

FUTURE OF COMMUNITY FOREST MANAGEMENT IN VIETNAM

WORKSHOP SUMMARY, JUNE 2011

This workshop on possible future directions of community forest management (CFM) in Vietnam was held at the La Thanh Hotel in Hanoi on June 21, 2011. The agenda and list of participants are attached. The workshop started with three presentations on: the KfW 6 project in Quang Ngai (in Vietnamese); the preliminary results of the IUCN/RECOFTC study of the impacts of introduced CFM in Vietnam (in English); and an overview the second phase of the MARD CFM pilot project (in Vietnamese).

Copies of these presentations were sent to all participants after the workshop. The English and Vietnamese versions of the IUCN/RECOFTC study were distributed before the workshop. All these documents, as well as a Vietnamese transcript of the workshop, are available from IUCN. See contact details below.

Drawing on these presentations, the discussion was organized around the following six issues:

1. Legal status of communities

Many studies have recommended that the 2005 Civil Code be amended to recognize local communities as legal entities in, thereby bringing the Code into line with the 2004 Forest Law. But when asked, none of the participants could think of another country in Asia where individual villages are legal entities.

Participants were highly skeptical that the Civil Code would ever recognize communities. It was pointed out, however, that what matters is not whether communities themselves are legal entities but whether the law allows them to establish legally recognized bodies such as a management committee or association that can open a bank account, sign contracts, etc. Decree 151 issued in 2007 allows communities to do this and GIZ, for example, used this decree to set up a forest management board in Soc Trang to negotiate a mangrove co-management agreement with local authorities.

This approach would also be appropriate if not all community members want to participate in forest management. In these conditions, groups of households could come together to form a legal entity to manage the forest. This more flexible approach would not only comply with the law but may also offer MARD a forest management model that poses few perceived risks.

2. Government concerns about CFM

In response to the question of why, after 15 years of piloting, is MARD still so divided over CFM, several issues were raised. First, different pilots have used different methods, so there is no standard methodology for MARD to follow. Second, there are no successful examples of introduced CFM without long-term external support, so large-scale CFM implementation would require MARD to shoulder new and additional responsibilities. Third, many government officials simply don't trust communities to manage their forests properly. There are also bad memories of the agricultural cooperatives, which were apparently prone to elite capture. (Although not raised at the workshop, another reason may be that CFM introduction requires only a small capital investment but consumes a lot of time, so is unattractive to government officials.) Whatever the validity of these reasons, there appears to be a constituency within MARD that is uncomfortable with scaling up CFM.

3. Harvesting guidelines

A criticism of the first phase of the MARD CFM pilot project was that the harvesting guidelines were unduly complex and resource intensive for communities. KfW has had a similar experience in Quang Ngai because the national guidelines require the harvesting plan to be prepared by a forestry company. The cost of preparing this plan, plus the delays in getting it approved, reduced income to the point where harvesting barely broke even. This meant there was not enough money for routine forest protection tasks, calling into question the overall viability of the project.

But MARD has recently issued new guidelines that allow local communities to prepare their own harvesting plan and require district authorities to approve the plan (or not) within 10 days. Previously they had taken

months to respond. Now that these barriers have been removed, the economics of CFM are more positive and the model can be replicated (at least in good quality forest).

4. CFM as a niche forest management system

It was clear from the KfW 6 project and others that under certain conditions CFM has the potential to be socially and economically viable beyond the life of a project. But the range of suitable conditions is narrow: KfW project sites were deliberately selected to include sufficiently large areas of well-stocked forest where there was strong support from local authorities and where there was a tradition of CFM. Quang Ngai (and the other three provinces in Central Vietnam with KfW project activities) also has good market access. Under these conditions, CFM is cheaper than natural forest management by households because the costs of boundary demarcation, inventory, law enforcement, etc. can be shared between multiple households. Other advantages include the potential for a more equitable benefit distribution system and the ability to manage a forest covering several administrative units as a single unit.

But most of the forest that has been allocated to communities is of poor quality, and much is remote from roads and markets. In other words, a CFM model that depends on timber harvesting pays to finance its management costs can only be applied in a few cases.

The question was raised about the viability of CFM in areas without good quality forest. According to many villagers interviewed for the IUCN/RECOFTC study, the transaction costs of participating in CFM exceeded the financial benefits. This has been observed elsewhere. A study of CFM in Tanzania, for example, concluded that CFM may lower transaction costs (i.e., costs incurred by individual households in attending meetings and implementation of decisions to enforce community property rights over local forests) for government, but that a large proportion of these costs are borne by poorer members of the community, and that transaction costs are critical factors in the success or failure of CFM (Charles K. Meshak et al., *Transaction Costs of Community-based Forest Management: Empirical Evidence from Tanzania, African Journal of Ecology*, 2006). This will become a growing issue in Vietnam because most of the 2.7 million hectares of forest under Commune People's Committee control and scheduled to be allocated by 2020 is of poor quality.

5. CFM/REDD

One approach to the issue of poor quality forest would be to use REDD to provide financial incentives to communities to allow forests to recover through natural regeneration. The justification for REDD financing (assuming that the scope of REDD can be expanded to include AF/AR once the Kyoto Protocol ends in December 2012) is that regenerating forest sequesters carbon rapidly (unlike mature forest). Developing a financing strategy for degraded forest restoration is particularly important because MARD, under pressure from influential businesses, has issued Circular 58, which allows the clearing of forest with less than 100 m³/ha of standing timber (according to FAO, the average volume of standing timber in Vietnam is 65 m³/ha) to plant rubber plantations. There are also reports of clearing degraded forest for acacia plantations.

6. MARD CFM pilot phase 2

The second phase of the MARD CFM pilot project has a budget of over €2M to be spent between now and the end of 2012. A recurring theme from the IUCN/RECOFTC study and others is that introducing CFM takes time; you cannot "buy" CFM that will last beyond the life of project. So the question is: what can be achieved in so little time? Judging from the discussion, there is a need, first, to build a constituency within the MARD leadership favors scaling up of CFM under the right conditions, and, second, to explore how REDD can finance the transaction and opportunity costs for communities of restoring degraded forest.

The results of the IUCN/RECOFTC study along with other RECOFTC studies (e.g., in Hoa Binh and Dak Lak) and lessons learned from other CFM projects in Vietnam will feed into a review to be undertaken as part of the MARD CFM pilot project. In addition, RECOFTC will prepare a review of CFM in Vietnam that will shape its support to the future development of CFM in Vietnam.

7. Observations

In conclusion, Matthew Markopoulos, IUCN's forest governance thematic leader, made three observations:

- If communities are given new authority, they may be tempted to harvest as much as they can, as quickly they can ("cut and run"), before policy changes and they are shut out of the forest again (the same phenomena has been seen in China where household forest allocation was followed by surges of deforestation). Policy and tenure stability are therefore vital, as is a political culture that doesn't punish intelligent risk-taking by local government officials.
- There are relatively few technical barriers to CFM. The greatest threats are from internal conflicts over leadership accountability, benefit sharing, etc. and from external political and economic pressures. These are much harder for donors and other outsiders to tackle and they highlight the key (new) roles that government needs to play as facilitator and impartial adjudicator. Internal conflicts will inevitably evolve in response to changes in markets and other external conditions.
- Ultimately, the debate over CFM should not be driven by ideology or personal opinion. Vietnam should reach an informed decision on what economic, social, and environmental goods and services it wants from its forests, and then put in place the management systems (whether they be individual, household, community, private business, state, etc.) that can best deliver those outcomes in different conditions.

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Participants

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Agenda

Date:

June 21, 2011, 09:00-17:00

Venue:

La Thanh Hotel, Hanoi.

Participants:

30-35

Simultaneous interpretation will be provided.

Purpose:

The purpose of the workshop is to shed light on the key opportunities and barriers to large-scale implementation of CFM in Vietnam given recent field evidence. The goal is not to arrive at a “Yes” or “No” about whether CFM is a viable forest allocation modality in Vietnam but rather to encourage a frank assessment of what’s working and what isn’t, and how CFM may or may not contribute to FLEGT, REDD, PES, and other major forest sector initiatives. Specifically, it is hoped that the workshop will assist MARD in the design and implementation of the national CFM pilot project phase 2 and related activities.

Outputs:

The main outputs would be (1) a summary of the workshop and (2) a revised version of the IUCN/RECOFTC study Community Forest Management in Vietnam: an Initial Analysis of Processes and Outcomes. Prior to the workshop, English and Vietnamese versions of the draft study will be circulated.

Agenda:

- 09:00-09:10: Introductions
- 09:10-09:20: Review of workshop purpose, outputs
- 09:20-09:40: 1. Presentation of results of KfW CFM projects
- 09:40-10:20: 2. Presentation of results of IUCN/RECOFTC CFM study

10:20-10:40:	3. Presentation of MARD CFM pilot phase 2 design
10:40-11:00	Coffee break
11:00-12:00:	Q&A, identification and initial discussion of major issues
12:00-13:30:	Lunch
13:30-15:20:	Discussion, including links between CFM and REDD, PES, and FLEGT
15:20-15:40	Tea break
15:40-16:30:	Discussion cont.
16:30-16:50	Perspectives from two discussants
16:50-17:00	Conclusion