan from the development support fund to forest planters for plantation of industrial material forest. After 3 times of changing preferential interest rate: from 9,7%/year, 7%/year and now only 5,4%/year, it is seen that this existing interest rate is still rather high, people therefore dare not ask for loan as they are afraid of being lost or gaining no benefit at all. Some people even raise a question that: why the interest rate applied to engineering production is only 3%/year meanwhile the rate of 5.4% is applied to forest plantation with long production cycle and vulnerable to risks? Procedures on getting soft loan are rather complicated, hence households who just plant several ha of forest hardly access to this loan source.

A part from the development support fund, households can as well ask for loan from Bank to develop their economy with maximum level of 10 mil.vnd without any mortgage. However, not many people can access to this source due to complicated procedures or no consumption market available. On the other hand, most of people need to get loan to deal with immediate difficulties rather than to develop production.

### **2.3. Taxation policy:**

How to collect tax from the right target group to ensure income source and at the same time not to touch or squeeze people's benefit. Forest production is related to 3 main taxation documents as forest resources tax in case of exploiting natural forest, land use tax for plantation of production forest and income tax applicable to enterprises with benefit. The implementation of taxation policy can be described as follows:

- With regard to forest resources tax: Tuyen Quang and Phu Tho provinces have strictly undertaken state's guideline on temporary suspend natural forest products exploitation, hence no income generated from this source. The 3 remaining provinces as Lao Cai, Yen Bai, Ha Giang have considerably reduced natural forest exploitation volume from 10.000 m<sup>3</sup> - 12.000 m<sup>3</sup>/year (before 1992) down to 2.000 - 3.000 m<sup>3</sup>/year as currently. Income generated from this source - therefore very low.

- Land use tax: this law regulates that production forest planters have to pay land use tax once exploit forest. Tax level is equal to 4% of the exploited forest products value (according to practical volume and products selling price at forest where car can access to). This tax level is applied in different ways by different provinces:

Phu Tho has high selling price (200,000d/ m<sup>3</sup>) as it is nearby Bai Bang paper mill, tax collection of 8000vnd/ m<sup>3</sup> (accounted to 4% as regulated in the taxation law). Tuyen Quang locates far away from the paper mill, hence its selling price is lower, however, the applied tax level is higher 10.600vnd/ m<sup>3</sup> (accounted to 5,3% if

calculating on selling price basis as Phu Tho). Similarly, Yen Bai has lower selling price due to its long distant to the paper mill, but the applied tax level is 20.000vnd/ m<sup>3</sup> (accounted to 10% if calculating on selling price basis as Phu Tho). A part from that, Yen Bai also collects an additional amount of 20.000d/ m<sup>3</sup> in order to set up forest re-establishment fund of the province. This additional amount was abolished in 1999.

- In terms of enterprise. income tax: Decision Nr.187-1999/QD-TTg regulates that: forest enterprises are entitled to remain the amount which is supposed to pay as income tax to spend on forest management, protection and development plan approved by competent agencies. However, a great number of enterprises do not involve in business production and some others are lost in business so as they are not supposed to pay income tax. Certain enterprises make good business and gain benefit, hence they have to pay income tax of 25%, however, they have not been allowed to keep this fund as regulated at decision Nr.187 by taxation agencies.

In short, the implementation of forest financial policies in the 5 provinces have not met requirements regulated by the State.

### **3. In terms of organisation on forest production services activities.**

***3.1. Special-use and protection forest management boards and state forest enterprises are assigned to be owners of 661 projects implemented at special-use and protection forest. Project management board are to be set up at districts where state forest enterprises are not available. Project management boards take part in every step during project implementation process as follows:***

From the step of project formulation and submission to competent level to organisation of technical design related to forest plantation and regeneration; fund receiving and disbursement; technical guidance in the field of sowing and forest plantation to the steps of commissioning and account balance. In essence, services activities to 661 projects have shown that as 661 project owners - state forest enterprises function much better than any organisations. It is very simple since forest enterprises constituted of qualified and experienced staff in terms of forest technique and management.

However, 9 forest enterprises in Phu Tho, 3 in Tuyen Quang and 3 in Ha Giang were not nominated as 661 project owners as they belong to Vietnam paper cooperation but are not attached to province. Such an irrational distinction between Central and local level has wasted valuable capacity of these enterprises as services providers.

***3.2. State forest enterprises also provide services to households that plant production forest.***

Forest enterprises get loan from the State development support fund to invest in forest plantation conducted by households by different ways such as re-lend, joint-venture, contract etc.

Forest enterprises on one hand provide good seedlings (seedlings created via tissue technique) and on the other hand involve in products consumption. It may be said that: without forest enterprises, households are unable to access to soft loan from the development support fund to plant forest and furthermore, they can not have forest seedlings created via tissue transplantation technology that allow to have 3 time-larger productivity in comparison with that created by sowing technology.

***3.3. Specialized agro-forest extension organisation of 5 provinces:***

This organisation is rather strong in terms of quantity and is systematically established from province down to district, commune group, commune and hamlet. It is also affirmed that, this force only focus on agriculture extension while neglecting forestry extension. Thanks to active operation of agro-extension staff, plantation yield and livestock are considerably increased so as to ensure food security and fully stop slash and burn agriculture as well as illegal forest exploitation. Under such meaning, it may be affirmed that: agro-forestry extension staff have contributed a significant role in forest protection and development process.

### **4. Assignment and decentralization of state management over forest:**

Headed directly by one vice director of DARD, forestry section or FDsd under DARD are **units to assist**

## **provincial people's committee to function state management responsibility over forest**

With the presence of 1 or 2 specialized foresters, SARD assists district people's committee to function state management responsibility over forest.

Constituted by several members as specialized forester, local forest ranger, communal police and commune leader - communal forest board assists communal people's committee to function state management responsibility over forest. In general, agriculture and rural development sector has very limited number of staff, hence forestry specialized staff are not strong enough in terms of quantity to fulfill all the entrusted tasks.

### **4.1. Forest protection force has forest protection function:**

To be a law enforcement unit, forest protection takes over activities related to monitoring and supervising the implementation of forest law. This is a very strong force (around 180-220 people working at each province) to be organised in a system from province down to district and communal level under synchronous instruction. Thanks to this appropriate organisation, forest protection force not only successfully fulfill its assigned functions but also actively involves in projects management and organisation of forest protection for local people.

### **4.2. State management over land (inclusive of forest land)**

Cadastral department, cadastral section and cadastral officer is responsible for land management at province, district and commune level. Formerly, forest and forest land allocation was taken over by forest protection force, after the allocation, cadastral sector prepares procedures on land use right license provision. However, after the issuance of decision Nr.245-1998/QŞ-TTg, forest land allocation was handed over to cadastral sector. Due to limited number of staff, cadastral sector is not strong enough to allocate forest and forest land as well as forest protection force did.

Though, decision 245 on decentralization of state management responsibility over forest by various levels was promulgated by late 1998 but under strong leadership of provincial party's committee, before 1998 - provincial people's committee assigned responsibilities and duties to be responsible by 3 different sectors such as: agriculture and rural development, forest protection and cadastral. In parallel, decentralization to district and communal level was coherently and strictly conducted with close coordination between and among various sectors. After the issuance of decision 245, people's committee in Lao Cai instructed the 3 cited sectors to promulgate inter-document to certify specific responsibilities of individual sectors.

## **5. Forest exploitation and beneficiaries policies**

### **5.1. With regard to natural forest**

Since 1995, the Government has applied guideline to gradually reduce exploitation volume and then suspend natural forest exploitation for several 10 years in order to have sufficient conditions for forest rehabilitation and at the same time to improve protection function and remain bio-diversity. Provinces within MRDP project area started to undertake this guideline prior to the official instruction made.

From 1992, Tuyen Quang prohibited to exploit natural forest products exploitation and Phu Tho started one year after that (1993). The other 3 provinces Ha Giang, Lao Cai, Yen Bai have sharply reduced natural forest wood exploitation volume from 10 to 12,000 m<sup>3</sup>/year down to 2000 - 3000 m<sup>3</sup>. It indicated that all the 5 provinces have acknowledged the risk of losing natural forest and have undertaken forest closure guideline before 1995.

Tuyen Quang does not only prohibit to exploit wood but as well bamboo and rattan in natural forest. This has helped to increase quickly forest coverage but on the other hand to deprive people's opportunities to get benefit generated from non-timber products exploitation. Furthermore, it would be very wasteful to prohibit bamboo and rattan exploitation since they do not live longer than several years and then fall.

### **5.2. In terms of protection forest planted under state budget**

According to State's policy, contracted people are entitled to alternatively plant nurse trees with indigenous trees and they are entitled to exploit the former. Once forests reach biological mature, contracted people are allowed to exploit trees damaged by pests, fallen due to natural disaster provided with byproducts under forest

canopy. Additionally, contracted people are entitled as well to exploit 10% of the deposit at any area where the density of indigenous trees is too thick.

The implementation of this policy varies from province to province:

Tuyen Quang prohibits to exploit wood, bamboo and rattan on protection forest meanwhile other provinces allow to exploit agro-forest combined products and prohibit to exploit main planted trees. In general, state's policies are strictly applied by these provinces.

### **5.3. In terms of forest planted by people's own capital and loan from households, individuals.**

State's policy allows forest owners to decide forest products exploitation and consumption in the most efficient manner. These provinces permit forest owners to exploit and enjoy forest products generated from forest they plant but strictly follow regulated principles as in Tuyen Quang: forest owners - whoever they are (forest enterprises or households) - have to develop and submit exploitation design to DARD for approval and provision of exploitation license, clear cut is not permitted and 400-500 trees should be remained unexploited per ha; all the exploited products have to be sold to the provincial forest products company not for other else etc.

These regulations on one hand prevent over-exploitation but on the other hand discourage people to invest their own means and efforts in forest business.

## **Annexes**

### **References**

1. Forest plantation planning document of Yen Bai province for 2000 - 2010 submitted to MARD ( 5/2000) by People's Committee in Yen Bai.
2. Forest development master plan project of Tuyen Quang (to be submitted to MARD - 6/2001).
3. Barren land and denuded hill use planning project for the 5 mil.ha reforestation project in Lao Cai for 2000 - 2010 (submitted to MARD by Yen Bai provincial People's committee - 7/2000),
4. Forest development planning report of Phu Tho for 2001 - 2005 and orientation to (submitted to MARD by DARD in 6/2001).
5. Report on forest policy management and implementation for 1999 and 2000 of Ha Giang province prepared by Mr. Rolf Gilliusson - forestry expert of SCC Natura consultant company.
6. Review report on the implementation of 327 program prepared by MPI (3/1998).
7. Master plan on resettlement of minority groups at mountainous area for 1998 - 2010 (prepared by department on sidentarization and resettlement and new economic zone).
8. Report on results of forest inventory of provinces within MRDP project area (published by the Central forest inventory committee in 1/2001).
9. Report on results of the project on investigation and assessment of the current status related to forest land use of households in Northern mountainous area. Prepared by Mr. Vu Long - policy expert (2000).
10. Several issues on forest products market and purchasing price of paper material of farmers in Northern central region - Mr. Do Doan Trieu (1999).
11. Synthesis report of the 5 mi. ha partnership's secretary - MARD (2/2001).
12. Review report on the implementation of resolution Nr.07/NQ-TU dated 29/5/1997 of Phu Tho Party's standing committee on forest organisation, management, protection and development during 1997 - 2000

13. Draft on forest development strategy to 2010 - strategic study group (10/2000).
14. Development orientations at Northern mountainous region in Vietnam (Part 1 and 2 ) West-East Center (HaWai) and Natural resources and environment research center - Ha noi National univerisy.
15. Project on investing in protection forest development of Van Chan - Yen Bai enterprise (12/1999).
16. Project on investing in protection and development of Pung Luong enterprise protection forest (11/1999).
17. Business production proposal for 2000 - 2010 of Bao Yen forest enterprise in Lao Cai (12/2000).
18. Forestry and forest management activities of MRDP from 1996 to 2000 in 4 provincies Lao Cai, Ha Giang, Tuyen Quang, Phu Tho - Rolf Gilliusson of SCC Natura company (3/2001).
19. Targets and options on foret development implementation for 2001 - 2005 of Yen Bai province (9/2000).
20. Report on land use and business production status of state forest enterprises in Tuyen Quang - DARD in Tuyen Quang (10/2000).
21. Report on land use and business production status of agro-forestry enterprises in Yen Bai - DARD in Yen Bai (10/2000 and 2/2001)
22. Report on forest land allocation results in accordance with decree Nr02/CP from 1994 to 1997 - FPsd in Lao Cai.
23. Report on land use and business production status of agro-forest enterprises in Lao Cai - DARD in Lao Cai (9/2000).
24. Report on land use, management and natural resources use status of enterprises under Vinh Phuc paper inputs company - Vinh Phu paper input company (10/2000).
25. Decision of Vinh Phuc paper inputs company promulgating paper inputs forest plantation contractual mechanism on rotatinal basis.
26. Summary report on 5 year establishment and development of foret resources (1996 - 2000) of forest enterprises in Phu Tho province.
27. Report on implementation of Decree Nr. 163-1999/ND-CP on allocation and lease forest land in Tuyen Quang - Tuyen Quang FPSD (10/2000)
28. Regulation on management of forest products exploitation, transportation, processing and trading issued along with decision Nr. 2430-1999/QD-UB dated 22/11/1999 of Ha Giang people's committee.
29. Regulation on organisation of contract on forest protection at communal level in dry season issued along with decision Nr. 3328/2000/QD-UB on 6/12/2000 of Ha Giang provincial people's committee.
30. Inter-department guidance of Ha Giang provivnce Nr. 89/HDLN-TCCQ-KL on 1/4/1999 regarding the establishment and support operational fund for communal foresters.
31. Inter-sectoral guidance (DARD-Cadastral-F.protection) on implementation of decision 245/1998/QD-TTg, on decentralization of state management function over forest.
32. Decision Nr. 477/QD-UB on 24/8/1994 of Tuyen Quang people's committee on promulgating regulation on exploitation of mono-eucalyptus forest.
33. Decision Nr.47/QD-UB dated 20/1/1994 of Tuyen Quang people's committee providing permission to exploit, transport and consume forest production from households. forest garden.
34. Decision Nr. 624/QD-TTg on 25/10/1994 and decision Nr. 702/QD-UB on 3/7/2000 oncerning the revision of decision 47/QD-UB, supplementary list of forest poducts that are allowed to exploit within households. forset garden.

35. Decision Nr.576/QD-UB on 7/7/1995 of Tuyen Quang provincial people's committee assigning DARD to take over the task of checking and providing plantation forest exploitation license to households.
36. Instruction Nr. 03/CT-UB on 21/1/1995 of Tuyen Quang people's committee on strengthening deforestation prevention measures.
37. Instruction Nr. 08/CT-UB dated 21/5/1997 of Tuyen Quang people's committee on strengthening urgent measures on forest protection and development.
38. Instruction Nr. 12/CT-UB dated 9/10/1998 of Tuyen Quang province on strengthening activities related to forest fire protection and extinguish.
39. Instruction Nr. 04/CT-UB dated 4/12/1999 of Tuyen Quang province on intensifying measures related to forest management, protection and development as well as to forest products management.
40. Announcement of Party's standing committee in Tuyen Quang (Dispatch Nr.287/TB-TU) on 30/12/1998 prohibiting to exploit natural forest wood using in basic construction and other purposes.
41. Dispatch Nr.289/TB-TU on 4/01/1999 announcing conclusion of Party's standing committee in Tuyen Quang on wood material sources for forest products processing.
42. Dispatch Nr. 40/CV-UB dated 8/1/1999 of people's committee in Tuyen Quang sent to DARD, FPSD and people's committee at district and communal level on management of forest products processing oriented wood material sources.
43. Dispatch Nr. 41/CV-UB dated 8/1/1999 of People's committee in Tuyen Quang sent to district and communal people's committees, relevant agencies on prohibiting of natural forest wood exploitation.

### **List of people to be contacted and interviewed during forest polices analysis process conducted in 5 provinces**

#### **1. Ha Giang province:**

- Mr. Lenh Xuan Cuong, director of forest protection sub-department (FPsd)
- Mr. Nguyen Huu Nghi - Vice director of FPsd - Mr. Hoang Van Trach - Vice director of forest development sub-department (FDsd)
- Mr. Sung Chu Hoa - Chairman of People's Committee at Nam Ty commune, Hoang Xu Phi district
- Mr. Phan To Khe, chairman of cooperatives - head of Nam Ty project management board.
- Mr. Phan Thanh Quy, head of forest management board - Viet lam commune, Vi Xuyen district
- Mr. Nguyen Minh Xuong, head of Len village, Viet lam commune
- Mr. Nong Quang Liem, chairman of people's committee at Viet Vinh commune, Bac Quang district
- Mr. Hoang Xuyen, head of project management board at Thuong My village, Viet Vinh commune
- Mr. Oanh, director of Vinh Hao forest enterprise.

#### **2. Yen Bai province:**

- Mr. Nguyen Quy, vice director of DARD
- Mr. Ha Duc Hung, director of FPsd
- Mr. Vu Ngoc Tao, vice director of FPsd

- Mr. Vu Van Thuy, director of Pung Luong forest enterprise (Mu Cang Chai)
- Mr. Nguyen Duc Phan, vice director of Pung Luong forest enterprise
- Mr. Le Viet Hung, head of planning section - Pung Luong forest enterprise
- Mr. Thao A Sang, chairman of People's committee at Mu Cang Chai district
- Mr. Nguyen Trong Viet - director of people's committee's office at Mu Cang Chai district
- Mr. Ha Dinh Chien, acting head of forest Mu Cang Chai protection station
- Mr. Vang A Lu, vice head of Mu Cang Chai forest protection station.
- Mr. Giang Va Lu, chairman of people's committee at Ze Xu Phi - nh commune ( Mu Cang Chai)
- Mr. Trang Song Lu, Party's Secretary of Ze Xu Phinh commune.
- Mr. Ly Vang Chu - head of Ma Lu - Ze Xu Phinh commune
- Mr. Tran Van Hoc, director of Van Chan forest enterprise.
- Mr. Pham Van Doai, vice director of Van Chan forest enterprise.
- Mr. Ly Kim Tho, Party's secretary of Nam Lanh commune, Van Chan district
- Mr. Hoang Phuc Hung, chairman of people's committee at Nam Lanh commune
- Mrs. Ban Thi Coi, chairwoman of women association , Nam Lanh commune.
- Mr. Hoang Trung Lang, chairman of people's committee of Van Chan district
- Mr. Do Thap. director of a private forest plantation enterprise.

### **3. Tuyen Quang province :**

- Mr. Vu Do, vice director of DARD
- Mr. Nguyen Ba Luyen, vice head of forestry section - DARD
- Mr. Le Quang Hoa, expert of planning section, DARD
- Mr. Dang Vu Quyet, agro-forestry extension center
- Mr. Nguyen Van Minh, acting head of FPsd
- Mr. Pham Hai Ha, vice head of FPsd
- Mr. Tri, director of Ham yen forest enterprise.

### **4. Lao Cai province:**

- Mr. Dang Quoc Long, vice chairman of provincial people's committee
- Mr. Ngo Quoc Vuong, director of agro-forestry design and planning institute.
- Mr. Nguyen Quang Hung, director of FPsd
- Mr. Nguyen Tien Khoat, vice director of FPsd

- Mr. Nguyen Van Cong, head of Sa pa forest protection station
- Mrs. Oanh, head of Sa Pa agro-forestry extension center
- Mr. Do Van Dung, director of Bao Yen forest enterprise
- Mr. Nguyen Van Kien, director of Sa Pa forest enterprise
- Mr. Toan - vice director of DARD

#### **5. Phu Tho province:**

- Mr. Cao Chi - Vice director of DARD
- Mr. Ho, Head of plan section - Forest develop sub-department
- Mr. Pham Van Viet, Head of forest protection sub-department
- Mr. Chairman of People's Committee at Thanh Son district
- Mr. Ta Van Chung, General director of paper material cooperation
- Mr. Nguyen Van Cuong, Head of finance and account section - NLG company
- Mr. Nguyen Anh Dung, director of Doan Hung forest enterprise
- Mr. Pham Dang Lau, Head of forest protection station cum head of Xuan Son nature preservation area (Thanh Son district).

#### **Notes**

1 Figures on land and forest resources were from Forest and land inventory report in 1999. Socio-economic figures were from the Forestry Master Plan

2 According to the Forest Plantation Planning Report of Yen bai submitted to MARD