ON TECHNICAL ISSUES OF 6-YEAR IMPLEMENTATION OF 327 PROGRAM

The Prime Minister's Decision 327-CT dated 15/9/1992 on "Some policies and strategies for utilization of forest, bare land, coastal alluvial and water" is shortly called 327 Program. This is a national-wide program, including production sectors in forestry, agriculture, fishery, permanent cultivation, sedentarization, and migration to new economic areas. The scale of the program is very large, occupying the major part of the country, and including the fields of environment, economic, social, security, national defense... among which focusing on socio-economic issues, therefore investments have been spread and attention has not been paid to rehabilitation of protection forests. As this is the first time such huge contents are addressed, including various production sectors, therefore there have been many confusions during the program implementation. After each year of implementation, the Government made some adjustments on the program's objectives, scales and responsibilities.

- In 1994, forest protection was put as the main objective. Coastal alluvial and fallow land in delta areas were put out of the program to establish a new program (773 Program).
- In 1995, the focus was laid in afforestation and re-greening bare land, and sedentarization was put out of the program. On 12/9/1995, in Decision 556-TtQ, the Prime Minister reformulated 327 Program as a national program on "Protection and rehabilitation of protection and special-use forests". Thus, in fact, inputs in rehabilitation of protection and special-use forests have been conducted for only 3 years 1996-1998.

The adjustments are rights, but they also created not few difficulties for local level. 1200 projects had to cut down to 400 projects; many projects had to terminate during the implementation, which led to the waste of labor and investments. Over the last 6 years, results achieved based on the plan include:

- Forest assignment for household protection: 1.8 million ha, not including the forest area protected by the local funds according to the model of 327 program.
- Forest plantation: 1,386,618 ha, of which:
  - ongoing regeneration-oriented: 748,118 ha
  - newly plantation: 638,500 ha
- Industrial crops, fruit trees, home gardens: 119,939 ha, including 19,744 ha rubber, 7,588 ha tea, 28,186 ha of other industrial crops, 26,733 ha of various fruit trees, 31,263 ha of home gardens.
- Livestock: 53,025 cattle

The total re-greened area over the 6 years, including forest cover area (regeneration + plantation) plus area of industrial crops and fruit trees, is 1,475,272 ha (not including short-term crops and grass). The area of regeneration-oriented nourishing and newly plantation in 1993-1994 and partly in 1995 have gained real results.

- More than 5,000 km of rural roads, 86,405 m² of schools, 16,754 m² medical points and thousands of small-scale hydroelectric stations ensuring irrigation for more than 13,000 ha crops have been developed. Clean water is supplied for more than 20,000 households.

In many areas and provinces, forest farming has become attractive to farmers. The green has been rehabilitated, in some provinces forest cover generated double in comparison with 1991, forest burning for fields reduced and a part of mountainous inhabitants have settled their life.

The Ministry of Agriculture and Rural Development is a member of 327 Program Central Steering Committee, who is responsible for monitoring the technical aspects of the program. We have some evaluations as followed:

1. Based on the objectives, tasks and scales of the program, it has been implemented in concrete investment projects, with state-owned forest enterprises and protecting units of protection and special use forests as the key implementers and households as the main objects. This is a right strategy. Households are assigned to protect, regeneration-oriented nourish, plant and tender forest and forest land. They receive payments for the assignment, at the same time they receive land use right on forest land according to Decree 02-CP, have the right for privilege non-interest credits for developing home gardens, livestock, fruit trees and industrial crops in order to create a sustainable agro-forestry system, develop household economic and stabilize their lives. The State also provided financial supports for essential infrastructure constructions on the "state and farmer jointly doing" basis, such as constructions of medical points, schools, rural roads, clean water and irrigation. Based on the monitoring of more than 400 projects so far, those projects with agro-forestry structure followed the said model have achieved good results: forest is developed, population life is stabilized.

2. Location: Except the area of assigned forests for protection and nourishment, which is located in the forests classified as very critical and critical protection forests, and special use forests in the area of shifting cultivators, the afforestation area in 1993-1995 was low due to that in some places, afforestation was not conducted in the protection area and was implemented on less sloping land. With timely adjustments, in 1996-1998 this mistake was overcome, nearly 300,000 ha of forest was planted during these 3 years, concentrated on very critical and critical protection areas.

3. Crop pattern: In the first years, attention was not really paid in creation of a proper protection forest system, therefore all the projects chose species that are easy to plant, grow fast and seeds are easy to find, such as acacia, pine, eucalyptus, bamboo... This kind of forest has little protecting function. Later this mistake was adjusted, almost all the projects planted mixed species, of which long-lived big timbers with large shade and deep roots count for 40% of the total area. The other 60% is fast growing species which can improve soil quality. These species create shade for protecting species, and at the same time supply firewood for households. This is an attractive strategy which encourages farmers to agree on the assignment for afforestation of protection forests. However, the seeds for protecting species are still lack, they are mainly collected from natural forests without being thoroughly tested and selected to suit local conditions. The other thing is that protecting species are big timbers (indigenous species) which can grow under the shade of fast-growing species, planted beforehand on bare land to improve soil quality. But in many projects, protecting species are planted at the same time with fast growing species, therefore, the rate of growing big timbers on the total of protecting trees planted is very low, at some places the results were almost zero.

4. The process of land allocation and issuance of land use certificates was very slow. Forests, which are protected, regeneration-oriented and planted on protecting areas, are owned by the state, but the real owners are lack, as except production forests which are directly managed by state-owned forest enterprises, the protection forests are under management of project management units at commune level. Although state-owned forest enterprises are responsible for inputs, however, land use certificates have not been issued for them, nor for assigned households. The project management units don't take long-term responsibility for those protection forests, as PMUs will no longer exist when the projects complete. Besides, as SFE are responsible for investments put into infrastructure
construction on the land that is not belonged to the management of SFE, and these constructions are used by communities but are the fixed property of the SFE project management units. When the project ends, these constructions are given to commune level, but investment funds are charged in the account of SFE, therefore no one is the owner of the said property.

5. Management of investments: It can be affirmed that in terms of macro management, the mechanism of financial management of 327 program is sound, which is convenient for both the project and the farmers. However, during the implementation, there were still many problems:

- Fund management mechanism is different in various provinces. In some places, the state treasury at local level requires very complicated procedures from expenditure proposal to checking and taking over, and to liquidation and clearance. The role of Department of Agriculture and Rural Development as the local managing agency was not functioned properly. Monitoring works were carried out without inter-sectoral coordination (national investigation, public security, inspection, finance, treasury, …) which led to an overlap in monitoring. At some places, some projects even had to be monitored 3-4 times a year by different agencies, each time the monitoring lasted several months, what hindered the project implementation. Some projects refused the planned tasks to avoid taking responsibility. The described situation led to redundancy and stagnancy of investment funds in almost all the projects, hundreds of billion Dong were redundant over the 6 years.

- Too low ratio of investments. The investments for 1 ha of newly planted forests are 2.4 million Dong on average. For 1 ha of oriented regeneration the investments are 0.1 mio. Dong. Due to low investments, the techniques were not followed properly, and the project planted forests on not very sloping land, therefore the protecting function is not developed.

- Regeneration-oriented nourishment is a very effective solution for plantation of watershed protection forests. However, in general, little attention was paid to it. In some provinces, as the use of this method had been discovered, the area of regeneration-oriented nourishment was increased with satisfactory results, however it was increased through reducing the norm of payment, which led to disadvantage for the assigned households.

6. Adequate procedures and norms for regeneration-oriented nourishment and protection forest plantation have not been fully developed so far. They are different in provinces and projects and have led to disunity in the whole country, which made it very difficult for the monitoring and clearance of investments.

7. Investment structure is not consistent. Also the annual investments are not allocated in accordance with the plans for forestry, agricultural and industrial projects as regulated in the Decisions 327/CT, 556 TTg and relevant documents. According to the regulated requirements, the investment structure should be:

<table>
<thead>
<tr>
<th>Total</th>
<th>100% of the total investments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Forestry</td>
</tr>
<tr>
<td></td>
<td>Infrastructure</td>
</tr>
<tr>
<td></td>
<td>Agriculture (for credits)</td>
</tr>
<tr>
<td></td>
<td>Moving farmers for settlement</td>
</tr>
<tr>
<td></td>
<td>Managerial fees</td>
</tr>
</tbody>
</table>

The investment structure changed through years of implementation, with investments for credits and infrastructure getting less and less. For example, this structure in 1997-1998 was as followed:

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forestry</td>
<td>82%</td>
<td>87%</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>5%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Agriculture (credits)</td>
<td>4%</td>
<td>-</td>
</tr>
<tr>
<td>Moving farmers for settlement</td>
<td>1%</td>
<td>-</td>
</tr>
<tr>
<td>Managerial fees</td>
<td>8%</td>
<td>6.6%</td>
</tr>
</tbody>
</table>

The investment structure is the decisive factor to encourage households in receiving land to develop agro-forestry. They would settle on the assigned land, practice permanent cultivation. They would be more closed to their assigned forests, and with appropriate crop pattern, they would develop household economy in a stable, goods production oriented way.

GENERAL EVALUATION ON THE IMPLEMENTATION OF 327 PROGRAM DURING THE LAST 6 YEARS

It can be affirmed that the program has achieved real results. Forests are better protected, vegetation cover has increased considerably, many area have been regreened, the protecting capability has been strengthened. In many places, the image of mountainous rural areas has improved, many forest and agriculture enterprises have strengthened their capacity for the decisive role as the science, economic and social center in mountainous areas. The investments policies of the state are being improved. In general, at the first stage they are accepted by farmers, and they need to be further studied and developed for the next stage after canopy closure. External funded projects in forestry sector are being implemented with the participation of households in agroforestry, forest protection and plantation, which helps to develop household economy, e.g. Pu Mat Nature Reserve project, Cat Tien national park project, Social Forestry project...

However, we don't have enough experience in implementing such a wide-scale project, while the socio-economic conditions in mountainous areas are still backward, population education level is rather low. On the other hand, there are still many confusions in the integration and coordination of different projects at a same place. Therefore, shortcomings are unavoidable, due to which farmers are not satisfied. It is necessary to summary and draw out experiences for the program of 5 million ha afforestation to be carried out in 1999-2010:

- It is needed to conduct planning for protection forests (critical and very critical protection forests) in order to conduct afforestation in the right place, to promote as much as possible protecting function of forests. These forests should be managed by the state for long term in a sustainable way.
- Adequate procedures and norms for afforestation, regeneration-oriented nourishment and forest protection should be developed in the context of each forest type: protection, special-use forests. Concrete reasonable unit price should be available for each forest type.
- It is necessary to develop clear and consistant policies on responsibilities and rights of afforesters and forest managing units.
- It is necessary to have a policy ensuring the real ownership for farmers toward the land and forest allocated to them, in order to make them feel assured in stabilizing and developing their lives.

The above are some main comments on technical issues during the program implementation. We hope to receive other contributions and recommendations from various sectors and agencies. These ideas would be very valuable for us in organizing and carrying out the new 5 million ha afforestation program in the future.

MINISTER OF AGRICULTURE AND RURAL DEVELOPMENT
SUMMARY OF STUDY RESULTS

Topic: “General evaluation on the results of 327 program in 1993-1996 and recommendations on solutions for improving the program’s effectiveness”

AGRICULTURE ECONOMIC INSTITUTE

In the Decision No. 796 NNPLN/QD dated 8/5/1997 of the Minister of Agriculture and Rural Development, the Agricultural Economic Institute was assigned to conduct “General evaluation on the results of 327 program in 1993-1996 and recommendations on solutions for improving the program’s effectiveness”. After more than a year of studying, the institute has collected data from 65 projects implemented on 16 provinces, consulted with 300 state officials, conducted measurements of plantation forests at the field sites to compare with the reports of some places.

The Agricultural Economic Institute has organized 2 big workshops on this topic in the two parts of the country, involving contribution and consultation of hundreds of scientists and management officials. On 10th October, 98 the Science Committee of the Ministry of Agriculture and Rural Development took over the study and assessed it of good quality.

According to the instructions of the Ministry, we summarize some main contents of the conducted study to present in the conference of overall evaluation of 6-year implementation of 327 Program and recommendation for the implementation of 5 million ha afforestation program in the next coming years.

Decision 327/CT on “Several strategies and policies on utilisation of bare land, denuded hills, coastal alluvial and water ground” was issued by the Prime Minister on 15 September 1992 in order to develop efficient exploitation of land and water ground potentials and existing forest land and forest resources through concentrated investment projects (327 Program). After 4 year of implementation (1993 - 1996), 327 Program achieved many results in various aspects, however some shortcomings still remained. Due to that, there are different opinions and evaluations on the program’s results. It is therefore very important to come up with correct evaluations on the program’s results and clarification of shortcomings through scientific and practical methods. Based on that, the achievements should be developed, and shortcomings should be overcome, adjusted in order to carry out successfully the 5 million ha afforestation program in 1998 - 2010.

I. EXISTING SITUATION OF FORESTRY AND FORESTRY POTENTIAL LAND

The forestry production of our country is suffering in an alarming situation: forest is degrading both in quantity and quality. In 1943, there were 14 mio. ha forest in the whole country, forest cover was 43%. In 1995, these figures reduced to 9.3 mio. ha and 28.2% respectively, although for the period 1993-1996, 1 million ha forest had been planted. At present, timber stock reduced to 800 million m3, bamboo stock is about 5 billion trees. There are more than 7,000 plant species and over 1,000 animal species in the forest. Annually, forest area loses about 100,000 ha due to forest logging for shifting cultivation, forest fires, uncontrolled reclamation and illegal exploitation.

In 1996-1997, over 150,000 ha forest was newly planted each year. However, due to continuous forest logging for shifting cultivation, the newly planted area is not much larger than the lost forest area.

The area of bare land and denuded hills is still more or less 10 million ha, accounting for 32.45% of natural land area, of which forestry potential land is more than 8.4 million ha. Among 7 ecological sub-regions, Northern Midland has the largest area of bare land and denuded hills (5,410,800 ha), and Red River Delta has the least area of bare land (109,300 ha).

Forestry potentials bare land is scattered in the country, mainly in remote and deep areas where ethnic minorities live with low education level. The major part of these groups still practices shifting cultivation. On the other hand, material and technical infrastructure in these areas is still too poor, which affects considerably socio-economic development and forest protection.

II. ACHIEVEMENTS OF 327 PROGRAM

1. State investments

For the period of 1993-1996, the state has invested to 327 program 1,835.3 billion Dong, allocated to the following items:

- forestry: 926.096 billion (50.5%)
- agriculture: 359.284 billion (19.6%)
- infrastructure: 373.323 billion (20.3%)
- non-productive activities: 176.654 billion (9.6%), of which 85.213 billion for migration and settlement, 91.440 billion for project management.

The used investments accounted for 85.5% of planned total. In general, budget allocation speed met the requirements of project implementation. The procedures of approving the applications for budgets are simple, which reduce troubles for project implementers.

2. Results of implementation

- The main task of 327 Program is to plant forest to regreen bare land and denuded hills. In annual investment plans, all sectors and local authorities leave 70-80% for afforestation. For the period of 1993-1996, under 327 projects 397,000 ha forest have been planted, i.e. 88.2% as planned. The area of planted forest increased by years, in 1993 it was 45,000 ha, and in 1995 it was 142,000 ha.

A survey in 16 provinces showed that on average under each project the area of plantation forest increased 188.9 ha and restoration-oriented forest increased 849.4 ha. However, the area of natural forest has the trend to reduce, especially in Central Highlands due to uncontrolled migration; also slash-and-burn cultivation has not been controlled effectively.

- There been positive changes in crop composition. Afforestation is changing from pure forest to mixed forest of timber trees combined with industrial crops; several specialized gardens and farms were established. The results of measurements and monitoring of 2 projects in Hoa Binh province (Kim Boi protected area project and Mai Chau Forest Enterprise project) showed that the composition of plantation forest followed the original design.

- Quality of plantation forest is up to marks. In general the ratio of survival trees is more than 80%. The results of monitoring the 2 projects of Hoa Binh province (Kim Boi protected area project and Mai Chau Forest Enterprise project) showed that the survival ratio reached 81.25%. The measurements showed that the actual area was 93-94% in comparison with the area at checking and taking over.

- 327 Program has also put a part of investments to nourishment, protection and rehabilitation of poor and exhausted forests. Regeneration oriented nourishment is an active and effective method, by which forest can recover quickly at a low costs.
• With the implementation of 327 projects, in 1993-1996 some infrastructure and public welfare constructions were established, such as: 4,356.5 km road, 82,993 m² school, small hydroelectric systems to irrigate 10,245.4 ha of cultivated land, employment for 200-300 thousand local laborers. Up to 1998, 327 projects have established 5000 km road, hydroelectric systems to irrigate 13,000 ha of cultivated land, 86,000 m² school, 17,000 m² medical points; 92,000 households have been migrated to and spread evenly in project areas (spread 76,000 households), employment opportunities have been given to nearly 1 million households.

• 327 projects helped improve living standards of participating farmers at the first stage. The results of the survey in 16 provinces showed that the average household income increased in comparison with the past (for 2.37 times in the Northern Midland and northern mountainous areas; 3.8 times in Middle Coast and 4 times in Central Highlands). Incomes for the project counted for 30-40% of the total incomes of each participating household. In many areas, forest ecology was gradually rehabilitated, the green has come back, animals and birds appeared again in many areas. Forest area increased noticeably in Yen Bai, Cao Bang, Bac Can, Yen Bai, Lang Son, Binh Thuan, Dong Nai, An Giang, Ho Chi Minh City. Agro-forestry models were implemented successfully under many 327 projects, such as Da River project (Hoa Binh province), Dinh Lap project (Lang Son province), Chi Linh project (Hai Duong), Vinh Gia (Thanh Hoa) and Song Giang stream project (Nghe An province). These are achievements of 327 projects which need to be further encouraged.

• The implementation of the program followed the state regulations, the management mechanism is seriously organized at all levels. The program's objectives and contents are followed during the implementation.

3. Shortcomings

3.1. Development and appraisal of projects

At the beginning, the projects were developed carelessly, a theoretical and practical basis was missing. Several projects were established below the regulated standards. There is also a lack of practical basis in appraisal works, therefore during the implementation, many objectives and subjects had to be adjusted.

3.2. Afforestation work

In the first years, afforestation was carried out spreadly, the quality of plantation forests was low, the major part was pure stand forests. Lately, plantation forests have been changing to mixed stand with rich composition suitable with specific characteristics of project areas.

3.3. Land allocation and forest assignment

The process of land allocation and forest assignment was carried out slowly which hindered the achievement of program's objectives. Land allocation was not going in line with fund allocation, due to that farmers had not enough funds to input in afforestation.

3.4. Investments

• The investments were spread and therefore were of low efficiency. The survey in 65 projects showed that at the moment of survey, only 21.6% of the appraised funds was input into the projects implementation. Average investments for each surveyed project in 1993-1996 was 1708.7 million, of which budget provisions 1216.3 mio, loans 392.3 mio, principal capital only 100.3 mio (nearly 6% of the total invested funds). Implementation funds reach 90% and more from the total planned funds.

• The investment structure had various items, however investments in infrastructure was still too high (23.6%); investments to agricultural and forestry production accounted for 64.7%, of which investments in forestry accounted for 51.4%; non-productive funds accounted for 11.7%.

• Investments were allocated to projects on average basis, therefore specific conditions of each project area were not considered. The investment norm of 1.7 million per ha is in general low. At this norm, afforesters receive only 1.2 - 1.2 million per hectare. The survey and interviews with local authorities and participating households showed that investment norm for forest protection-oriented protection (73,000 VND/ha in the first year and 50,000 VND/ha in following years) is acceptable.

• The integration and coordination of 327 program with other programs was still not close. When 327 projects were focusing in afforestation and restoration-oriented protection of protection and special-use forests, in some places there was a lack of funds to input in infrastructure construction and sedimentation.

3.5. Directions and guidelines

The work of organization and direction at provincial and district levels suffered a lack of synchronism, some project implementers lacked of managerial skills and experience. Investment utilization with wrong purpose happened, but was timely recognized and adjusted.

Although the program has not been implemented for long time, and therefore it is too early to assess the effectiveness of investments through quantitative indicators, however, it can be affirmed that 327 program has gained socio-economic results in many aspects.

III. ECONOMIC SOLUTIONS TO IMPROVE THE EFFECTIVENESS OF THE PROGRAM

1. Clarify estate of each type of forests

It is necessary to clarify the estate of each forest type: special-use forests and nature conservation area, critical and very critical protection forests, production forests; on this basis to develop respective suitable management and production models.

2. Identify suitable crop composition and density for each type of forests

• For protection forests and special-use forests: selected crops must have protecting capability, can adapt with and grow normally in difficult climate conditions, on complicated topography, exhausted, rocky or acid soil; at the same time they must be tolerant to various pests and insects. In watershed protection forests, besides timber species, long term industrial crops and fruit trees can be planted as these species provide large shade, have deep roots and they are still considered as main protecting species.

• For production forests (including perennial industrial crops and fruit trees): it is important to base on planning documents, soil survey, physical conditions… to create suitable crop composition, especially economic efficiency when the project completes must be kept in mind. Together with plantation of industrial crops and fruit trees, it is needed to pay attention to processing and marketing steps in order to reimburse loans and generate benefits.

• Crop density must suit each forest type. Identification of crop density must be based on crop composition, specific soil and climate conditions of each project area. Directors of DAfRs are responsible to examine and propose crop density and composition of the locality, in order to submit to provincial and central levels for final decision.

3. Land policies

It is necessary to work out clear regulations on land allocation and assignment of protection and special-use forests, as well as farmers' rights and benefits in receiving allocated land or assigned forests for protection, nourishment and restoration.

Based on the forest development plan, People's Committees at provincial level and cities should give instructions and guidelines to forest land allocation process as well as issuance of land use certificates for organizations, households and individuals. Land should be allocated to those who really have needs in forest development, only thus forest land would be used with right purpose.

4. Renovate managerial mechanism of state-owned forest enterprises, organizations, and farmer households participating in afforestation and restoration-
oriented protection

State-owned forest enterprises (SFE) should be changed into service-supplying centers for afforesters. SFEs would be samples of afforestation and rehabilitation-oriented protection. At present, SFEs are facing a lot of difficulties after the policy to close forests. The state supports would be crucial for SFEs to promote their role, besides the fact that SFE should improve and renovate their operations to suit the new conditions and situations.

Development of household economy through agro-forestry is one of the important solutions for the process of regreening denuded hills and bare land. However, under present conditions, farmer households in project areas are still facing a lot of difficulties in production as well as living conditions, therefore, they are of urgent need of supports from the state as well as agencies at all levels.

5. Investment and credit policies

5.1. Clearly identify investment funds for project

Only special-use forests, restoration-oriented protection forests and newly planted protection forests can receive investments from the State budgets. It is necessary to mobilize various local sources for forest protection.

For production forests, privilege credits are available for development investments. The size and duration of loans for afforestation should be adjusted to suit every crop specie.

5.2. Mobilization of funds for forest production

Forest and forest land are closely linked with ethnic minorities, whose living standards are still very low; they are suffering a lack of funds, however they have labor capacity and they are committed to forests. The State should have appropriate policies on economic benefits, develop necessary infrastructure, support funds for production for farmers participating in the projects. Land could be allocated in order to establish agro-forestry farms to those farmers who can afford inputs, they can borrow additional funds from the State and the State would buy forests under an agreed contract (referring to the model of Le Duy Nguyen, Nghe Tinh province and several other models).

5.3. Study and adjust investment norms and structure

The survey in 16 provinces shows that the investment norm of VND 50,000 per ha which has been applied in the past years is reasonable. For regeneration-oriented nourishment and plantation forests, it is necessary to adjust investments to suit the actual situation of the locality, a norm of VND 1 million per ha for 6 years is appropriate. For newly planted forests, it should be based on crop species and composition to identify an appropriate investment norm. For example, for plantation forests of Keo and Lat species, the investment norm could be 2.5 million VND/ha; for Luong and Lat - 2.7-3 million VND/ha. For plantation forests consisting of industrial material species, fruit trees, perennial crops or indigenous species, investment norm for plantation new 1 ha must be higher.

Investment structure also needs to be adjusted to suit the objectives of the program. For newly plantation and restoration-oriented protection, the ratio of investments for forestry development should reach 70%, for agriculture - 10%, infrastructure 10%, and the rest 10% is for economic development and scientific research.

Investments for technology development and infrastructure construction are very important, however it is crucial to integrate various projects implemented on the same area to make the investment effective. For project management works, 6% of the total investments is only adequate if it goes with salary for non-productive works, otherwise project management units cannot operate well.

5.4. Create internal funds of projects

A fund for forest development should be established as soon as possible. Inputs for this fund are mobilized from taxes on forest resources, incomes from tree selling, tax on water usage from electrical stations, rents of special-use forests from tourism centers, environment tax from factories that produce equipment, vehicles while often using petrol and affecting the environment.

6. Science and technology solutions

Silvicultural studies should be conducted for each crop specie (ecological, site, technical… aspects), i.e. to identify seed sources, quality, criteria and techniques of seedling production.

It is important to improve the system and process of advanced silvicultural techniques in order to disseminate for various afforesters (who plant mixed forests, conduct intensive forest production, plant industrial crops, stabilize the composition of watershed protection forests, sandbreak forests, wavebreak forests… protecting key agricultural areas in Cuu Long and Red rivers’ delta as well as big industrial zones).

7. Organization and management works

A training plan for project management staff to strengthen their capacity should be elaborated to be concentrated, simple but effective.

Project management units should include local commune officers to carry out smooth and effective management.

Control and monitoring works should be strengthened and improved to adjust shortcomings in time and cope with newly occurred problems during the project implementation.

AGRICULTURAL ECONOMIC INSTITUTE

MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT
SOCIALIST REPUBLIC OF VIETNAM

INDEPENDENCE - FREEDOM - HAPPINESS

Hanoi, October, 98

Draft

GUIDELINES ON 1999 PLAN

5 MILLION HECTARS AFFORESTATION PROGRAM

The Prime Minister has issued the Decision on objectives, policies and tasks of the Program of 5 million ha afforestation (Decision No. 661/QD-TTg dated 29/7/1998).

Ministry of Agriculture and Rural Development, Ministry of Planning and Investments, Ministry of Finance will have a interministerial guidelines on carrying out the
Decision 661/QD-TTg of 29/7/98 of the Prime Minister.

Based on the evaluation of 6 year implementation of 327 program, all the sectors and local levels have gained valuable experiences in organization, management and implementation of forest protection and rehabilitation. However, to carry out the plan for 1999, the whole country is facing huge difficulties and challenges due to calamities and the ongoing regional economic-financial crisis, while the State has to focus in solving the urgent economic problems. Therefore, investments to the said program are limited. The Prime Minister has given the instructions on the development and implementation of 5 million ha afforestation program in accordance with Decision 661/QD-TTg and budget capacity in 1999.

On behalf of Ministry of Agriculture and Rural Development, Ministry of Planning and Investment and Central Steering Committee of 5 million ha afforestation program, I would like to report some main points as follows:

1. Orientation and tasks for 1999 of the program

a. Protection and special-use forests

The investments for plantation of these types of forest are provided from the state budgets. The main objective is to develop achievements of 327 program, overcome shortcomings in management and implementation. The program is carried out to further develop the protection and rehabilitation of protection and special-use forests.

Priorities:

- **Protection of existing forests**: the existing forests include the areas assigned under 327 program during the past few years, but it is needed to conduct a re-survey of the area to be protected. It is crucial to follow the planning as special-use forests, very critical and critical protection forests, restoration-oriented forests and plantation forests under 327 program which are running out of the tendering period. The area for protection should be 1.8 - 1.9 million ha on the whole country.

- **Regeneration-oriented nourishment**: to be carried out with rehabilitating special-use and watershed protection forests, about 230 - 250 thousand ha on the whole country. There are 2 types:
  - natural regeneration oriented, assigned households can plant suitable fruit trees in addition, investments are the same with forest protection
  - regeneration oriented plus plantation: it is needed to concentrate implementation based on thorough study and planning. Therefore, in 1999, implementation on a large scale will not be encouraged, experience should be gained for planning for implementation in 2000.

- **Tendering** for about 254,000 ha of forest, which were planted under 327 program and are in the tendering period.

Besides the said priorities, the remaining funds would be allocated for newly afforestation on the whole country maximum on 50,000 ha of protection and special-use forest, which is equivalent to 55% of 1998 plan. Area for afforestation should not be evenly allocated, but concentrated in critical areas, where protecting function is of urgent need. Afforestation should not be conducted where regeneration capacity is promising. Besides, after clearance of 327 program funds (1993-1998), Ministry of Agriculture and Rural Development, Ministry of Planning and Investment, and Ministry of Finance would submit for the Prime Minister to approve for using the left over urgent need. Afforestation should not be conducted where regeneration capacity is promising. Besides, after clearance of 327 program funds (1993-1998), Ministry of Agriculture and Rural Development, Ministry of Planning and Investment, and Ministry of Finance would submit for the Prime Minister to approve for using the left over urgent need. Afforestation should not be conducted where regeneration capacity is promising. Besides, after clearance of 327 program funds (1993-1998), Ministry of Agriculture and Rural Development, Ministry of Planning and Investment, and Ministry of Finance would submit for the Prime Minister to approve for using the left over urgent need. Afforestation should not be conducted where regeneration capacity is promising. Besides, after clearance of 327 program funds (1993-1998), Ministry of Agriculture and Rural Development, Ministry of Planning and Investment, and Ministry of Finance would submit for the Prime Minister to approve for using the left over urgent need. Afforestation should not be conducted where regeneration capacity is promising. 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Besides, after clearance of 327 program funds (1993-1998), Ministry of Agriculture and Rural Development, Ministry of Planning and Investment, and Ministry of Finance would submit for the Prime Minister to approve for using the left over urgent need.

- **Infrastructure development**: Due to fund limits, only 5-6% of the total state budget will be allocated to this purpose. At local level, it is needed to focus in essential projects, which directly serve for forest protection and rehabilitation. Funds for infrastructure development should not be used for building offices or those constructions which do not serve directly for forest protection and regeneration.

The total investment proposed for protection and special-use forests is VND 300 - 320 billion.

Investments distribution in 1999 is planned as followed:

- forest protection: maximum 50,000 VND/ha-year
- forest tendering: 300,000 VND/ha-year
- oriented for natural regeneration: maximum 50,000 VND/ha for year 1
- regeneration oriented plus additional plantation: average 300,000 VND/ha for year 1
- afforestation and tendering in year 1: watershed protection forests and special use forests: 1.7 mio VND/ha; coastal mangroves 0.5 mio VND/ha, swamp mangroves 0.8 mio VND/ha, coastal Casuarina forests 1 mio VND/ha.

The above described is the average norm planned by the central. Provincial PC should based on local specific site and crop conditions decide concrete appropriate investment distribution, without exceed the planned total and reducing quantity.

Production forests:

Afforestation of production forests can use privilege credit loans.

- Production forests include industry material, special product forests, industrial crops, perennial fruit trees… should follow the province’s planning and use privilege credit loans.

- Privilege credit for production forests:
  - Production forests with forestry crops:
    - Afforestation: average 4 mio VND/ha
    - Tendering: average 1 mio VND/ha
  - Industrial crops and fruit trees:
    - Afforestation: average 5 mio VND/ha
    - Tendering: average 1 mio VND/ha

- Credits should be given only for approved projects inputting in production forests. Local functional agencies should develop and submit for approval the feasible projects inputting in production forests.

- In 1999, it is planned to afforest 180,000 ha of production forests on the whole country, including:
  - Forestry crops: 100,000 ha, including: industry material forest 73,500 ha; special product forest 10,800 ha; timber forest 8,700 ha; others 7,000 ha.
  - Forestry crops and perennial fruit trees: 80,000 ha, including rubber 24,000 ha; coffee 19,000 ha; tea 6,000 ha; cashew 7,000 ha; perennial fruit trees 20,000 ha; cocoa 2,000 ha.
Privilege credits for afforestation of production forests will be given to the approved projects in accordance with crops’ cycle.

Production forests with valuable rare timber are invested 2 mio VND/ha from the budget on condition that the investment project is approved by authorities, the area is rather concentrated and valuable rare species to be planted should be approved by MARD or chairman of provincial PC. Priority should be given to the area of less critical protection forests.

Planning for plantation of industrial crops and fruit trees in production forests is elaborated based on the actual situation of the locality, credit funds will be prioritized for the approved projects, the volume will depend on the state approval.

The above is the main indicators of 1999 plan (detailed tables are attached). Based on these figures, localities shall develop detailed plan and submit to the Central Executive Board and Ministry of Agriculture and Rural Development, Ministry of Planning and Investment, Ministry of Finance. After the National Assembly approves the state plan for 1999, the Prime Minister will announce the official plan in December 1998.

2. Main solutions

a. Transition of 327 program to 5 million ha afforestation program

- Special use forests, including national parks, natural reserves and historical cultural forests, which are being invested under 327 program, will be transferred to the new program

- Protection forests: Very critical and critical protection areas are invested under the 5 mio ha afforestation program, and should be planned into projects classifying in catchments, or ecological protection areas. In each project, management unit of protection forests are given certificates of land use rights. In 327 program, implementation was carried out based on the land area of agricultural and forestry farms, or based on district, commune levels. Therefore, it should be re-planned in accordance with Decision 661/QD-TTg. However, this requires time duration, therefore, in order not to affect the program's progress, in 1999, investments should be still allocated to forestry and agricultural projects under 327 Program on temporary basis, at the same time, localities should re-arrange investment projects in accordance with the regulations. This work should be done within 1999, in order to carry out implementation of projects from 2000. Latest by 30/8/99, the re-arrangement and re-planning of projects should be completed and a list of new projects should be submitted to the State Steering Committee and the Central Executive Board. Any locality which has arranged the projects by the end of 1998 should report as soon as possible in order to get the plan to be carried out for the new projects.

b. Seeds and seedlings

- To ensure good seeds for afforestation, localities should check the system of seed orchards which were invested during the past; the seed orchards should be recognized by the provincial PCs, at the same time DARMS should issue temporary certificates on the seeds selected from seed orchards which were approved by provincial PCs.

- Over the past few years, agamos technology in getting seedlings has been tested, the results gained are satisfactory, enabling high economic effectiveness. This technology should be expanded to get good seedlings.

- For protection and special use forests, 327 program had invested funds for preparation of seedlings. In 1998, these funds should be collected, the concrete amount should be reported to be basis for clearance with Ministry of Finance, at the same time, that amount would be used for preparation of seedlings for afforestation in 1999.

c. Management arrangements

Based on the experience gained from the implementation of 327 Program, the implementation of 5 mio ha afforestation program should be based on households as the major force, service at 2 ends must be well organized. The urgent works which should be done by localities are:

- Based on forest land allocation during the past, it is needed to review and issue land use certificates to organizations, households and individuals which had received allocated land, at the same time continue the process of allocation of forest land.

- Conduct land use planning on forest land at commune, district levels, based on which to identify the area for implementation of 5 mio ha afforestation program, including 3 types of forests. This work should be completed within 1999.

- Based on land allocation and land use certificate issuance to households, to encourage the development of agro-forestry farms and to expand RVAC model (forest-garden-pond-livestock) with good results.

- In many areas, afforestation through direct sowing was successful with pines and acacia in Lang Son, trau in Lai Chau, black cassia in Hoa Bin, styracaceous in Tuyen Quang, Yen Bai, etc. This method helped speed up afforestation progress as it is cheap and suitable with cultivation customs and habits of ethnic minorities. Localities, especially mountainous areas in northern midland, should expand this method for suitable species.

- Localities, especially mountainous areas in northern midland, should expand this method for suitable species.

- Provinces should speed up the re-organization of project management unit at provincial level. It should assist the province in directing and implementing the program, at the same time be the key responsible for program's results.

Above are some main issues of the plan for 1999, which need to receive opinions from local levels and relevant agencies for adjustment, supplement. Besides, the draft of the joint Guidelines of Ministry of Agriculture and Rural Development, Ministry of Planning and Investment, Ministry of Finance on implementation of Decision 661/QD-TTg and draft of operational mechanism of Executive Board and management unit at all levels should be adjusted and supplemented, and sent back to the Conference Secretariat.

MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

Form 1: PLAN OF AFFORESTATION OF PROTECTION AND SPECIAL USE FORESTS IN 1999

5 million ha Afforestation Program

<table>
<thead>
<tr>
<th>Unit: ha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
</tr>
<tr>
<td>-----------</td>
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<tr>
<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Central</td>
</tr>
<tr>
<td>Province</td>
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<tr>
<td>-------------------------------</td>
</tr>
<tr>
<td>Quang Ninh</td>
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<tr>
<td>Bac Ninh</td>
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<tr>
<td>Hai Phong City</td>
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<tr>
<td>Hai Duong</td>
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<tr>
<td>Ha Nam</td>
</tr>
<tr>
<td>Nam Dinh</td>
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<tr>
<td>Ninh Binh</td>
</tr>
<tr>
<td>Ha Tay</td>
</tr>
<tr>
<td>Thai Binh</td>
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<tr>
<td>North of Central part</td>
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<tr>
<td>Thanh Hoa</td>
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<tr>
<td>Nghe An</td>
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<tr>
<td>Ha Tinh</td>
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<td>Quang Binh</td>
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<tr>
<td>Quang Tri</td>
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<tr>
<td>Thu Thien Hue</td>
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<tr>
<td>South of Central part</td>
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<tr>
<td>Da Nang City</td>
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<tr>
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<tr>
<td>Quang Ngai</td>
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<tr>
<td>Binh Dinh</td>
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<tr>
<td>Phu Yen</td>
</tr>
<tr>
<td>Khanh Hoa</td>
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Ninh Thuan  7  2.179  40.000  7.000  1.000  500  5.183  4.803  200  500  0
Binh Thuan  9  7.900  40.000  1.000  100  6.800  6.100  200  500  0
Central Highlands  57  18.796  255.000  12.000  5.000  1.550  9.798  8.076  1.000  2.000  0.500  10.496
Kon Tum  13  9.047  95.000  1.000  300  9.594  8.594  300  793  0
Gia Lai  13  4.103  100.000  2.000  300  8.240  7.340  300  600  0  2.000  10.496
Dak Lak  23  2.785  100.000  10.000  1.000  400  8.215  7.315  300  625  0
Lam Dong  18  2.830  60.000  2.000  1.000  500  5.746  5.285  300  420  0
Southwest part  16  18.001  131.000  15.200  8  7.770  15.199  13.933  1.000  1.110  0  0
Dong Nai  6  2.380  9.000  220  670  2.618  2.392  180  190  0
Binh Phuoc  4  1.579  50.000  3.000  300  4.094  3.634  300  300  0
Tai Ninh  4  3.333  30.000  12.000  200  4.110  3.610  200  300  0
Bao Roi Vung Tau  4  3.395  5.000  500  2.985  2.165  600  220  0
Ho Chi Minh City  1  26.000  1.400  1.300  100  0
Southwest part  16  44.431  30.600  6  7.000  3.200  17.378  15.248  800  1.000  0  0
Long An  2  500  100  437  420  33  0
Dong Thap  2  419  2.700  500  1.190  1.110  90  0
Tien Giang  2  500  400  504  420  34  0
Ben Tre  1  720  1.500  790  830  180  57  0
 Soc Trang  1  400  400  457  440  17  0
Tra Vinh  1  400  900  300  541  405  110  36  0
An Giang  1  5000  6.000  1.000  3.990  3.500  200  390  0
Kien Giang  3  7.016  17.000  700  2.000  5.741  5.121  200  420  0
Bac Lieu  1  507  1.500  250  461  427  34  0
Ca Mau  4  950  1.000  3.000  3.168  2.738  200  230  0

**STRUCTURE FOR PLANTATION OF PRODUCTION FORESTS IN 1999**

<table>
<thead>
<tr>
<th>Projects</th>
<th>Total area</th>
<th>Project division</th>
<th>Material bio industry</th>
<th>Pillar timber</th>
<th>Special products</th>
<th>Budget: VND-million</th>
<th>Notes</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Joint-venture</td>
<td>Donation</td>
<td>Total</td>
<td>Credit fund</td>
<td>Donation fund</td>
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<tr>
<td>A. Central</td>
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<td>28.000</td>
<td>15.000</td>
<td>13.000</td>
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<tr>
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<td>Quang Tri</td>
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<td>Bac Giang</td>
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<td>a. direct implementation</td>
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<tr>
<td>Vinh Phu Company</td>
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<td>5.000</td>
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<tr>
<td>Dong Nai Company</td>
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<td>1.500</td>
<td>4.500</td>
<td>4.500</td>
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</tr>
</tbody>
</table>
b. as planned | 16,000 | 16,000 | 16,000 | 48,000 | 48,000 |
---|---|---|---|---|---|
- to provinces |
Tuyen Quang | 1,000 | 1,000 | 1,000 | 3,000 | 3,000 |
Yen Bai | 1,000 | 1,000 | 1,000 | 3,000 | 3,000 |
Ha Giang | 500 | 500 | 500 | 1,500 | 1,500 |
Hoa Binh | 1,500 | 1,500 | 1,500 | 4,500 | 4,500 |
Son La | 1,500 | 1,500 | 1,500 | 4,500 | 4,500 |
Thanh Hoa | 1,500 | 1,500 | 1,500 | 4,500 | 4,500 |
Nghia An | 1,500 | 1,500 | 1,500 | 4,500 | 4,500 |
Quang Ninh | 1,000 | 1,000 | 1,000 | 3,000 | 3,000 |
Quang Ngai | 1,000 | 1,000 | 1,000 | 3,000 | 3,000 |
Binh Dinh | 1,000 | 1,000 | 1,000 | 3,000 | 3,000 |
Phu Yen | 1,000 | 1,000 | 1,000 | 3,000 | 3,000 |
Khanh Hoa | 1,000 | 1,000 | 1,000 | 3,000 | 3,000 |
Kon Tum | 1,000 | 1,000 | 1,000 | 3,000 | 3,000 |
Lam Dong | 1,000 | 1,000 | 1,000 | 3,000 | 3,000 |
Binh Phuoc | 500 | 500 | 500 | 1,500 | 1,500 |
Northern Midland | 23,400 | 3,600 | 19,800 | 8,900 | 18,000 |
Lai Chau | 1,000 | 1,000 | 700 | 300 | 4,000 |
Son La | 1,000 | 1,000 | 700 | 300 | 4,000 |
Hoa Binh | 1,500 | 1,500 | 1,500 | 4,500 | 4,500 |
Ca Bang | 4,500 | 4,500 | 4,500 | 13,500 | 13,500 |
Lang Son | 1,000 | 1,000 | 1,000 | 3,000 | 3,000 |
Bac Giang | 4,500 | 4,500 | 4,500 | 13,500 | 13,500 |
Bac Can | 2,100 | 2,100 | 2,100 | 6,300 | 6,300 |
Thai Nguyen | 1,000 | 1,000 | 500 | 300 | 2,000 |
Quang Ninh | 3,200 | 3,200 | 3,200 | 9,600 | 9,600 |
Ha Giang | 1,000 | 1,000 | 1,000 | 3,000 | 3,000 |
Tuyen Quang | 1,000 | 1,000 | 1,000 | 3,000 | 3,000 |
Lao Cai | 1,000 | 1,000 | 1,000 | 3,000 | 3,000 |
Yen Bai | 1,000 | 1,000 | 1,000 | 3,000 | 3,000 |
Phu Tho | 200 | - | 200 | 100 | 500 |
Northern Delta |
Hanoi | - | - | - | - | - |
Hai Phong | - | - | - | - | - |
Hai Duong | - | - | - | - | - |
Ninh Binh | - | - | - | - | - |
Ha Nam | - | - | - | - | - |
Thai Binh | - | - | - | - | - |
Ha Tay | - | - | - | - | - |
Bac Ninh | - | - | - | - | - |
Former IV sub-region | 10,800 | 3,000 | 7,000 | 5,900 | 2,900 | 2,100 | 38,400 | 11,400 | 28,000 |
Thanh Hoa | 1,000 | 1,000 | 300 | 500 | 500 | 4,500 | 3,600 |
Nghia An | 1,000 | 1,000 | 300 | 500 | 500 | 4,500 | 3,600 |
Ha Tinh | 2,300 | 300 | 2,000 | 1,500 | 500 | 3,000 | 6,900 | 900 | 8,000 |
Quang Binh | 2,700 | 200 | 2,500 | 1,700 | 800 | 200 | 10,000 | 600 | 10,000 |
Quang Tri | 2,600 | 100 | 2,500 | 1,800 | 800 | 200 | 10,300 | 300 | 10,000 |
Thua Thien Hue | 1,200 | 1,200 | 500 | 300 | 400 | 4,500 | 4,500 |
Middle Coastal | 6,500 | 6,500 | 4,300 | 600 | 1,000 | 32,100 | 32,100 |
Quang Ninh | 1,000 | 1,000 | 500 | 500 | 4,500 | 3,000 |
Da Nang City | - | - | - | - | - | - | - | - | - |
Quang Ngai | 1,500 | 1,500 | 1,500 | 500 | 4,500 | 4,500 |
### PLAN FOR PLANTATION OF INDUSTRIAL CROPS AND FRUIT TREES - 1999

<table>
<thead>
<tr>
<th>Projects</th>
<th>Area of industrial crops (ha)</th>
<th>Species</th>
<th>Total funds needed for plantation (VND)</th>
<th>of which</th>
<th>Privilege credits</th>
<th>International aids</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Rubber</td>
<td>Coffee</td>
<td>Tea</td>
<td>Cashew</td>
<td>Fruit trees</td>
</tr>
<tr>
<td></td>
<td></td>
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For detailing the Decision N 661/QD-TTG dated 297/9/98 on objectives, tasks, policies ad organizing the implementation of project on afforestation of 5 mil ha issued by the Prime Minister, Ministries of Agriculture and Rural Development, Planning and Investment, Finance provides guidance for implementation of this decision as follows:

I. OBJECTIVES, GUIDELINE PRINCIPLES AND SPECIFIC DUTIES POINTED OUT FOR PROJECT OF AFFORESTATION OF 5 MIL HA

1.1. Objectives, guideline principles of project of afforestation of 5 mil ha referred on the Decision N.661/QD-TTg were aimed to establish 5 mil ha of new forest and protect 9,3 ha of remaining forest. This project presents as a Program on Environment Security, at the same time, it must contribute to stabilize and improve living condition for people in mountain midland and highland, particularly ethnic people. The Decision also specifies various incentive policies for sustainable forest protection, management and afforestation, mobilizing all sources for forest development for the period of 1998-2010.

1.2. Specific duties:

1.2.1 Protecting entire areas of natural forests, special-use forest and protection forest in the crucial and very crucial positions, production forest with rich and medium volumes of standings, forest areas planted under Program 327 with various measures in respect of administrative, economic, law enforcement and education. Relevant sectors and localities should strictly comply the Directive N 286/TTg of 2/5/1997 of the Prime Minister on promotion of urgent measures for forest protection and management.

1.2.2. Regarding to afforestation

a. Afforestation of 2 mil ha of protection and special use forest comprises:

Plantation of 1 mil ha of new forest: on the regions designated to be crucial and very crucial protection purposes, particularly for the regions of river basin, reservoirs, hydro - electricity stations, or protection of big cities, coastal areas suffering erosion or sand blowing or regions requiring urgent measures of ecological restoration. Privileges shall be concentrated on Northern mountain regions where the forest coverage rate is too low and Central regions that are often hit by flood.

Demarcation for regeneration : 1 mil ha

• Demarcation for natural regeneration will be conducted on the land areas where forest coverage was lost but those plots are capable to be regenerated and they fall into the regions of crucial and very crucial protection forest or the regions of special use forest or for ecology restoration which are classified as forest of group 1B and 1C. The forest areas falling into those categories are the ones possessing generated standing rate of 600 standings per ha, the density and composition of regenerated plants are suitable for protection purposes, no need for planting additionally. Those kinds of forest need only protection and tends and will be funded with investment rate as the same rate for forest protection.

• Demarcation for artificial regeneration will be conducted on the land areas covered by brushes and regenerated standing rate accounted less than 300 standings per ha, therefore those areas need beating up or additional plantation but not higher than 200 seedlings per ha. The investment rate for those categories are defined by the number of seedling for additional planting.

b. Plantation of 3 mil ha of production forests:
• Planting production forests with forest species: 2 mil ha

• Plantation of production forest supplying industry material: 1.4 ha to 1.5 ha, mainly species of Acacia, bamboo, pipe trees, Eucalyptus...

• Planting forest for wood served for construction and woodwork: about 250,000 ha - 300,000 ha with species of Cassia siamea, Chucrasia tabularis, Dauneragoa cochinichensis. Talau, teckonta grandis, ...

• Planting species supplying special products: 100,000 ha: cinnamon, rattan.

• Planting of forest with precious and rare wood species: 100,000 ha of Sindora torkinensis, Fokienia hodginsii, Markhamia stipulata which area classified as group Ia and Ii (according to the Decree N 18/HDBT now is Government)

• Planting forest for pitwood or mining timbers: 80,000 ha of Cunning hemia Sinesis, Pinus kesya Royle.. concentrated in provinces namely Quang Ninh, Lang Son - Bac giang.

c. Plantation of perennial industrial and fruit species: about 1 mil ha

Perennial industrial species are defined as categories to be planted by project 5 mil ha comprises rubber, tea, cashew, coffee, special medical species and fruit species of high economic values and at the same time they are suitable for protection of soil from erosion.

Provinces and localities, particularly ones located in delta and coastal regions should pay attention in planting of forest corridors in order to protect ecological environment, minimize the effects of flood and natural disasters, protecting rivers or sea dikes, preventing erosion of streams or canal banks, and supplying fuelwood for people. There is also a need for green belts planted in forms of botanical gardens or forest parks in big cities or industrial zones such as: Ha Noi, Hai Phong, Thai Nguyen, Ho Chi Minh City, Quang Ninh, Da Nang, Ba Ria, Vung Tau, Dong Nai, Can Tho.

II. POLICIES AND SOLUTIONS

2.1. Regarding to plantation structure: it will depend on objectives and categories of plantation

a. Regarding to protection and special use forest: species for planting must be selected to be suitable for protection purposes and adaptable for harsh conditions of weather, stopping land characters, or species can develop on poor and rock, or acid soil.

b. Regarding to Production forest including perennial industrial material and fruit trees, the decision on afforestation of production forest must be based on land use planning and geo- edaphical surveys to find out a suitable structure for each regions. Production forest can not develop wherever on vacant land and bare hills.

The development of production forest with industrial material and fruit trees must be combined with the growth of products consumption and processing technology so that to early reap the benefit from the investment and labors.

Basing on aforementioned principles, provinces or cities directly under the Central Government shall assign to all concerning agencies to conduct studies and selection of specific species suitable for locality to be submitted to People Committee or Ministry of Agriculture and Rural Development for approval.

Regarding to watershed protection forest, besides the big standings, it should plant with additional industrial or fruit trees which possesses large canopy and deep roots. Those species shall be classified as major protection species.

2.2. Regarding to policies on land:

a. Ministry of Agriculture and Rural Development shall coordinate with General Department of Land Administration in promulgating a specific Circular relating to these matters. In order to successfully implement the project of 5 mil ha, People Committee of provinces and cities directly under the Central Government under the guidance of the Ministry of Agriculture ad Rural development and General Department of Land Administration shall have to revise the forestry and agriculture land resources to work out the plans for afforestation with 3 types of forests. Allocation of land must be conducted together with granting Land Use Certificates.

b. Basing on the land use planning and projects designs approved by respective competent agencies, the People Committee of provinces and cities directly under the Central Government shall direct the work of land allocation and granting Land Use Certificates to organizations, households and individuals. Allocation of land must be conducted together with granting Land Use Certificates.

c. Land shall be contracted or allocated to only ones those need in deed to take forestry production and land allocation must be taken rapidly without lagging or effort to the progress of project of 5 mil ha.

d. For attention:

• Regarding to land categorized as special use forest of National Park or Natural Preservation Areas, the Land Use Certificates shall be granted to Management Board who can re-contract to member households living inside the forest plots. Those families are also entitled to receive resident or agriculture land which are certified in the land use certificates in accordance with the Decree N 02/Cp and 64/CP. The land areas under contract with the Management Board shall not be calculated into the land received with Red Book or Green Book.

For the forest plots of historical or cultural purposes, Land Use Certificate shall be granted to the Management Board of the Relic, Forest management board shall not established.

• Regarding to Protection forest: Land areas categorized as crucial and very crucial protection forest must be allocated to Management Board of Protection forest with granting of Land Use Certificates

For the forestry land categorized as crucial and very crucial forest but under the management of State Forest Enterprises, the People Committee shall grant Land Use Certificate on those areas for SFEs and the existing form of SFEs shall be changed into Management Board of Protection forest.

The Forest Management Board of Protection Forest shall sub-contract those forest areas to organizations, individuals and households for protection, maintenance or plantation under the contractual basis. Contracts may conclude agriculture or forestry enterprises

• For the forestry land areas designated for production forest or less crucial protection forest, the People Committee of Provinces shall allocate to organizations, individuals or households for production. At the same time, it should revise the land resources use by SFEs and Agriculture Enterprises to find out if they are making the full use of their land estate. If they can not make uses or using those land without high effectiveness, the extra land areas shall be recovered to be allocated to households or organizations who want to enter into forestry production.

• In order to avoid friction and denunciation or negative actions occurred when allocating land, particularly for the land or high economic values, all activities of land allocation and certificates must be carried out in public with ensure of demography at grass root level. The work of land allocation and granting certificates must be completed before 31-12-2000.

e. Regarding to level and time-limit for land assignment and lease, Land Use Certificate:

The Ministry of Agriculture and Rural Development shall coordinate with the General Department of Land Administration to issue a specific Circular on this issue.

2.3. Regarding to policies on investment and credits
2.3.1. Investment fund from the State Budget source for special use forest, protection forest and forest of precious and rare wood standings.

a. Forest Protection:

Provinces shall have to mobilize forces and investment funds from various sources to protect special use and protection forests.

Special Use Forest shall be protected mainly by Forest Ranger workforce and forestry specialized workforce who are paid by Management Board for forest protection. For the forest areas which suffer from encroachment of people and danger of deforestation, The State shall grant additional funds for forest protection which is amounted not more than 50,000 VND/ha/year. People Committee of provinces basing on the each project design, basing on factual condition of each case shall decide the payment rate for forest protection but no more than 50,000 VND/ha/year.

For the Protection Forest: Investment for protection is paid only for natural forest, forest areas demarcated or already planted under program 327 which are located in crucial and very crucial protection forest or in the regions where the forest is being damaged for cultivation. The investment rate shall not exceed 50,000 VND/ha/year. Depending on factual conditions of each province, the People Committee shall decide the specific investment rate adapted for each project at grass root level but the period for contract shall not last longer than 5 years. For the forest areas which had been contracted for protection under the Program 327, it will settle with following options:

- Forest does not fall into the categories defined by this items shall not receive the investment
- Forest fall into the categories defined by this items but investment had been already paid but not yet enough 5 years.

b. Forest areas to be demarcated for regeneration in combination with additional planting

- Forest areas to be demarcated for regeneration without additional planting: the investment rate is not higher than 50,000 VND/ha/year for period not high than 5 years.
- For the areas for regeneration with additional planting: investment rate shall be 1 mil VND/ha for 6 years specifically:
  - For the first year: jobs to be done are conducting surveys and designs, invest on seedling and labor for planting in accordance with the approved project. (survey and design step shall be paid with 40,000 VND/ha)
  - Maintenance: Payment for maintenance shall be provided for the next 2 year basing on the number of trees planted in the first year in accordance with the designs approved.
- Protection shall be conducted for the next 3 years, payment shall be calculated depending on each site condition but not higher than 50,000 VND/ha/year.

c. Plantation of new forests:

Regarding to Special Use Forest: plantation shall be conducted in the areas of ecology restoration in the special use forest, plantation of forest for experimental activities, botanical collection gardens; Structure, density and investment rate shall be approved together with the designs by competent agencies.

Regarding to Crucial and very crucial Protection forests:

- Structure and density for plantation: the average density is 1600 plants per 1 ha comprising forest species for protection purposes, perennial fruit trees, industrial tress with large canopy, deep roots; and about 600 intercropping plants with rapidly growing species which are aimed to improve the soil quality. The number of intercropping plants shall be decided depending on each site station. In case of site station condition does not allow to plant protecting species, it must plant with species of rapidly growing species aimed to enrich the soil condition such as Acacia or sea pine in the coastal regions, DARD shall take the main responsibility to make specific designs to be submitted to People Committee for approval.
- Investment rate:
  - Regarding to watershed protection forest: 2.5 mil VND per ha at average covering steps of plantation and maintenance for 3 years. Basing on average rate, depending on different site station and structure for plantation, People Committee of province shall decide specific investment rate applicable for each project.
  - Regarding to precious and rare timbers forests: for the projects assigned to plant precious and rare timber species whose feasibility study has been approved by competent agencies, the State shall grant a fund of 2 mil VND/ha for new plantation. The grand shall cover mainly seedings, necessary instruments and labors. On the regions of less crucial protection forest, the practice of "State and People joining efforts" shall be encouraged. Depending on factual conditions of each province, the People Committee shall decide the specific investment rate applicable for each project at grass root level but not more than 10% of total funds from the State budget.

d. Construction of infrastructure:

All localities must coordinate with various programs and projects running on the site in mobilizing capitals for basis construction of rural infrastructure used for afforestation such as rural communication system, irrigation, clean water supplying stations, settlement, public health and education...

In case that local authority finds no way to combine efforts from different sources or investment capitals for construction of infrastructure can not be shared with any project on the site, investment fund can be used to partly support the construction of infrastructure but not higher than 10% of total funds from the State budget.

The use of funds for construction of infrastructure stations are stipulated to cover only following types of construction jobs:

For Special Use Forests: Projects directly served or works of forest establishment and protection such as: Forest Protection Station, fires preventing, epidemic fighting projects, nurseries, internal roads. Projects served for administrative uses, or raising wild animals, project used for ecological tourist... shall not be covered by this funds

For protection forest: Funds shall be spent only for projects of necessity such as: rural road, water supplying, nurseries.

2.3.2. Funds for management of project

Funds for management of project shall be used to cover activities of project management and execution from Central level to grass root levels comprising activities such as:

- Surveys for project formulation, projects appraisal and ratifying, evaluation of designs, expenses for training, workshops, meetings, summing up the situation and information.
- Transporting and traveling costs, allowances for field-works, fees for control and supervision, stationary costs, additional allowances for staff working at grass root level, equipment and vehicles for Steering Committee, funds for awards...

Supporting for Forestry cadres at Commune level which is stipulated specifically as follows:

Project owners at grass root level shall get 6% of total funds from State Budget granted to project. This rate is calculated at average, in the difficult or remote areas, this rate may be higher, depending on the decision of People Committee of Province

1.3% of total State budget funds shall be devoted to the management jobs at Provincial, district and commune levels. This fund shall be put at the bank account of Provincial Management Board and shall be used for activities of Provincial Management Boards and shall support to Forestry cadres at commune levels. The number of communes who shall enjoy the supporting funds and the amount to be supported shall be decided by People Committee of Province, but the amount supporting shall not
higher than the allowance for permanent forestry positions at commune level.

Central Government bodies shall enjoy 0.7% from total state budget for management activities at Central level (including the State Treasury system serving project). This source of funds (excluding the components distributed to State Treasury system) shall be provided to Ministry of Agriculture and Rural Development for management and allocation for uses.

2.3.4. Capitals for preparation of seedlings:

State shall advance capitals before the planing year for preparation of seedling and this capital shall be recovered on the next year. For the funds already paid in advance for previous projects under program 327, respective agencies shall have to define and sum up the accurate funds allocated for seedling to be transferred for preparation of seedling for 5 mil ha without given back to Treasury.

2.3.5. Procedures for funds allocation

In order to ensure the successes of projects, the funds allocation must follow up procedures as follows:

a. Precondition for to be allocated with funds:

Project designs must be appraised and approved by Ministry of Agriculture and Rural Development or competent agencies of Central Government or Provinces. Any variation of projects must by approved by competent bodies in accordance with the Decree N 42-CP of the Government.

Dossier must comprise: Document of plans assignment produced by province or Central Government institutions which clearly refer capital investment quota and workload; the approval paper for project designs and cost estimates for each component of projects as afforestation, forest maintenance, protection and demarcation for regeneration ratified by DARD (for provincial projects) or by specialized departments of MARD (for central project). The allocating of funds shall be implemented through the State Treasury system in accordance with the State regimes on management of State budget stipulated by the Decision 661/QĐ-TTg. When the project terminates, DARD shall take the main responsibilities coordinating with concerning units in carrying out handling over services, the State Treasury shall make the payments for project.

Due to the characteristics relating to crops, capitals on afforestation, forest regeneration and maintenance are allowed to be remained up the end of the 1st quarter of the next year. By 31/3 of the next year, capitals on afforestation, forest regeneration and maintenance which are not used (due to the failure in implementing plans) shall be recovered to the State Treasury and than returned to State Budget.

Regarding to the capitals on forest protection, the State Treasury basing on the signed contracts shall quarterly provide the payments for project owners, then will be paid to contractors. The payments shall be given from the date referred on the contract.

The allocation of management funds shall be based on the estimates approved by competent agencies, the State Treasury shall advance the payments for project owners, and the balance must be conducted at the end of the year.

The Ministry of Finance shall promulgate specific regulations on procedures for allocation and balancing funds.

2.3.6. Regarding to credit investment capitals

a. All individuals, organizations and business companies specialized in afforestation, regeneration, plantation of industrial and fruit trees on degraded and bare hills, all forest products processing units shall run their business with favors defined by the Law on Domestic Investment Promotion (amended on 5/98, the specific documents guiding to implement this law shall be issued on 1/99)

b. Preconditions to benefit the favors Law on Domestic Investment Promotion:

Individuals, business companies belonging State, Central Government or provinces who has received land and granted with Land Use Certificates (or right to fire land) in accordance with the Land Law.

Land areas for agro-forestry development are designated on plantation of production forest project which is approved by the competent agencies.

Basing on Law on Domestic Investment Promotion and the approved projects, The People’ Committee shall issue the certificate on Investment Promotion attached together with the Business and Production License of the enterprises or businessmen.

c. Benefits and obligations of investors:

Land use fees shall be reduced at 50%-100%, payments for land lease shall be exempted or reduced for the first 3 years or the whole period of afforestation depending to the real conditions of the project regions.

The land use taxes shall be exempted for the 1st rotation of afforestation for projects running in remote areas or land areas under the first cultivation of economic plantation.

Land resources assigned to those bodies shall be used for mortgage against the bank loans.

Loan interest shall be defined annually from the preferential sources referred by the Law on Domestic Investment Promotion. Payment of interest shall be made only 1 time after the harvest (annual progressive interest rate shall not be calculated, applying the Article 16 of the Law on Domestic Investment Promotion).

Loans provided for projects must not higher than 70% of the total investment capital of the project. Any excesses of this level must be approved by the Prime Minister.

Being supported with a part of funds (but not higher than 10% of total budget of project) invested for infrastructure (must be approved by the competent agencies) if this project involved in afforestation jobs in combination with stabilization of living condition for local people.

Forest plantation, production and running business must follow the set purposes and contents approved on project.

Investors must obey all regulations relating to national security, environment protection and Labor Code.

In case that Investor do not comply the requirements, progresses and tasks defined by the approved projects, the preferences shall be readjusted partially or all preferences shall be canceled.

d. Term for loans from preferential sources stipulated by Law on Domestic Investment Promotion.

Basing on the Article 28, Chapter III of the Law on Domestic Investment Promotion, investors shall be considered by the Investment Support Fund for medium-term and long-term loans with preferential interest rates to meet up to 70% of their investment capital demand. The quotas for investment and for preferential loans on afforestation and maintenance of production forest and plantation of industrial and fruit trees shall be guided by documents issued by MARD.

In addition with the preferential loans, through the Law on Domestic Investment Promotion, investors may be favored from other preferential credit sources from other programs.
2.3.7. Investment capitals from ODA sources:

Financial sources loaned to Vietnam by International Organizations and countries shall be preferentially used for afforestation with preferential interests.

Conditions for receiving loans as well as interest rate and term for loans shall be defined by specific project in accordance with the respective Laws of Vietnam and agreement between 2 sides.

2.3.8. Capitals from FDI sources: (as the Article N.10 of the Decision N 661/QĐ-TTg)

Capitals from FDI sources (Foreign Direct Investment) are stipulated on the Law on Foreign Investment (amended) with more preferences for Forestry sector shall be used for implementation of project 5 mil ha as follows:

Preferences will be paid for afforestation project in combination with processing units
Payment for land lease and taxes shall be adjusted to be more adaptable for each regions

2.4. Policy on benefit enjoyment and products marketing.

a. With regarding to special use and protection forest: When contracting forest and forest land for regeneration, protection and afforestation on the regions of crucial and very crucial protection forests, priorities should be given to the households affected by the farming and settlement policies or poor households living on the sites. Contracts should be made on the stable basis and for long-term so that the contractors would feel assured to organize their forestry activities.

Household contractors shall enjoy benefits as follows:

- Receive payments for labors invested on forest plantation, regeneration and protection
- Being entitled to exploit dry fuel-wood and non-wood products (bamboo shoots, fruits, mushroom, honey...)
- Households that contract to reforest, or regenerate the forest shall be entitled to enjoy the whole of the products of pruning and other non-wood products. For the case of plantation of protection forest with mixed species, if the plot ensure the density of 600 trees per ha, households shall enjoy 100% of rapidly-growing species planted on the plots; if the plantation of protection forest with fruit species, households shall enjoy the whole products as fruits, flower or resins.

b. With regard to the Production forest

- Owners of production forest are entitled to enjoy benefits as follows:
  - Making a best choice for the time to harvest. Harvesting activities must not affect to ecological environment and regeneration procedures stipulated by silviculture norms.
  - Products harvested from the planted forest are freely to circulate on the markets
  - If the investor desires to process their harvest from planted forest, they will be supported with credits investment for developing processing units in accordance with the Law on Domestic Investment Promotion.
  - To be entitled to export products in forms of origins what harvested from planted forest
  - Procedures for harvesting products from planted forest:

Forest owners when have need on circulating their harvested product, they should send proposal to the nearest Forestry Agencies so that within 10 days it shall be issued the certificates that their products are legal products. Within 12-24 months, forest owners have to reforest the harvested forest land areas. If the replanting are not carried out, the forest land shall be recovered back to allocate to other contractors.

c. Besides the above mentioned preferences, the State encourage to promote processing industry for export.

2.5. With regarding to tax policy

Investors, organizations, households and individuals that plant forest or perennial industrial and fruit trees on waste land and bare hills within the framework of project of 5 mil ha shall be entitled to enjoy preferential treatment of tax exemption or reduce that stipulated by the Articles 19,20,21,22,23,24,25, and 26 of the Law on Domestic Investment Promotion.

2.6. Policies on science and technology

The State shall encourage the promotion of study, selection, crossing and import of forest tree breeds with high quality, application of intensive methods, study for procedures of forest fires preventing, fighting against pest, effective models on agro-forestry combination production, tissue culture, cloning breeding... meanwhile boosting science researches on organization of production, renovation of forest management methods with the aims to increase the investment effectiveness.

Ministry of Agriculture and Rural Development shall coordinate with the People’ Committee of provinces providing guidance for DARD to promote and complete the seeds production network at the locality so that to ensure sufficiently supply seedlings of high quality for projects.

III. ORGANIZATION OF PROJECT IMPLEMENTATION

3.1. Organizational apparatus at Central level:

To establish the National Steering Committee who are assisted by the Execution Committee of Central level. The Execution Committee attached to Ministry of Agriculture and Rural Development shall direct and supervise the implementation of project through out the country. The Execution Committee shall use the seal of MARD and to be funded with 0.7% of the total budget for project. MARD shall stipulate functions and tasks, working regulations for this Committee.

3.2. Managerial apparatus in the localities

a. In the provinces and cities directly under the Central Government where the afforestation projects are implemented, the Chairman of People Committee of the province or city directly the Central Government shall take overall responsibility for the result of the implementation of the Project in his locality

To set up the Provincial Steering Committee by a Vice-Chairman of PC of the Province with members of the leadership of Department of Agriculture and Rural Development as Deputy Head, and the Heads of relevant agencies of Planning and Investment, Finance, Land Administration and State Treasury and State Bank of the Province as members

b. To set up Provincial Project Management Board upon the Decision of the Chairman of People’ Committee of province who shall assist the Provincial Steering Committee in directing the implementation of project. The Forestry Development Sub-Department shall take the charge of Permanent Office.

In province where The Forestry Development Sub-Department is not setup, the Permanent Office shall be put at the Department of Agriculture and Rural Development.
The staff of this Board is incorporated in the personnel and payroll for non-business services of province.

Provincial Project Management Board is the Permanent Agency of the Provincial Steering Committee and is assigned with following tasks:

- Elaboration and summing up the long-term, short-term and annual plans to be submitted to the People Committee of Province. Distribution of plans and investment quotas for projects at grass root level after getting approval of People Committee.
- Directing and executing the implementation of projects on the whole province.
- Resuming the main responsibilities in coordination with relevant agencies to solve all problems emerging when implementing the projects.
- Taking the main charge in managing Project management fees devoted for province level (1.3%).

Producing periodical report, organizing meetings of Provincial Project Management Board.

Basing on the those regulation, People’s Committee of province shall provide functions, tasks and working regulations for Management Board of Project.

No Project Operating Board shall be set up at district level. The Chairman of People Committee of District shall take responsibilities for State Management of the projects in the district territory.

c. In communes where afforestation projects with scale of more than 500 ha, or forest protection project with scale of more than 1000 ha are implemented, the People Committee of Province shall allocate 1 forestry specialized personnel working at commune who will assist the People Committee of Commune in implementing forestry projects. This position shall be paid by the Project Management fees. People Committee of province shall decide the number of communes enjoying this position.

d. Management Board for project at grass root level: established upon the Decision of respective ministries, sectors or People Committee of province with positions of director, chief accountant and other members. This Management Board has juridical body statue, possessing his own seal and to be funded from the project management fees. The Staff of Management Board should be streamlined and fully competent to fulfill the task.

e. Other Ministries or sectors when running afforestation project must be establish the Management Board for directing implementing project.

### 3.3. Project Management Boards for Program 327

Basing on the Decision 661/QD-TTg of the Government, all Project Management Boards for program 327 at all sectors and all level should rapidly complete the works as follows:


Project Management Boards for program 327 at all sectors and all level should carry out the review of implementation of 327 from the grass root level in order to derive the lessons learnt the new Project Management Board for 5 mil ha, resulting the outcomes of 327 for betterment of 5 mil ha.

The works to be handed over between the former Project Management Boards for program 327 and the new Management Board of 5 mil ha must comprise: General situation of Forestry and implementation of 327: workloads and investment capitals for completed components of projects, in-completed components of project, situation of loans, loans which are still booked as debts, losses caused by natural disasters or fires, and other losses... log books, documents, project maps, balance and handling over papers... in accordance with the Decision N 08/1998/QD-TTg and Decision N 661/QD-TTg.

The work of balancing of investment capitals for 327 for 1998 must be definitely completed before 31/3/99.

### 3.4. Arrangement of Projects under 327 and transfer of project 327 into project of 5. mil ha

a. Projects under program 327 which are involved in Special Use Forest shall be completely transferred to run 5 mil project.

b. Projects under program 327 which are involved in protection forest must be revised along the direction that: those Projects running on the regions of crucial and very crucial protection forest and operating with high effectiveness shall continue with the 5 mil ha.

Those Projects are not working on the crucial protection forest, or proportion of the areas of crucial protection forest is very low shall be combined with other projects.

People Committee of Provinces and relevant ministries shall take initiatives in assessing and evaluating the 327 projects and produce the list of 327 projects to be transferred to 5 mil ha to be submitted to National Steering Committee for approval in written forms. When transferring, those project have to revise the objectives and contents of activities if they are not fit to guidelines of program of 5 mil ha. The plans and estimates must be reformulated to be submitted to competent agencies for approval.

b. For 327 projects that still remain some of components not yet completed and the objectives of those ones are not harmony with the spirit of program of 5 mil ha, they should be revised to be settled with following options:

- Incorporate into the list of those to be dealt with at the end of 1999
- Merging into other units

c. Specialized departments of Ministry of Agriculture and Rural Development shall coordinate with localities in completing the land use planing for forestry land to clarify the areas of protection, special use and production forests at each commune and district on the maps and on the site.

Funds for land use planing, project formulation shall be taken from the project non-business management fees and partially from the local budget.

### 3.5. Elaboration, summing up and distribution of annual plans

#### 3.5.1. Elaboration and summing up the plans:

People Committee of Province and cities directly under the Central Government, relevant ministries and sectors shall elaborate and sum up the plans implementing 5 mil ha of his localities and branch to be forwarded to the National Steering Committee and National Permanent Committee, namely Ministry of Agriculture and Rural Development, Ministry of Planning an Investment and Ministry of Finance 15 days before the deadline given by the Government.

#### 3.5.2. The plans submitted to the National Steering Committee should refer following contents:

a. Criteria to be fulfilled : areas for protection, natural regeneration, regeneration under the supplementary afforestation

b. Areas for afforestation:

   b1. areas for Aforestation of protection and special use forest

   b2. Areas for afforestation of production forest with forest species (classified as industrial material, timber for construction, timbers for mine- pillars
b3. Areas for plantation of precious and rare standings

c. Areas for plantation of perennial industrial material and fruit trees (rubber, cashew, coffee, teas, fruit trees)

d. Maintenance of Forest and industrial material plot
   - Maintenance of protection, special use forest
   - Maintenance of production forest
   - Maintenance of industrial and fruit areas

e. Capital mechanism:
   - e1. Capital for afforestation + maintenance and protection of forest shall be invested from the State budget (only for protection and special use forest) and for plantation of precious timbers
   - e2. Capital from ODA: including grants (PAM, German) + Loans from ADB and WB
   - e3. Capital from FDI
   - e4. Capital from preferential credits: for production forest and industrial plantation
   - e5. Capitals of the enterprises
   - e6. Capitals possessed from the collection of tax on natural resources, from selling standings
   - e7. Fund for basis construction of infrastructure
   - e8. Funds for science researches on agro-forestry extension
   - e9. Funds for non-business management fees

Fund for work of mapping shall be planed by the General Department of land Administration to be submitted to the Prime Minister for approval

3.6. Distribution of plans

After getting approval of the National Assembly on the capital amounts invested for those projects, MARD shall assume the main responsibilities coordinating with MPI, MOF in distributing the plans and investment capitals quotas for localities and respective units to be submitted to Government for approval

The Chairman of People Committee of Province or cities directly under the Central Government, Ministers of respective sectors shall allocate the specific quotas for project owners.

Quotas to be distributed shall comprise:

   a. duties: protection, demarcation for regeneration in combination with supplementary plantation, forest maintenance, afforestation of protection, special use and production forest; plantation of industrial material and fruit trees
   b. Capitals mechanism: State budget for protection and special use forests, capitals from credits, construction of infrastructure, foreign aid.
   c. List of projects:
      - Projects of afforestation of protection, special use and precious timbers
      - Projects of afforestation of production forest
      - Projects of plantation of material and fruit trees

3.7. Reporting regimes

Project owners shall have to monthly produce the report on the implementation of project, disbursement of funds and progress to the Provincial Management Board (from the date of 22 or 23 every month)

The Provincial Management Board shall have to sum up all subordinate reports into the provincial report to be forwarded to the National Operation Committee on 24th of each month, then report shall be made to the National Steering Committee and to Government and National Assembly.

Ministry of Agriculture and Rural Development who take the charge of Permanent Office for implementation of program of 5 mil ha shall have to produce a bi-annual report to the Prime Minister.

3.8. Final provisions:

This Circular shall take effect from the date of

All provisions that are contrary to this Circular shall be annulled

Relevant ministries, branches and localities when basing on the real situation, may issue the specific documents guiding for the issues within the functions and management competency of their units

During the period of implementation of this project, any problems emerged, particularly regarding to the process of transferring works from program 327 to the new 5 mil ha, must be reported in written forms to Ministry of Agriculture and Rural Development, Ministry of Planing and Investment, Ministry of Finance for settlement

Minister of Finance    Minister of Planing & Investment    Minister of Agriculture & Rural Development

Ministry of Agriculture and rural Development    socialist republic of Vietnam Independence
Hanoi, October 1998

Draft

The localities, sectors are requested to contribute comments directly in the draft and send back to the Organizational Unit of seminar.

WORKING REGULATION
OF STEERING COMMITTEE AND
PROJECT MANAGEMENT UNIT AT DIFFERENT LEVELS
OF 5 MILLION HA AFFORESTATION PROGRAMME


Chapter I
GENERAL PRINCIPLES

Article 1:
The Central Project Steering Committee (hereby referred as Central Steering Committee) and Provincial Project Steering Committee (hereby referred as Provincial Steering Committee) follow the concentrated and democratic principle.
The Central Steering Committee (CSC) bears the direction of State Directive Board and MARD; fulfills functions and responsibilities as stipulated in the decision on establishment of Minister of MARD.
The Provincial Steering Committee (PSC) bears the direction of People's Committee of provinces, cities; fulfills functions and responsibilities as stipulated in the decision on establishment of Chairpersons of Province People's Committees.

Chapter II
WORKING REGULATIONS OF THE PROJECT STEERING COMMITTEE

Article 2
The Steering Committee (SC) is the consulting organization of State Directive Board, Minister of MARD or Chairpersons of Province People's Committees (PPC) on planning, projecting, policy mechanism and project implementing organization; to be the part-time organization who assists Minister of MARD or Chairpersons of PPC to direct the project implementation according to plan and existing laws; to be responsible to Minister of MARD or Chairpersons of PPC for the efficiency of the project.

Article 3:
Tasks and rights of Chairman of SC.
1. The chairman of SC finds solutions for project implementation annually after the chairman of State Directive Board, Minister of MARD or Chairperson of PPC decide objectives, tasks, policy mechanism and investment fund of the project.
2. To coordinate activities of the SC members to direct, control and check the project implementation.
3. To direct and check project implementation of project management units at different levels.
4. To recommend Minister of MARD or Chairperson of PCC to reward, discipline or recommends Prime Minister to reward, discipline collective bodies, individuals of SC, Project management units at different levels.
5. To synthesis the reality of project implementation of localities, sectors to sum-up the project implementation and report to Minister of MARD, State Directive Board and then the Minister of MARD and State Directive Board reports to the Government and National Assembly Standing Committee.

Article 4.
Tasks and rights of Vice-chairman of Project SC.
1. The vice-chairman is assigned by the chairman of SC to take over some work under tasks and rights of the chairman of SC as stipulated at article 3 of this regulation.
2. To settle affairs on behalf of the Chairman of SC when he is absent.

Article 5.
Tasks and rights of members of the Central Steering Committee

1. For members who are leaders of departments of Ministries, sectors working part-time:
   a. To consult the SC ideas of their own ministries, sectors on project issues in order to enable the SC to submit to Minister of MARD and State Directive Board.
   b. To receive decisions of chairman of SC to report to their own ministries, sectors and propose ideas to their leaders on implementing solutions; In case their own ministries, sectors do not agree on certain issues, timely inform the Chairman of SC so that he will discuss with those ministries, sectors or report to State Directive Board for decision.
   c. To participate in meetings organized by chairman of SC.

2. For members who belong to units under MARD working part-time:
   a. To follow decisions of chairman of SC, report to leaders of their own units to implement the decisions.
   b. Units under MARD have to report and ask for permission from the Chairman of SC when settling professional work under their responsibility related to the project.

Article 6.
Tasks and rights of Standing Office of Central Steering Committee:

1. The Standing Office of CSC is the professional agency which assists the SC to fulfill its functions, responsibilities as stipulated on Decision No. 149/1998/BNN/QD-TCCB dated 6 October, 1998; The Office bears the direction of chairman of SC and management of State in terms of professional work of Director of Forest Development Department.
2. To be authorized by chairman of SC to direct the provincial and field project management units on professional work of 5 million ha afforestation programme.

Article 7.
Based on regulations in the above articles 2,3,4,5,6, Chairpersons of PPC specify the relevant functions, responsibilities of their own Provincial Project Steering Committees and Project Management Units.

Chapter III
WORKING RELATIONSHIP

Article 8.
Working relationship between Central SC and Provincial SC:

1. CSC informs the PSC regularly about the advocacy, directive ideas of State Directive Board and Minister of MARD.
2. In case the PSC needs to work with the CSC, they have to inform the Standing Office of CSC to arrange the suitable time and prepare working contents for better efficiency.
3. Chairman of CSC is responsible for receiving and studying the recommendations of provinces and proposing to the Minister of MARD and related Ministers to reply them in written documents or submit to State Directive Board to submit to Government Prime Minister for solution.

Article 9.
Project management in Central ministries, sectors:

1. For the ministries, sectors who are also implementing the programme of 5 million ha afforestation, based on the actual situation, the Project Management Units may be established under the ministries to be the contacted units with the CSC and assist leaders of their ministries to direct the field project implementation. The project Steering Committee is not to be established.
2. The Project Management Units of ministries, sectors bear the direction of CSC in terms of professional work.
3. MARD will not establish its project management unit, the Standing Office of CSC will take over the functions and tasks of the project management unit of MARD.

Chapter IV
WORKING AGENDA AND WORKING ORDER OF CSC

Article 10.
Working agenda

1. Based on the working agenda of State Directive Board and MARD, the CSC must prepare the working agenda for the following year latest at middle of December annually. The annual working agenda should be submitted to Chairman of State Directive Board, Minister of MARD and be informed to members of CSC and PSC.
2. Based on the annual working agenda, the Standing Office of CSC establishes the quarterly and monthly plans to submit to chairman of CSC for approval.

Article 11.
The Standing Office of SC receives documents, files related to “5 million ha afforestation programme” of ministries, sectors, localities to be sent to SC. The Standing Office will contact to related units of MARD, the central ministries, sectors to gather their ideas to settle the work. The Standing Office synthesizes recommendations, prepares contents and official letters to submit to chairman of CSC. After having comments from chairman of CSC, the Standing Office follows the regulation in article 12 below. Documents, files must be prepared based on valid regulations of MARD.

Article 12.
The Standing Office submits to chairman of CSC only the issues which belong to tasks and rights of CSC decided by Minister of MARD. After the chairman of CSC decides, the Standing Office contacts departments of MARD based on regulated functions, tasks to institutionalize the materials into legal documents of the ministry. The issues that relate to central ministries, sectors will be implemented according to Article 5.1.b of this regulation.
Article 13.

Meeting of Central Steering Committee.

1. The CSC organizes 4 regular meetings per year at the end of each quarter. If necessary, the chairman of CSC calls for irregular meetings, maximum 2 times per quarter. There should be at least two third and one third of members attending the regular meeting and irregular meeting respectively.

2. The Standing Office of CSC prepares contents, materials for the meetings and submits to the chairman of CSC for approval. The materials will be sent to CSC members at least 3 days before the meeting.

3. After the meeting, the conclusions of the chairman of CSC should be reported to State Directive Board, Minister of MARD, to SC members and localities.

Chapter V

CHECKING THE PROJECT IMPLEMENTATION

Article 14.

1. Annually, the CSC coordinates with the functioned agencies to check the Provincial project management units, field project management units to see if they fulfill their duties given by authorized level, timely find out good projects and revise the mistakes (if any)

2. When the applications, complained or accused letters of citizen, organizations on issues related to “5 million ha afforestation programme” are transferred to the CSC by the functioned agencies, the CSC has to prepare justification (after checking carefully) and send to functioned agencies to solve and reply to the persons concerned.

Chapter VI

PROJECT MANAGEMENT UNITS AT DIFFERENT LEVELS

Article 15.

1. Provincial project management Unit (PPMU): Functions of PPMU was decided in Article 12.1 of Decision 661/QD-TTg dated 29 July, 1998 of the Prime Minister.
   a. The PPMU is not the investor but the standing agency which assists the Provincial Steering Committee to direct the project implementation within the province (except special cases decided by Province PC)
   b. The PPMU coordinates activities of different professional sectors of the province, assists the SC to direct project implementation and solve the incurred problems of field projects.
   c. To assist the SC to direct, instruct, check and control the field project management units in implementation of project activities according to plans and existing laws.
   d. To assist the SC to prepare and synthesis long-term, mid-term and annual plans of the project for the SC to submit to Province PC for approval.
   e. The PPMU prepares monthly, quarterly and annual reports to be submitted to PSC and CSC.
   f. The PPMU receives, settle and manage files, materials related to the project according to current regulations of the province. The PPMU organizes regular and irregular meetings of PSC.

2. The Field Project Management Unit (FPMU): The FPMU is investor of investment projects approved by authorized level.
   2.1. The FPMU under management of central ministries, sectors:
      a. To follow functions, tasks, rights as stipulated in establishment decision of the sponsored ministry (sector)
      b. To bear direction of the sponsored ministry (sector) and state management in terms of agriculture, forestry profession of the province.
      c. To be responsible to the minister, chairman of CSC for efficiency of the investment project and to follow current regulations of law. To prepare monthly, quarterly, annual reports to sponsored ministry and CSC timely.
   2.2. The FPMU under management of locality:
      a. To follow functions, tasks, rights as stipulated in establishment decision of the Province PC
      b. To bear leadership and direction of the PSC as well as professional and technical control of PPMU.
      c. To be responsible to the PPC for efficiency of the investment project and to bear current regulations of law.
      d. To prepare monthly, quarterly, annual reports to PPMU and PSC timely.

Chapter VII

TERMS OF EXECUTION

Article 16.

This regulation only concerns the main issues. The PSCs base on their own local situation to apply and regulate appropriately and submitted to the chairpersons of PPCs for approval.

During implementation period, the regulation will be revised and supplemented to be more relevant for effective management, direction and control of “5 million ha afforestation programme”

MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT