



**COMMUNITY FOREST MANAGEMENT IN VIETNAM:
SUMMARY OF INITIAL ANALYSIS OF PROCESSES AND
OUTCOMES**

Draft of June 5, 2011

1. INTRODUCTION

Community forest management (CFM) has been defined in the Vietnamese context as: “any managerial arrangement in which local people share collective responsibility and benefits from managing natural forests, inside their community boundaries, for which they have long-term customary and/or legal rights of entitlement” (Wode and Bao Huy, 2009). This study recognizes four types of CFM in Vietnam:

1. Introduced (or official) CFM with (*Type 1a*) or without (*Type 1b*) Red Book Certificates (RBCs).
2. Self-organized CFM, where forest is collectively managed by groups of households (*Type 2*).
3. State-owned forest contracted to collections of households for forest protection, regeneration and, most recently, payments for environmental services (PES) (*Type 3*).
4. Customary CFM (invariably not legally recognized by the State) that predates nationalization of the forest estate in the 1960s (*Type 4*).

Over the past 15 years, several international projects have introduced CFM as a contribution to more sustainable forest management and to poverty reduction, particularly for forest-dependent ethnic minority communities. Consequently, this study is concerned with *Type 1*: CFM that has been promoted through piloting by several international projects and more recently by the Vietnamese government.

Most forest that has been allocated using RBCs has gone to forest management boards (40%) and households (29%), with only 1% going to communities (*Type 1a*). However, a far greater area (1.6m hectares or 13% of the forest estate) has been allocated to communities by Commune or District Peoples’ Committees (PCs) (*Type 1b*). Less than 10% of *Type 1a* forest has received RBCs, and of this 75% (1.3m hectares) is in northwest Vietnam.

Contractual (*Type 3*) and customary (*Type 4*) CFM are around 7% and 2% respectively. Thus, more than 20% (2.6m hectares) of all forest in Vietnam could, ostensibly, be under community management, an order of magnitude more than official statistics suggest. Ninety-six percent of forest allocated or contracted to communities is natural forest, typically of poor quality.

Table 1 RBC recipients as of August 2009 (area numbers rounded to nearest '000 hectares)

Recipient	Forest area (hectares)	% total forest area	Area allocated (hectares)
PCs (unallocated)	2,423,000	18	0
Forest management boards	4,318,000	33	3,992,000
State forest companies	2,044,000	15	0
Households, individuals	3,287,000	25	2,856,000
Armed forces	244,000	1.84	219,000
Communities	191,000	1.44	131,000
Other economic agencies	92,000	0.69	79,000
Others	660,000	5	420,000
TOTAL	13,259,000	100	7,698,000

A little over 2.8m hectares of forest remain unallocated and under the nominal management of Commune PCs. This is the maximum area of forest that could be allocated to communities without reallocating forests held by others. If the management rights for all of this unallocated forest were transferred to communities, a total of 4.4m hectares could be brought under community management, or about 25% of Vietnam’s total forest area.

2. HISTORY

The collectivization policies of the 1960s established agricultural co-operatives in the villages of northern Vietnam. Traditional governance systems gave way to a program of centrally-controlled land management. Indigenous approaches to governing natural resources, as well as cultural life, were greatly disrupted or displaced.

Central to this transformation was the Fixed Cultivation and Sedentarisation Program, which re-settled five million lowland farmers in the Northern Mountains while relocating upland villages (almost entirely ethnic minorities) to more accessible areas at lower elevations. Its goal was to bring into production natural

resources in the uplands perceived as under-used, while providing shifting cultivators with permanent settlements. The result was large-scale deforestation and soil erosion: from 1945 to the introduction of market-oriented reforms in 1986, half of Vietnam's forest cover was lost, reaching a minimum of about 27% of land area in 1990.

As a result of nationalization, local people increasingly saw forest management as the sole privilege and responsibility of the State, and their own role in forest protection as passively obeying (or evading) national laws and regulations. Local communities had no decision-making power over forest resources and took no responsibility for forest protection. Meanwhile, the State did not have the capacity, particularly in remote areas, to enforce restrictive forest management regulations. The effect was to create a "closed forest-open access" resource that offered no incentive for sustainable use and resulted in rapid deforestation.

3. REFORMS

In response to the precipitous decline in forest cover, the Vietnamese government started to experiment with forest tenure reforms. In 1991, the first Forest Protection and Development Law was passed, providing the legal basis for allocating forest to State management boards, individual citizens and village communities. In 1993, a new Land Law was passed, allowing renewable long-term (typically 50 years or more) forest-use titles known as RBCs. These transferred to the titleholder five basic property rights: exchange, transfer, inherit, mortgage, and lease of the allocated forest.

These two laws and their related decrees provided an enabling environment for the emergence of novel forest management arrangements through both forest allocation and forest protection contracting. The transfer of forest tenure to individual households, and to much lesser extent entire village communities, has been achieved through a nationwide programme of forest land allocation (FLA) or "socialization" that has formed the basis for experimenting with CFM. The 2006-2020 Vietnam Forestry Development Strategy (VFDS) includes the piloting of CFM among the top 20 priorities for the forest sector, setting targets of 2.5m hectares under CFM by 2010 and 4m hectares by 2020.

Concurrent with these reforms was increased donor and NGO support for CFM starting in the mid-1990s. Several programmes were implemented, including: the GIZ-funded Social Forestry Development Project (SFDP) in Son La and Lai Chau Provinces; GIZ-funded Sustainable Development of Natural Resources and Rural Development in Dak Lak Province; UNDP Programme on Forests in Thua Thien Hue, and the AusAID-funded Collaboration for Agricultural & Rural Development (CARD) in Bac Kan Province.

This period of internationally supported CFM piloting culminated in the legal recognition of CFM status in the 2004 Forest Protection and Development Law. This was followed by a MARD-implemented CFM pilot project financed by the Trust Fund for Forests (TFF), a multi-donor fund for MARD-led projects. This project, which was implemented between 2006 and 2009, had the goal of developing a comprehensive approach to CFM that integrated land-use planning, FLA, benefit-sharing mechanisms, forest management systems, and financial management into a single coherent model. The final evaluation of this project confirmed that almost 17,000 hectares of forest had been allocated to 64 communities in 38 communes in 10 provinces across the country. Although the preparation of the regulatory and technical guidance was considered relatively successful, several limitations of the project model were identified:

- Low levels of awareness among villagers about the concept and potential of CFM.
- Skepticism within local government about the capacity of communities to effectively manage forests.
- Insufficient time to fully test the model, document experiences and capture lessons.
- Overly complex and technical guidelines, procedures and regulations.
- Focus on timber production that neglected the importance of NTFPs in rural livelihoods.

4. THIS STUDY

A recent GIZ study concluded that, conceptually and technically, a model for introduced (*Type 1*) CFM has been well-established in Vietnam; that no further field testing is required; and that it is the lack of an enabling environment that hinders the adoption of CFM as a mainstream forest management type.

Evaluation of the nationwide pilot programme introducing CFM, however, indicates that there are major shortcomings in the model applied by government, and that these are not just restricted to the enabling environment, but also concern technical and process issues (see above).

Moreover, despite a long history of piloting, there has been little analysis of the social and environmental outcomes of CFM. There is a marked lack of evidence demonstrating what advantages, if any, CFM has over individual household forest management or other management forms (except in niche cases, such as mangrove forests).

In response, MARD has called for the documentation of lessons learned from CFM piloting to strengthen the political support for CFM in the absence of solid evidence that CFM out-performs other options such as household tenure, or joint or co-management arrangements.

This study aims to advance the CFM debate by documenting not only how CFM has been implemented but also its social, economic, and environmental outcomes as perceived by its intended beneficiaries. Based on this analysis, barriers to more effective CFM implementation are identified and a better understanding reached of the extent to which CFM is an appropriate FLA type for Vietnam. It is hoped that the results and recommendations will be of value to MARD as it embarks on the second phase of CFM piloting that will run until 2013.

This study posed three research questions covering each of three main aspects of CFM:

1. *Process*: how has CFM taken place at the village level; what are the different stakeholder roles in planning and implementation processes?
2. *Outcomes*: what have been the most significant economic, social, and environmental outcomes of CFM as perceived by local beneficiaries?
3. *Policy*: what constraints and barriers exist to improved and/or expanded CFM implementation?

Qualitative data on the perceptions of villagers in communities where CFM was introduced were collected through semi-structured interviews with key informants (elected village leaders, traditional community leaders, and up to five villagers at each site). Participatory tools were used in gender-segregated focus group discussions, held at the village level to obtain consensus opinions from a broader set of stakeholders. Meetings with commune and district leaders, as well as planning officials, were also held to obtain background socio-economic data and corroborate data obtained at the village level.

The study sampled 10 villages in four different provinces. In eight villages, CFM has been introduced (*Type 1*); in two villages, CFM has been traditionally practiced (*Type 4*):

- Thua Thien Hue: two villages under the national CFM pilot project; one with traditional CFM.
- Quang Tri: two villages under the national CFM pilot project.
- Son La: two villages under GIZ-funded SFDP; one with traditional CFM.
- Bac Kan: two villages under AusAID-funded CARD program.

Villages were selected to represent two extremes of CFM introduction: (1) villages where the planning process was executed smoothly and a CFM system has been implemented; and (2) villages where little has happened since the forest was allocated. The purpose in selecting villages at these two extremes is to allow a comparative analysis of the situation in “good” vs. “bad” cases.

Attributing or demonstrating an unequivocal relationship between cause (CFM introduction) and effect (economic, social, or environmental outcomes) is challenging, especially when only perception data are used. Such data are subject to bias and other distortions, but they do portray the situation as perceived and articulated by local villagers. The inherent weakness of a perception-based study was mitigated by: (1) comparing this study’s findings with documented secondary information; (2) using tried and tested perception data collection and analysis tools; and (3) submitting draft versions of this study to peer review.

5. RESULTS

The purpose of this study is to understand introduced CFM experiences from the perspective of their intended beneficiaries, and to identify common issues and outcomes across study sites that may inform future implementation. The main findings are presented as bulleted lists under four themes: CFM process, economic outcomes, social outcomes, and environmental outcomes. These are then discussed in more detail in Section 6.

5.1 Process

- The forest allocated to local communities is mostly of poor to medium quality (as defined by government assessments of forest production potential).
- The forest allocated to communities has not been clearly demarcated on the ground.
- Projects with international assistance have had more thorough participatory processes, as measured by the number of village meetings. MARD's CFM pilot is more top-down and prescriptive with less community participation.
- Introduced CFM plans, whether a product of top-down or of more participatory processes, do not appear to be implemented beyond the life of project. None of the villages sampled could produce a post-project CFM plan as an indicator of a successful process of introduction.
- Villagers cited shortcomings in the role of local government to provide technical extension and law enforcement support to CFM; they tend to view local government with some disappointment, in particular its commitment to supporting villages in CFM implementation.
- Projects introducing CFM have had to subsidize community-based forest protection activities to compensate for the lack of immediate financial benefits from allocated forests.

5.2 Economic outcomes

- Allocation of forest to communities has permitted limited NTFP (domestic fuel wood, rattans, domestic tool construction, forest fruit and vegetables) harvest for subsistence use.
- Communities lack sufficient money and manpower to realize the economic potential of natural forests.
- Alternative, more competitive, sources of income (e.g., improved agricultural productivity, improved transport, better market access, labor exports) dominate livelihood strategies; livelihoods in the pilot CFM villages do not seem highly dependent on natural forests.
- Forests plantations allocated to individual households are more productive and more economically important to households than natural forests allocated to village communities.

5.3 Social outcomes

- CFM processes have built some degree of social capital among participating villages (e.g. greater community cohesion, greater awareness of community roles in forest management and protection, and collective organization).
- There is now a greater sense of collective ownership of, and responsibility for, allocated forest, as well awareness of the right, if not the ability, to prevent illegal forest use by outsiders.
- Village communities participating in CFM pilot projects do not appear to have improved their relationships with local government.
- The income derived through CFM has been largely from the sale of NTFPs. The distribution of this income has, in some cases, been more equitable than before forests were allocated.
- CFM is not immune from elite benefit capture. Several cases were noted of within-community conflict between high social capital (village leaders) and low social capital (economically poor) households.

- The process of community engagement and CFM negotiation appears to have had a greater social impact than the introduction of rigorous technical procedures (which, nevertheless, has helped to develop human capital through training).

5.4 Environmental outcomes

- Improved forest quality has been achieved through the introduction of CFM. Compared with the previous open-access regime, forest allocation has slowed forest degradation and allowed some natural regeneration.
- Stronger forces continue to drive declines in overall environmental quality: road building, upstream development, over-abstraction of water for domestic use and crop irrigation, large-scale monocropping, and so on.

6. ANALYSIS AND DISCUSSION

6.1 Process

The villages in this study have participated in two kinds of CFM project: those with international assistance and those that were part of MARD's CFM pilot project (which relied primarily on local government support). Projects with international assistance engaged communities in a more thorough, rigorous and participatory process than the MARD project. Internationally supported projects, owing to their limited geographical scope, were also able to concentrate resources to deliver higher quality processes. But perhaps the main difference between internationally assisted and government CFM processes was time. MARD's CFM pilot started in late 2006 and ended in mid-2009. To complete the project within this short time required a top-down and prescriptive process. In the villages surveyed, community consultation was restricted to a single half-day meeting at which pre-prepared CFM plans were presented and villagers given the opportunity to voice no-objection.

Generic, technical management plans that focus on timber harvesting were unintelligible to ethnic minority communities. None of the villages sampled (including those supported by external technical assistance) could produce copies of their CFM plans. Thus, irrespective of the type of assistance and quality of process, it appears that CFM plans in their current form are beyond the capacity (or perhaps interest) of local communities to implement beyond the life of project.

This study indicates another basic shortcoming in the CFM process: unclear physical demarcation of allocated forest. Besides clearly defined resource owners, a fundamental prerequisite for effective collective management of common pool resources is clear demarcation of resource management boundaries. The lack of such demarcation was frequently cited by village respondents as a weakness in the process.

What this study reveals is that, despite the more thorough participatory process, the beneficiaries of international projects do not feel they have achieved self-sustaining CFM. This lack of sustainability argues for the provision of long-term technical support beyond initial management planning. A near-universal frustration voiced by villagers interviewed for this study (and echoed by communities engaged in pilot models of collaborative forest management throughout the country) is the limited technical support provided by local government, and in particular inadequate law enforcement support. Without such support it is unlikely that local communities will be motivated to participate meaningfully in any sort of sustainable practices.

The study also highlighted the high transaction costs associated with the CFM negotiations, compared with the low expected returns from poor quality (or even bare) forest. It takes too long to negotiate CFM regulations, for too few returns, over too long a time period. Yet improving participation in CFM development to a point where communities are capable of exercising their rights will only increase transaction costs. So for CFM to be viable, its economic, social, or environmental benefits must be greater.

6.2 Economic outcomes

The dominant perception among informants is that the benefits from CFM have, to date, been minor. All the villages surveyed indicated that their incomes had increased, though not because of CFM but because of livelihood strategies unrelated to forests. Improved crop and livestock productivity, better roads,

improved market access, and the export of labor to local industrial areas were consistently cited as the main livelihood options responsible for higher incomes in recent years.

In the case of villages that participated in MARD's CFM pilot, large sales of timber cannot be expected in the two years of implementation, given the poor or denuded state of the forest allocated. Yet even in villages in Son La, which received forest 10 years ago, local villagers claimed to derive little or no benefit from CFM. Again, improvements in agricultural productivity were cited as the main reasons for income gains, coupled with a declining dependence on forest-based income. Where villagers still relied on forest resources for personal consumption (primarily fuel wood, rattan, timber for tool construction, and forest fruits and vegetables), these came from household plantations, not community-managed natural forests.

The study corroborates the fact that communities participating in CFM invariably receive poor-quality forest. The reason for this was not explored, however. Is poor quality forest the only forest that remains unallocated? Or have other groups tried to retain control of better quality forests? Whatever the reason, it is clear that village communities lack the capital and market access to turn these marginal lands into productive forest. Indeed, this study suggests that managing poor-quality forest is a net cost with no tangible impact on rural (especially ethnic minority) poverty. Some CFM projects took this into account by subsidizing investment costs with sinking funds that continued beyond the life of project.

Exacerbating the lack of capital for restoring degraded forest is the fact that CFM has been largely directed at timber production, a sector characterized by low profits, even for heavily subsidized State-owned forest companies. Small-scale timber processing and value-added timber products may increase the returns to communities, but CFM interventions have yet to support extended forest product value chains. The business case for product-based CFM is further undermined by the higher opportunity costs of on-farm (agricultural intensification) and off-farm (labor export) income-generating options. Indeed, this study suggests that the notion of poor forest-dependent ethnic minorities may be becoming a myth. Even if communities were allocated good-quality forest, the resulting benefits might not be enough to outweigh farming, wage labor and other non-forest livelihood strategies. Over the past 15 years, rural communities have evolved. Evidence from this study suggests that rising incomes, living standards and social expectations are undermining the demand for product-oriented CFM, and that this is arguably becoming a less-attractive livelihood choice for some rural communities in Vietnam.

Poverty in upland ethnic minority communities undoubtedly exists, and may be increasing relative to urban incomes. But the declining profitability of natural forest-based incomes, particularly timber harvesting, compared with more reliable (and quicker returning) agricultural and industrial labor incomes may signal a declining dependence on forest resources. (This trend can be observed in Guangxi Province in southern China where local people have largely abandoned attempts to derive income from natural forests in favor of lucrative cash crops, particularly sugar cane, and export of labor to industrial and construction sites.)

PES may be a financially attractive alternative to timber production, and the case for PES-oriented CFM is gaining attention. CFM may be an appropriate management form for PES for three reasons. First, PES requires intact ecosystem functioning that could be disrupted by multiple private property regimes, i.e. forest allocated or contracted to individual households. Second, CFM lends itself to more equitable distribution of benefits, including collective benefits (e.g. those administered through a village-level CFM fund) than household base payments. Third, CFM, with larger forest management units and supporting institutional structures, may offer a more cost-effective model for implementing PES schemes than paying individual households.

6.3 Social outcomes

Generally speaking, CFM's social benefits can be grouped into three categories: livelihood security, social capital, and improved natural resource governance. The former incorporates a range of well-being and asset development issues, including financial asset accumulation. Table 2 summarizes other, less tangible social outcomes as documented by this study.

Social impacts appear to have been limited to improved awareness in communities of their greater role in forest management. Livelihood security has been strengthened through training, both formal training and learning-by-doing. The same processes have also increased community cohesion, resulting in fewer

internal conflicts. But informants also reported cases of unequal benefit sharing, with village leaders grabbing a disproportionately large area of forest.

Table 2 Potential and actual outcomes from CFM (S: significant social outcome; P: partial social outcome; I: insignificant social outcome; N: no information from this study)

Potential livelihood outcomes from CFM	Actual livelihood outcomes as documented by this study
1. Livelihood security	
Higher levels of awareness of long-term benefits from CFM: sustainable product harvest and improved ecosystem services (S)	Largely realized through information dissemination within the community as a consequence of engaging in participatory processes
Enhanced human capacity through technical training and experiential learning (P)	Not fully realized due to weak process (notably under MARD's CFM pilot); villagers do not understand or use CFM plans; CFM not sustained beyond life of project; some technical capacity built by international projects, e.g. nursery development, agroforestry.
Enhanced natural assets through secure tenure and improved management resulting in forest regeneration (I)	Tenure secured and management improved, but resulting benefits low because of poor quality of forest
More resilient livelihoods through greater ability to cope with and recover from stresses and shocks (I)	Minor livelihood gains in material aspects (subsistence use/commercial sale) owing to poor quality of forest allocated; potentially increased livelihood vulnerability
2. Social capital	
Wider sense of ownership among community members for their collective responsibility to manage and protect forests (S)	Sampled villages acknowledged their long-term collective right and responsibility to protect allocated forests for future (timber) resource extraction by current and future generations
Community cohesion (equitable enhancement of social capital), including acknowledgement of the value of working collectively (P)	Partially realized, with some villagers reporting reduced or no conflicts over resource use in the village, together with the ability to exclude outsiders. Others disowned CFM because of a perceived lack of tangible benefits from poor-quality forest
2. Natural resource governance	
Improved management performance, responsive to and meeting the needs and concerns of all stakeholders (P)	Management performance improved in comparison to previous Commune PC tenure, which was marked by an absence of management interventions; full potential of CFM not realized as most villages unable to sustain implementation of management plans beyond life of project
Fairer, more equitable sharing of costs and benefits of natural resource management; in addition to recourse to impartial justice (P)	Partially realized through community patrolling and some degree of equitable benefit sharing; but also reports of elite benefit capture by village leaders; no detailed information on within-community social (gender, age, poverty level, ethnicity) equity
Greater accountability, ensuring transparent flow of information on processes and institutions, among stakeholders (P)	Greater horizontal accountability appears to have been achieved in participating communities; but not downward accountability between local government and community forest owners
Empowered rights (and voice) of local communities (becoming more of a right-holder than just a stakeholder) capable of influencing decision-making (I)	Not realized; limited participation of villagers in certain (national programme) processes, coupled with ineffectual local government extension services, serve to weaken the enabling environment
Strengthened dialogue between local communities and government authorities (I)	Not realized and a major outstanding challenge to effective CFM introduction in Vietnam: communities do not trust and have little confidence in local government
More grounded and adapted natural resource management to local contexts (I)	Not fully realized because of top-down management planning (national pilot project); externally assisted projects delivered locally developed management plans; no evidence of more adaptive management planning as a consequence of CFM
Appropriate subsidiarity, attributing management authority and responsibility to the stakeholders closest to the resources (N)	Could not be discerned from this study; comparative research required to assess which level of forest tenure and management (State, communities or smallholders) yields greatest economic, social and environmental outcomes

CFM has yet to confer demonstrable improvements in natural resource governance. Forest protection has improved overall, albeit mainly because the forests allocated had been neglected by Commune PCs. Based on the results of this study, it appears that CFM has yet to empower local communities in managing their natural resources. The huge challenge of transforming the role of government from controller to service provider limits the ability of CFM to take root. The lack of downward accountability of law enforcement agencies to forest owners is a major weakness in Vietnam, irrespective of forest tenure.

6.4 Environmental outcomes

The results of this study indicate that CFM has helped to improve forest protection. This is unsurprising since forests under Commune PC control were essentially unmanaged. However, the economic potential of allocated forests is so low that communities invest the bare minimum of effort in patrolling the forest to exclude trespassers. There is little additional management. It would be appropriate to conclude that forest allocation, not CFM itself, has resulted in partial closure of a previously open-access resource, which has in turn permitted some natural forest regeneration.

Village communities sampled in this survey reported a deceleration of forest degradation rates, if not some degree of natural forest regeneration. But such statements serve mainly to demonstrate the regenerative capacity of forest ecosystems.

It is difficult to attribute positive environmental outcomes to particular CFM interventions because the expected outcomes have not been identified or monitored, and because of the time lag in ecosystem responses to changes in management. Local people perceive few, if any, improvements in forest quality a few years after CFM introduction.

Far stronger statements were voiced regarding continuing environmental declines, mainly from drought and erosion. Any environmental gains from CFM are likely to be overwhelmed by forces beyond community control such as infrastructure development and large-scale tree and cash crop monocultures.

6.5 Summary

The results of this and other studies of CFM in Vietnam (Doan Diem, 2008; Gilmour and Doan Diem, 2008; Wode and Bao Huy, 2009) show that its impact on poverty alleviation is equivocal and unconvincing. Its impact has been limited by the poor quality of forest allocated to communities. There is evidence that CFM could contribute to more sustainable livelihoods, but poor households have realized only limited benefits from their forests and elite capture has been a problem. The focus on timber production, which requires major investments of capital and labor (two assets that poor households generally lack), has limited CFM's potential to make a major contribution to rural livelihoods. Lastly, CFM has to compete with more attractive and financially rewarding livelihoods in farming, manufacturing, and other sectors.

7. RECOMENDATIONS

7.1 Improving the process

Strengthen the role of local government as CFM process facilitator, extension service provider, and impartial enforcer of forestry regulations. Civil society can support this process by introducing best practices and providing technical training. Underpinning this change in roles is a need for better performance-based incentives. This is a major challenge, since it implies an overhaul of the entire forest governance system. Nevertheless, it is vital if Vietnam is serious about moving the forest sector from a goods-based to a service-based model. Local community service providers cannot be expected to operate under performance-based payment systems (such as those proposed for REDD) unless government faces the same obligation.

Focus on qualitative process rather than quantitative targets. The potential of CFM to lead to improved social outcomes depends critically on the quality of the management planning, implementation and monitoring processes. As the first phase of national CFM piloting has shown, hasty attempts to meet quantitative CFM targets can result in ineffective and unsustainable management planning. Over-ambitious targets set within unrealistic time frames should be abandoned.

Strike a balance between technical rigor and methodological accessibility. CFM has been too technically demanding for local communities to adopt. A focus on timber harvesting, particularly under the national

pilot programme, has proved too challenging for community implementation, even in cases where forest quality has allowed some logging. Further efforts to introduce CFM should use simpler methods and deliver them in a more participatory manner. Methodical management planning may not be an appropriate way to introducing CFM practices. None of the villages sampled during this study could recall the content of their CFM plans. Simpler, negotiated village regulations which include short lists of permitted and prohibited activities may be a better way to introduce sustainable forest management.

Apply principles of collective common-pool resource management. Several elements of common-pool resource management theory have been incorporated into Vietnamese CFM introductions, but are worth repeating here:

- Clear spatial delineation/demarcation of resource management boundaries: often lacking in cases of Vietnamese forest allocation and CFM introduction.
- Clearly defined owner/user groups: legally recognized by the State to permit communities to enter into civil contracts with forest goods/service users.
- Collective vision and choice: elucidated and developed through facilitated participatory processes.
- Regulations reflecting local aspirations and culture: again, achieved by facilitating communities to elaborate their own regulations suited to local context.
- Effective monitoring: essential for emerging performance-based PES systems that may represent the future for CFM in Vietnam.
- Graduated sanctions: enforced by the unbiased application of the rule of law; this is a major challenge for local government.
- Conflict resolution mechanisms: requiring the State to play an impartial third-party role in mediating conflicts within and between communities.
- Recognition by the State of the rights of communities to self-organize: already enshrined in national law and policy, but now needs to be translated into practice.

7.2 Increasing economic benefits

Allocate better quality forests to communities. The viability of CFM as a poverty reduction tool can be improved by allocating medium to rich natural forests to communities, particularly those with potential for PES schemes. Unlike the often heavily degraded forests under Commune PC control, most medium to rich natural forests are likely to be allocated to State or smallholder forest owners. Quality forests that could be allocated to CFM include those under State forest enterprise management, which would require progress with SFE reform.

Diversify the CFM business model. The economic viability of CFM demands exploration of more inclusive and higher added-value chains for small-scale timber processing, NTFPs, and PES markets. PES could be particularly promising as it requires an ecosystem-based rather than individual household-based approach to management.

Assess competing opportunity costs. Assessments should be conducted to determine the location-specific economic potential of CFM for natural forest products and services. CFM should only be introduced if economic trends and market signals indicate that it will be a competitive livelihood strategy. There is little point in promoting CFM if the potential economic returns cannot compete with other income-generating options.

Engage the private sector's resources and expertise. The private sector has financial and technical resources that could be tapped to address the shortcomings of government extension services. One model of private sector engagement would be for businesses to invest in improving CFM performance and providing market access to communities, with local government acting as a facilitating intermediary.

7.3 Increasing social benefits

Improve participatory processes. Government efforts to introduce CFM have placed undue emphasis on achieving quantitative targets at the expense of the quality of the process. Although effective facilitation

demands major changes in roles and the development of new capacities by government, the potential for CFM to deliver desired social outcomes cannot be realized unless the State transfers greater authority to community forest owners. Giving greater management authority to communities will liberate local government from existing command-and-control responsibilities, allowing it to adopt new roles of neutral facilitator, extension service provider, and impartial regulator.

Apply principles of good governance to natural resource management. Together with the principles of common-pool resource management cited above, good governance principles should be a starting point for strengthening CFM implementation in any future projects. These include:

- Rights: in Vietnam, this means communities having similar rights to individuals and organizations as forest owners.
- Legitimacy: of a community's right to manage forests, not just in legal terms, but as a social contract with other local stakeholders.
- Subsidiarity: effective devolution of management responsibilities from State to community; requiring transfer of power together with post-allocation support.
- Equity: in terms of sharing costs and benefits from CFM and the avoidance of elite benefit capture.
- Accountability: decision-makers assuming responsibility for their choices, accountable both upward (to local government) and downward (to villagers).
- Performance: crucial to the success of emerging CFM opportunities in PES and REDD; requires greater attention to monitoring and compliance by both local government and local communities.
- Appropriateness: grounding natural resource management strategies in the complexities of local contexts, and so creating a need for adaptive CFM.

7.4 Environmental outcomes

Include environmental objectives in CFM policy and practice. To date, CFM has been promoted solely as a poverty reduction tool. Consequently, the potential of CFM to contribute to environmentally sustainable forest management has been overlooked. Sustainable socio-economic development and environmental protection values are inextricably linked. CFM's impact could be enhanced by including explicit statements of biodiversity and ecosystem conservation in CFM policy. Attention also needs to be paid to identifying and monitoring desired environmental outcomes at the level of CFM plans and management practices.

Target PES markets as the main economic instrument to achieve forest protection goals. Nascent PES markets for water, soil, and carbon present opportunities for further CFM experimentation. Compensating communities for providing environmental services through maintaining intact natural forest could deliver greater environmental outcomes than timber harvest-based models in natural forests.

Explore options to cost-effectively add value to products. There may be scope to market NTFPs harvested from sustainably managed forests to niche markets (organic, fair trade, etc.). Production costs need to be considered to ensure economic feasibility. Forest certification, for example, can add value to sustainably managed forest products but comes at a high cost.

7.5 Policy

Amend the 2005 Civil Code to recognize village communities as legal entities. This will give communities the right to enter into legal contracts for the production of forest goods and services. This would bring the legal status of communities in line with the Forest Protection and Development Law, which defines a village community as all households and individuals living in the same village or hamlet. The Civil Code makes provision for community ownership of common assets, stipulating four conditions that must be met for an entity to enter into a legal relationship: (1) being legally established; (2) having an organizational structure; (3) having, and being responsible for, assets independent of those of other organizations and individuals; and (4) and being able to participate in legal relations independently and in their own name. Communities in Vietnam currently fail to meet the first two criteria, although establishing an organizational structure under new law and policy on cooperatives could allow communities to achieve the second

criterion. The lack of legal recognition of communities as legal entities has been identified as an obstacle to both PES and REDD.

Identify the contribution CFM makes to sectoral and wider development planning. There is a need to articulate the strategic contribution that CFM can make to forest sector development. This can be done by broadening the scope of CFM to include small-scale timber processing, NTFP, and PES markets, and by integrating CFM into socio-economic development plans (SEDPs) at the district and provincial levels.

Increase State funding for local government capacity development. The reorientation of local government roles required for effective CFM calls for major reforms and substantial training (or retraining). The State will have to cover these extra costs if it is serious about implementing PES and REDD on a larger scale.

Identify communities as preferred candidates for higher quality forest allocation. Forest is still allocated first to State agencies and secondly to households. The allocation of forest management responsibilities to households has the advantage of conferring direct benefits to participating families, but does not offer the scope for collective benefits that CFM does. CFM is potentially a cost-effective alternative to smallholder forest management for a service-based forest sector. Pilot PES projects in Vietnam have already demonstrated the prohibitively high transaction costs of distributing payments to thousands of individual households.